**OFFICIAL RECORD OF PROCEEDINGS**

**Wednesday, 10 June 2015**

**The Council met at Eleven o'clock**

**MEMBERS PRESENT:**

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE LEE CHEUK-YAN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE HONOURABLE CHAN HAK-KAN, J.P.

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

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

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

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

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

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

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

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

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

THE HONOURABLE STEVEN HO CHUN-YIN

THE HONOURABLE FRANKIE YICK CHI-MING

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

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

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN, J.P.

DR THE HONOURABLE KENNETH CHAN KA-LOK

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

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

THE HONOURABLE KENNETH LEUNG

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

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG

THE HONOURABLE DENNIS KWOK

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

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

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

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, J.P.

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

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

THE HONOURABLE TANG KA-PIU, J.P.

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

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

THE HONOURABLE CHUNG KWOK-PAN

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

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

**MEMBERS ABSENT:**

THE HONOURABLE JAMES TO KUN-SUN

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

THE HONOURABLE CLAUDIA MO

**PUBLIC OFFICERS ATTENDING:**

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

THE FINANCIAL SECRETARY

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.S., J.P.

SECRETARY FOR LABOUR AND WELFARE

PROF THE HONOURABLE K C CHAN, G.B.S., J.P.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

The Honourable LAI TUNG-KWOK, S.B.S., I.D.S.M., J.P.

SECRETARY FOR SECURITY

MS CHRISTINE LOH KUNG-WAI, J.P.

SECRETARY FOR THE ENVIRONMENT

The Honourable PAUL CHAN MO-PO, M.H., J.P.

SECRETARY FOR DEVELOPMENT

MR JOHN LEE KA-CHIU, P.D.S.M., J.P.

UNDER SECRETARY FOR SECURITY

**CLERKS IN ATTENDANCE:**

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

MISS Flora TAI Yin-ping, ASSISTANT SECRETARY GENERAL

MISS ODELIA LEUNG HING-YEE, ASSISTANT SECRETARY GENERAL

MR MATTHEW LOO, ASSISTANT SECRETARY GENERAL

**PRESIDENT** (in Cantonese):Will the Clerk please ring the bell to summon Members to the Chamber.

(After the summoning bell had been rung, a number of Members entered the Chamber)

**TABLING OF PAPERS**

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

Subsidiary Legislation/Instruments *L.N. No.*

|  |  |
| --- | --- |
| Import and Export (General) (Amendment) Regulation  2015 | 105/2015 |
|  |  |
| Imported Game, Meat and Poultry (Amendment) Regulation 2015 | 106/2015 |
|  |  |
| Food Business (Amendment) Regulation 2015 | 107/2015 |
|  |  |
| Merchant Shipping (Prevention of Pollution by Sewage) (Amendment) Regulation 2015 | 108/2015 |
|  |  |
| Competition Tribunal Rules | 109/2015 |
|  |  |
| Competition Tribunal Fees Rules | 110/2015 |
|  |  |
| Competition Tribunal Suitors' Funds Rules | 111/2015 |
|  |  |
| Rules of the High Court (Amendment) Rules 2015 | 112/2015 |
|  |  |
| Declaration of Increase in Pensions Notice 2015 | 113/2015 |
|  |  |
| Widows and Orphans Pension (Increase) Notice 2015 | 114/2015 |
|  |  |
| Allowances to Jurors (Amendment) Order 2015 (Commencement) Notice | 115/2015 |
|  |  |
| Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 2015 (Commencement) Notice | 116/2015 |
|  |  |
| Coroners (Witnesses' Allowances) (Amendment) Rules 2015 (Commencement) Notice | 117/2015 |
|  |  |
| Contracts (Rights of Third Parties) Ordinance (Commencement) Notice | 118/2015 |

Other Paper

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| Report of the Committee on Members' Interests on complaints against Honourable Alan LEONG Kah-kit, Honourable Claudia MO and Honourable James TO Kun-sun |

**ADDRESSES**

**PRESIDENT** (in Cantonese): Address. Mr IP Kwok-him will address the Council on the "Report of the Committee on Members' Interests on complaints against Honourable Alan LEONG Kah-kit, Honourable Claudia MO and Honourable James TO Kun-sun".

**Report of the Committee on Members' Interests on complaints against Honourable Alan LEONG Kah-kit, Honourable Claudia MO and Honourable James TO Kun-sun**

**MR IP KWOK-HIM** (in Cantonese): President, on behalf of the Committee on Member's Interests (CMI), I submit to this Council the Committee's report on complaints against Honourable Alan LEONG Kah-kit, Honourable Claudia MO and Honourable James TO Kun-sun.

Between 23 July and 12 August last year, the Clerk to the CMI received a number of complaints against five Members of this Council lodged by members of the public and Members of this Council. From July last year to May this year, the CMI has held a total of seven meetings and completed the consideration over the complaints made against three of these Members (that is, Mr Alan LEONG, Ms Claudia MO and Mr James TO) during the preliminary consideration stage. The CMI now submits to this Council the report on the relevant complaints.

I will first briefly outline the allegations made in the complaints and the relevant rules in the Rules of Procedure (RoP). In their written complaints, complainants alleged that Mr Alan LEONG, Ms Claudia MO and Mr James TO had breached the registration requirements under Rule 83 of the RoP as they had failed to register their interests of having separately received donations of $300,000 or $500,000 from Mr Jimmy LAI.

The CMI held that those complaints involved two categories of "registrable interests" as stipulated in Rule 83(5) of the RoP, namely "election donations" and "financial sponsorships". The CMI noted that according to the records of the Register of Members' Interests, these three Members under complaint had not registered the alleged donations as any of the two categories of interest. Therefore, the CMI considered those complaints fall within its purview.

Next, I am going to highlight the CMI's considerations and conclusions of these complaints.

*The case of Mr Alan LEONG*

Mr Alan LEONG has allegedly breached Rule 83(3) of the RoP as he received in June 2013 a donation of $300,000 from Mr Jimmy LAI but failed to register the donation received as an interest of "financial sponsorships" within 14 days. Under the relevant provision, particulars of any change in registrable interests shall be registered within 14 days of any such change.

According to the written explanation submitted to the CMI by Mr Alan LEONG, he participated in the work of the Alliance for True Democracy (ATD) in his capacity as a member of the Civic Party. The ATD was set up in March 2013 and it was resolved in April that a transitional arrangement be made under which Mr LEONG and the convenor of the ATD, Prof Joseph CHENG Yu-shek, opened a bank account jointly under their names for keeping the income and meeting the expenses of the ATD before a bank account is opened for the ATD. Mr LEONG and the convenor of the ATD merely held the money in the joint account as trustees for the ATD. According to the information submitted by Mr LEONG, a cheque of $300,000 was deposited into the joint account on 24 July 2013. The ATD decided in September 2013 to transfer the money in the joint account to the newly opened account of the ATD in batches.

Regarding whether the $300,000 deposit received on 24 July 2013 as shown on the transaction advice was made by Mr Jimmy LAI, the CMI has invited Mr LEONG to submit the relevant information. Mr LEONG indicated that as the ATD had not authorized him to disclose the identities of its donors, he could not confirm Mr LAI was the donor.

In providing the above explanation for the CMI, Mr LEONG has also submitted extracts of minutes of the relevant ATD meetings, copies of the monthly statements of the joint account for the relevant period, copies of cheques drawn on the joint account, copies of relevant transaction advices of the ATD's account, and so on, as substantiation.

Having considered the information provided by Mr Alan LEONG, the CMI accepted his explanations. The CMI considers that there is no information to show Mr LEONG has breached Rule 83(3) of the RoP for failure to register, within 14 days from the receipt of, a donation of $300,000 from Mr Jimmy LAI in June 2013 as an interest of "financial sponsorships" as provided in Rule 83(5)(d)(ii). Therefore, the CMI concludes that the complaints against Mr LEONG for having breached the registration requirement under Rule 83(3) of the RoP are not substantiated.

*The case of Ms Claudia MO*

Next, I am going to give a brief account of the case of Ms Claudia MO. Ms Claudia MO has allegedly received a donation of $500,000 from Mr Jimmy LAI in April 2012 but failed to comply with the registration requirement provided in Rule 83(1) of the RoP by registering the donation as an interest of "election donations" not later than the first meeting of the Fifth Legislative Council which was held on 10 October 2012.

The CMI considers that if Ms MO received the said donation as a candidate in the Legislative Council election held in September 2012, the donation was registrable as an interest of "election donations". Under Rule 83(1) of the RoP, every Member is requested to register his registrable interests not later than the first meeting of each term of the Legislative Council.

Ms Claudia MO has denied in writing the receipt of a donation of $500,000 from Mr Jimmy LAI in April 2012. The CMI notes that, according to a copy of the election return relating to election donations submitted by her to the Chief Electoral Officer in November 2012, as well as the registration forms regarding "election donations" which she submitted in October and November 2012, Ms MO received two donations in relation to the Legislative Council election in 2012, one from the Civic Party and the other from her husband. The husband of Ms MO made an election donation of $500,000. Ms MO has also provided the CMI with a letter from the Civic Party and copies of the monthly statements of a bank account of hers and those of her husband's account for the relevant period, as substantiation.

After examining the information provided by Ms Claudia MO, the CMI considers that there is no information to show that Ms MO has breached Rule 83(1) of the RoP for failure to register, not later than the first meeting of the Fifth Legislative Council held on 10 October 2012, a donation of $500,000 allegedly received from Mr Jimmy LAI in April 2012 as an interest of "election donations" as provided in Rule 83(5)(d)(i). The CMI concludes that the complaints against Ms Claudia MO for having breached the registration requirement under Rule 83(1) of the RoP are not substantiated.

*The case of Mr James TO*

I will now report to Members the case of Mr James TO. Mr TO has allegedly received a donation of $500,000 from Mr Jimmy LAI in April 2012 but failed to register the interest. The CMI considers that if Mr TO received the donation as a candidate in the Legislative Council election held in 2012, this donation was registrable as an interest of "election donations". If Mr TO received the donation as a Member of the Legislative Council in April 2012, the said donation was registrable as an interest of "financial sponsorships".

Mr TO denied in writing the receipt of a donation of $500,000 from Mr Jimmy LAI in April 2012. According to a letter issued by the Democratic Party and submitted by Mr TO to the CMI, with regard to the Legislative Council election held in 2012, the Democratic Party provided Mr TO with an election donation totalling $630,000. The relevant election donation came from the Democratic Party's overall income including donations from members of the public, but none of which was earmarked for Mr TO.

Mr TO mentioned also in the written reply that according to some press reports, the host of the online talk show "Hammer Out" asked Mr Jimmy LAI in her programme aired on 22 July if he had donated to Mr TO and other persons. At that time, Mr LAI said in reply, "For electioneering". The response made by Mr LAI was understood by the press as an admission of having made the donations to such persons. With regard to this, Mr TO quoted Mr LAI's clarification made in the same talk show on the following day, which mentioned that while he had made donations to political parties, how the relevant donations were deployed by the latter to meet election expenses of individuals had nothing to do with him.

The CMI has studied the relevant verbatim transcripts of the above talk show and notes that Mr Jimmy LAI has seemingly made inconsistent remarks on whether he has donated to Mr TO and some other persons for electioneering purposes.

Mr TO was invited to attend a CMI meeting to make further clarification. Mr TO provided the CMI with copies of monthly statements of his bank account for the relevant period and explained in detail to members of the CMI in the meeting each transaction record in his bank account statements. From the bank account statements provided by Mr TO, the CMI finds no single transaction entry showing deposit of $500,000, or entries showing deposits of a substantial amount the source of which could not be explained by Mr TO.

Some members held that as Mr Jimmy LAI had made seemingly inconsistent remarks regarding whether he had made an election donation to Mr‍ James TO in the abovementioned talk show, it would fully clear their doubts if Mr LAI provided a written statement to confirm he had not make any donation to Mr TO in April 2012. To this end, the CMI requested Mr TO to submit a written statement signed by Mr LAI, to prove that Mr LAI had not made, whether directly or indirectly, the alleged donation to Mr TO in April 2012. In his reply, Mr TO said that as it had been reported in the press that legal investigations into the relevant matter were underway, he decided not to contact Mr LAI regarding the matter after seeking legal advice.

As Mr TO did not produce the confirmation document from Mr Jimmy LAI, some members held that it was necessary for the CMI to proceed to the investigation stage, so as to invite or summon Mr LAI for provision of evidences; otherwise, the doubts of some members of the public could not be cleared. However, some other members considered that as Mr TO had provided the relevant information and the CMI had not obtained any information that could suggest Mr TO had received the alleged donation, it would be unfair to Mr TO should the CMI consider the relevant complaints further. These members held that the CMI should conclude its consideration of the complaints concerned and form the opinion that the complaints were not substantiated.

As members could not reach a consensus on the way forward, the CMI made a decision by voting in accordance with Rule 73(2C) of the RoP.

The first question that the CMI voted on was: whether the complaints against Mr TO were not substantiated. Three members voted for it and three other members voted against it. As the votes of the members were equally divided, in my capacity as the chairman I had to give a casting vote according to Rule 73(2C) of the RoP. And in accordance with Rule 79A(1) of the RoP, when a chairman is exercising his casting vote, he should not exercise it in such a way as to produce a majority vote in favour of the question put. In other words, as chairman I must vote against the question. Therefore, the question on whether the complaints against Mr TO were not substantiated was negatived.

The next question the CMI voted on was: whether the CMI should proceed to the investigation stage to investigate into the complaints against Mr James TO. As the votes were equally divided, I had to give a casting vote in a way similar to the case of the previous question. The second motion was similarly negatived.

As members of the CMI hold divergent views and the CMI cannot reach a conclusion, the CMI is not going to follow up on the case of Mr TO. However, if the CMI receives new evidence or information, it will, as usual, consider how to follow up with the complaint in strict adherence to the relevant procedures.

President, the three Members under complaint were all co-operative during the CMI's consideration of the complaints. On behalf of the CMI, I would like to express our gratitude to them. I am also glad to see members of the CMI working diligently and conscientiously on these cases.

I so submit.

**ORAL ANSWERS TO QUESTIONS**

**PRESIDENT** (in Cantonese):Questions. First question.

**Maintenance of Public Order Outside Legislative Council Complex**

1. **MR JEFFREY LAM** (in Cantonese):*President, this Council will debate and vote on the proposals on the method for selecting the Chief Executive in 2017 (the constitutional reform proposals) later this month. It has been reported that the convenor of the Civil Human Rights Front has indicated that it plans to mobilize 100 000 people to besiege the Legislative Council Complex (the Complex) before the voting on the constitutional reform proposals, so as to exert pressure on the Members of this Council. The representatives of some student bodies have also indicated that if the constitutional reform proposals are passed, they may take radical actions, including storming the Complex with hard objects and occupying the Complex. In this connection, will the Government inform this Council:*

*(1) whether the Police have assessed the possible risks of the public safety outside the Complex under threat and disruption of the public order, and made corresponding deployment;*

*(2) in the light of the possible siege and storming of the Complex, of the measures (including aspects such as the police manpower and traffic arrangements at the scene, etc.) the Police will take to uphold the law and maintain public order; and*

*(3) whether the Police have discussed with the Legislative Council Secretariat ways to prevent protesters from storming and entering the Complex causing disturbances, so as to ensure that this Council can vote on the constitutional reform proposals without interference, and the Members and staff of this Council can safely enter and leave the Complex during the period concerned?*

**SECRETARY FOR SECURITY** (in Cantonese):President, with the Government's announcement of submitting constitutional development proposals to the Legislative Council for scrutiny on 17 June (that is, next Wednesday), the community is highly concerned about whether another round of illegal Occupy movement would be triggered, or whether members of the public would once again be panic-stricken in the event of social order disruption. In this connection, I would like to thank Mr Jeffrey LAM for his question so that I may expound a few points on situation that might happen next week. I shall give a consolidated reply to Mr LAM's question.

*Unlawful assembly and violent charging are all illegal acts*

Under the Basic Law, Hong Kong residents enjoy the rights and freedom of speech, of assembly, of procession and of demonstration. The Government of the Hong Kong Special Administrative Region has repeatedly reiterated that participants of public order events should remain law-abiding, peaceful and orderly when expressing their views and should refrain from any illegal acts that are detrimental to public order or involve violent charging and the like. It is the established policy of the Police to strike a proper balance between various aspects, including facilitating the smooth conduct of lawful and peaceful public order events, minimizing the impact of such events on members of the public and road users, as well as ensuring public safety, maintaining public order, and so on.

I truly believe that the illegal Occupy movement and various incidents of violent charging of the Legislative Council in the past have clearly conveyed a message: That the community does not agree with protesters committing any illegal acts in the course of expression of views. In the past, there are people who were convicted by the court in relation to incidents of violent charging of the Legislative Council and are left with life-long criminal records. Such offences include taking part in unlawful assembly, assault on officers of the Legislative Council in execution of duties, attempted forcible entry and access to computer with criminal intent, and so on. I emphasize that unlawful assembly, violent charging and defying the spirit of the rule of law are definitely not what Hong Kong residents would like to see and accept. The Police will not tolerate these acts, and will definitely take resolute actions against any illegal acts and stringently enforce the law.

*Security of the Legislative Council and delineation of duties between the Council and the Police*

President, as far as the security of the Legislative Council is concerned, there has all along been a clear delineation of duties and an established communications mechanism between the Legislative Council Secretariat and the Police. Security within the Legislative Council precincts falls within The Legislative Council Commission's purview and is executed by the Legislative Council Secretariat. In view of the spate of charging incidents in the past, security of the Legislative Council has already been stepped up. In January this year, the Legislative Council Commission amended the guidelines for staging petitions or demonstrations at designated demonstration areas of the Legislative Council Complex. In April, the Commission also implemented a series of measures for enhancing the Complex's security.

Due to the constitutional role of the Legislative Council, the area administered by the Council is different from other general public places. According to my understanding, the Legislative Council has already formulated measures to manage protest activities at the designated demonstration areas of the Legislative Council Complex and at the Legislative Council Square. Police officers do not arbitrarily enter the precincts of the Legislative Council Complex. Generally speaking, it is only upon receipt of the Legislative Council Secretariat's requests for assistance in handling incidents relating to public safety, public order or law and order, or upon receipt of reports, shall the Police, after liaising with the Secretariat, enter the Legislative Council to render assistance.

On another front, the Police have been paying close attention to the fact that certain groups are planning to call on a large number of members of the public to surround the Legislative Council and stage protests while the Legislative Council will be scrutinizing the constitutional development proposals. The Police have already been maintaining close communications with the Legislative Council Secretariat with respect to how to assist the Secretariat in promptly responding to any possible serious security situations or emergency incidents, particularly on making preparations for any radical or violent acts. To maintain public order and protect the safety of Legislative Council Members, Legislative Council personnel and the public, the Police will render assistance at all times at the request of the Legislative Council Secretariat.

*Other arrangements of the Police*

Given that the protests may also take place at public places outside the area administered by the Legislative Council, including nearby streets and parks and even in other districts, the Police have already conducted a holistic risk assessment based on past experience as well as in the light of the latest situation and will update it from time to time for manpower deployment and formulation of operational plans and contingencies. The Police have strengthened officer training in order to enhance response capabilities of police officers. The Police will also deploy sufficient manpower to cope with any emergencies. In case of unlawful acts, the Police will spare no efforts in pursuing the criminal responsibility of law-breakers. As Police's concrete plans involve operational deployment details, it is not appropriate for me to disclose such information here.

*Appeal*

President, the right and freedom to expression must only be exercised by legal means and on the premise that no disturbance or harm to others is caused. I call on members of the public not to take part in any unlawful assemblies or violent activities. Nor should they incite or instigate others to join such activities. In case of violent acts such as charging, members of the public should immediately leave the scene, maintain a distance with radical protesters, and allow sufficient space for the Police to immediately proceed to relevant positions for handling. Members of the public who seek to express their opinions by way of protest, assembly, procession, and so on, have to give prior notice to the Police in accordance with the law and abide by conditions imposed by the Police in respect of these activities. In addition, such activities may only be conducted if the Commissioner of Police does not prohibit or object to.

Crowd events are susceptible to unpredictable changes and may even be "hijacked" by instigators, evolving into uncontrollable violent confrontations. As Secretary for Security, I have to remind the public to be aware of, at all times, the legality of such events and the problems that may entail, such as personal safety and legal responsibilities, and so on. I also have to make it clear that the Police will, under all circumstances, resolutely uphold law and order, as well as protect the safety of members of the public and social order.

**MR JEFFREY LAM** (in Cantonese):*President, the Secretary said earlier that the public did not agree with the illegal acts of the protesters. The Occupy movement last year paralysed traffic on Hong Kong Island, caused enormous hardship to shop operators, and greatly affected members of the public going to work or school. In case of a siege of the Legislative Council, what would the Secretary do to prevent it from turning into a replica of the Occupy movement? As can be seen from overseas experience, protesters will be dispersed immediately if they besiege the Parliament or the government buildings. When the constitutional reform proposals are being voted on next week, how will the authorities handle the situation if the protesters refuse to leave after being repeatedly advised to do so? Will they only deal with the problem after a 79-day occupation?*

**SECRETARY FOR SECURITY** (in Cantonese):I thank Mr LAM for his supplementary question. I have given a brief account in the main reply earlier. Perhaps I now give a more detailed answer. The Police have received notice from a group indicating its intention to hold a public procession and meeting outside the Legislative Council Complex on the 14th of this month, and a public meeting at the same location from the 15th to 18thof this month. Having assessed the situation in detail, the Police issued the Letter of No Objection to the organizer on 8 June. The Police have set out, according to the law, in the Letter a number of measures which they think necessary to maintain public safety and public order, as well as protect the right of others to use the roads. These are the points Mr LAM has just mentioned.

The Police have fully prepared themselves by drawing up contingency plans to respond to different kinds of situations. We hope that all the people participating in the public meetings and processions will co-operate with the Police, follow their instructions, as well as ensure that such activities are conducted in a peaceful and orderly manner and concluded at an appropriate time. If anyone commits illegal acts, the Police will take appropriate and immediate actions in the light of the situation.

**MR WONG YUK-MAN** (in Cantonese): *President, the question-and-answer exchanges between Mr Jeffrey LAM and the Secretary for Security LAI Tung-kwok have fully shown that this Council is essentially a "Council of flunkeys". They passed questions and answers back and forth in perfect and seamless harmony. Another question that Mr Michael TIEN is going to raise today is also an eye-opener *

**PRESIDENT** (in Cantonese):Mr WONG, please raise your supplementary question.

**MR WONG YUK-MAN** (in Cantonese):*President, this has to be pointed out here. The Secretary emphasizes here the spirit of the rule of law. When things happen, the Bureau must of course enforce the law. However, this is not case. Not only do you take actions before the enemy gets to act, but you also assume how the enemy is going to act *

**PRESIDENT** (in Cantonese):Mr WONG, please stop making comments.

**MR WONG YUK-MAN** (in Cantonese):  *Moreover, the Police have already issued the Letter of No Objection. What is the point of saying so much? President, I want to ask whether LAI Tung-kwok is a member of the Communist Party, because the appeal made in the latter part of his reply is exactly the same as a proclamation of the Communist Party *

**PRESIDENT** (in Cantonese):Mr WONG, please raise your supplementary question immediately.

**MR WONG YUK-MAN** (in Cantonese):  *The Secretary said, "Nor should they incite or instigate others to join such activities." But what is meant by "incite"? Does it mean to provoke and delude or to provoke and seduce? Buddy, Hong Kong is a common law jurisdiction which preserves the rule of law. Besides, he also mentioned "may even be  by instigators". What is meant by "instigators"? Could he please answer this question? What is meant by "incite"? What is meant by "instigators"? As Secretary for Security, he is expected to enforce the law when things happen or take preventive measures before things happen *

**PRESIDENT** (in Cantonese):Mr WONG, you have already raised your supplementary question. Please stop speaking immediately.

**MR WONG YUK-MAN** (in Cantonese):  *What is meant by "incite"? What is meant by "instigators"? Do not talk nonsense, Secretary. Answer the questions.*

**PRESIDENT** (in Cantonese):Mr WONG, stop speaking immediately.

**SECRETARY FOR SECURITY** (in Cantonese):President, I cannot comprehend, nor can I understand, why Mr WONG made a spate of accusations just now 

(Mr WONG Yuk-man stood up and spoke)

**PRESIDENT** (in Cantonese):Mr WONG, this is not your turn to speak. Please sit down immediately.

(Mr WONG Yuk-man sat down)

**MR WONG YUK-MAN** (in Cantonese):*What is meant by "incite"? What is meant by "instigators"?*

**PRESIDENT** (in Cantonese):Mr WONG, if you continue to yell in your seat, I will order you to leave the Chamber.

**SECRETARY FOR SECURITY** (in Cantonese): President, I am here today to discharge my duty of answering the question raised by the Legislative Council Member and responding to supplementary questions raised by other Members. It is also my responsibility to give answers to Members' questions as far as possible.

Secondly, Mr WONG Yuk-man has raised a supplementary question which is totally unrelated to the main question. However, if the President permits, I can tell him that I am non-partisan. I was born and raised in Hong Kong, and may leave this world in Hong Kong someday in the future.

Thirdly, Mr WONG asked what was meant by "incite". Our reply is based on the relevant definition and explanation in the Public Order Ordinance. As regards the definition of this term, Mr WONG may refer to the laws of Hong Kong. If there is any question, I believe Mr WONG can consult his legal adviser on how this term should be construed. As regards what is meant by "instigators", I believe this question is simple and easy, and it is not necessary for me to further elaborate.

**MR ANDREW LEUNG** (in Cantonese): *President, as a member of the Legislative Council Commission, I am very concerned about the nearly 1 000 people, including staff, Members' assistants and reporters, who work in the Complex during meetings. At present, it can be seen from news reports or media assessments that many weapons are found outside and there is even a handbook on how to storm the Legislative Council Complex, and so on. However, the Secretary has not given a detailed answer to the satisfaction of Members. He has not answered Part (3) of the main question in particular. Mr Jeffrey LAM asked the Government how it ensured that this Council could vote on the constitutional reform proposals without interference. In particular, some Members from the opposition camp who may want to change to vote for the proposals are subject to such threatening. How can the authorities make them feel at ease to vote then?*

**SECRETARY FOR SECURITY** (in Cantonese):President, in regard to the supplementary question of Mr LEUNG, I believe that Members are all very concerned about whether the Legislative Council meeting scheduled for next Wednesday can be held smoothly to enable the Legislative Council to reach a decision through the established procedures. My understanding is that the law has clearly stipulated that all Legislative Council Members going to or leaving the Legislative Council before or after a meeting are protected by law, and no one can obstruct or prevent them from doing so without reasonable excuse. Under the circumstances, the Police have engaged in a series of communications with the Legislative Council Secretariat for conveying the Police's views and requests to the Secretariat.

As regards the specific content, since we have not reached a final decision yet, I am afraid I cannot disclose the details at this stage. In any case, all the deployments and actions of the Police are for the sole purpose of providing appropriate assistance on the request of the Legislative Council to facilitate the smooth conduct of Council meetings.

**MR CHAN KIN-POR** (in Cantonese): *President, the number of tents outside the Legislative Council has been increasing. I certainly understand that the Security Bureau has the responsibility to strike a balance between public demonstration and public safety. However, this is a sensitive time now. It is very easy for the Police to be subject to the allegation of suppression.*

*Many of the tents we see now are enclosed and even installed with code locks. May I ask the Police how they can ensure that no offensive weapons, inflammable substances or even explosives are stored inside these tents, and how they can ensure public safety?*

**SECRETARY FOR SECURITY** (in Cantonese):I thank Mr CHAN for his question. This subject was also touched upon in my written reply to Mr CHAN Hak-kan's question last week. Due to the presence of a considerable number of large and small tents, especially those enclosed ones, outside the Legislative Council, there is a possibility of some dangerous, offensive or illegal objects being stored inside such tents, thus creating risks in respect of law and order on the relevant pavements.

The Police have already stepped up patrols in the areas concerned. The Police and relevant departments have also deployed personnel to observe and gauge the actual situation. I believe that Members may have seen the television news reports yesterday about the actual situation on the site and the deployment of police officers to perform patrol duties in the area. The Police have all along been observing and gauging the actual situation, and have gained a considerable understanding of the condition of the tents. The Police will constantly update the risk assessments. They have also given advice to the owners of some potentially dangerous objects.

The Police have formulated plans and deployment strategies. We will take appropriate actions at appropriate times according to the development of the situation in order to eliminate the risks to law and order.

**DR PRISCILLA LEUNG** (in Cantonese):*President, during their visits and tours to the Legislative Council recently, some deputations or members of the public have raised a question, and that is: Why are there so many tents out there but no one seems to enforce the law against them? Such question was not only asked by one organization but also by children, adults and members of the public from various walks of life. So I raise this question to the Secretary on their behalf.*

*Why can the tents be placed out there for so long but no one seems to have given any instruction to take law-enforcement actions?*

**SECRETARY FOR SECURITY** (in Cantonese):Dr Priscilla LEUNG has brought out a specific point in her supplementary question, and that is, we have to strike an appropriate balance. As I just said, in my reply to a Member's written question last week, I have given a detailed explanation from the security perspective on the risks to law and order and the environmental hygiene issues, and so on, that we thought would be caused by the presence of a large number of tents and structures on the pavements. Here, I also call upon the owners of such tents, structures and other objects to pack their belongings and leave the area timely.

The Police and the government departments concerned will keep the situation in view and take appropriate law-enforcement actions in due course. Nevertheless, as the specific time and arrangements involve the details of the operation, it is not appropriate for me to disclose the information to Members at this moment.

**PRESIDENT** (in Cantonese):A number of Members are still waiting to ask questions. However, we have spent more than 22 minutes and 30 seconds on this question, which has exceeded the time specified in the House Rules. I believe that the Administration has fully understood the concern of Members. Second question.

**Fuel Prices**

2. **MR MARTIN LIAO** (in Cantonese): *President, according to the results of the analysis on the open data on international crude oil and local petrol pump prices from 2013 to 2014, published by the Consumer Council in February this year, there were signs of "quick going up, slow coming down" in the pump price adjustments made by the five local oil companies in specific periods. Moreover, while the international crude oil prices dropped continuously in the second half of last year, the oil companies did not lower the petrol pump prices to a corresponding magnitude. On the other hand, the authorities have pointed out that import price of refined oil products is only one of the costs of local petrol retail price, and the retail price also includes tax and other operating costs. In this connection, will the Government inform this Council:*

*(1) whether it knows the respective rates of increase in various operating costs of the various oil companies in the second half of last year; if it does, of such rates of increase; of the new measures the authorities have put in place to ameliorate the situation where petrol pump prices are "quick to go up but slow to come down", such as requesting the oil companies to make more frequent adjustments to petrol pump prices in response to the daily changes in international crude oil prices;*

*(2) as it is learnt that some countries regulate their oil industries by competition laws, and the Competition Ordinance of Hong Kong has yet to come into full operation, whether the authorities will request the Competition Commission to formulate measures to regulate petrol pump prices, such as requesting the oil companies to enhance the transparency of their mechanisms for adjusting petrol pump prices, so as to facilitate the monitoring by consumers; and*

*(3) as some members of the public have queried why public transport fares have not been lowered correspondingly given the continuous drop in international crude oil prices, whether the authorities know the percentages of fuel expenses in the operating costs of various public transport operators; if they do, of such percentages in the past three years; whether they know if public transport operators have plans to lower fares?*

**SECRETARY FOR THE ENVIRONMENT**: President, the consolidated replies of the Environment Bureau, Commerce and Economic Development Bureau and Transport and Housing Bureau to the above three questions are as follows:

(1) Retail prices of auto-fuels in Hong Kong are determined by oil companies having regard to commercial practices and their operating costs. The Government appreciates the impact of auto-fuels prices on the public. Therefore, according to the Government's policy to enhance competition, we have, since 2003, re-tendered all existing petrol filling station (PFS) sites upon expiry of their leases, instead of renewing the leases with the existing operators. Also, we have removed the previous requirements that bidders of the PFS sites have to hold auto-fuel import licence and supply contract. Since the introduction of these tendering arrangements, two new operators have successfully entered the market. The share of the three biggest operators in terms of the number of PFS has dropped from over 90% to about 70%. At present, there are over 180 PFSs in Hong Kong, operated by six companies. Given the size of the Hong Kong market, these tendering arrangements can effectively enhance the competition in auto-fuels retail market. Moreover, the Government has been monitoring the changes in local retail prices of auto-fuels and comparing them with the trend movements of international oil prices (benchmarked against the Singapore free-on-board (FOB) prices for unleaded petrol and motor vehicle diesel).

Hong Kong has no oil refinery. All auto-fuels sold locally are imported refined oil products instead of crude oil. Refined oil products (such as unleaded petrol and motor vehicle diesel) are products produced from crude oil after refinery processes and are different from crude oil. Therefore, changes in international crude oil price and prices of unleaded petrol and motor vehicle diesel are not necessarily the same. When comparing international oil prices and the local retail prices of auto-fuels, it is more appropriate to make reference to Singapore FOB prices (that is, Means of Platts Singapore (MOPS)) and the prices of importing oil products by oil companies.

According to our data analysis, since the beginning of July 2014 and up to the end of May 2015, MOPS have accumulated a reduction of over 30%. In this period, oil companies, in response to falling import prices, have adjusted downwards the pump prices of auto-fuels, with accumulated reduction of over $2/litre. This is generally in line with the trend movements of international oil prices over the same period, and represents around 30% of the import price of its refined oil products in July 2014 at $6.34/litre. As a result of the rises in Singapore FOB price for unleaded petrol and diesel, oil companies have recently increased the pump prices of unleaded petrol and diesel. However, the magnitudes of increase in retail prices are lower than or the same as the rises in corresponding MOPS, and there is no sign of "quick going up and slow coming down". In addition, as oil companies offer various kinds of discounts and promotions to consumers (including those at the retail level), the actual prices paid by consumers are effectively lower than the pump prices listed in PFSs.

In a free market economy, the operating costs data are commercially sensitive information. The Government does not have the power to ask commercially operating companies to disclose such information.

We have been in close contact with oil companies and urged them to promptly adjust prices in tandem with international oil price movements to lessen the burden on the public.

(2) The Competition Ordinance (the Ordinance) enacted in June 2012 provides a legal framework to tackle anti-competitive conduct (including price fixing, abuse of market power, and so on) in various sectors, with a view to maintaining fair and sustainable competition in the market. The Competition Commission, which is established as an independent statutory body under the Ordinance, is empowered to investigate into an alleged anti-competitive conduct, either on receipt of complaints, on its own initiative, or on referral from the Government or a court, and to bring enforcement actions before the Competition Tribunal. We will collaborate with the Competition Commission on their study on the oil companies as appropriate.

In addition, the Government has endeavoured to improve the transparency of auto-fuels products prices to facilitate consumers to obtain sufficient information for making choices. In this regard, I would like to point out that we have posted onto our website, on a regular basis, the movements in local import prices and retail prices of auto-fuels and the Singapore FOB prices of unleaded petrol and motor vehicle diesel. We have also added the linkage to the statistics on import and retail prices of major oil products on the Environment Bureau's website. We have also commissioned the Consumer Council (CC) to launch the "Auto-fuel Price Calculator". The CC posts onto its website and smartphone applications daily the local auto-fuels retail prices and information on various types of cash and non-cash discounts offered by oil companies. Consumers can make better use of the relevant information to patronize a suitable PFS.

(3) With regard to public transport services fuelled by oil products with regulated fares (that is, franchised buses, green minibuses, taxis and ferries), there is no fuel surcharge for them. Fare adjustments have all along been made with reference to changes in costs and revenue in overall terms (instead of changes in fuel price alone) and do not have retrospective effect. In the past three years, the proportion of fuel cost to the overall operating costs had remained at about 25% for the abovementioned road-based public transport services. That for ferry service had remained at about 35%. The proportion has not changed significantly despite the notable drop in oil price since the second half of 2014. This is because the operating costs, apart from fuel cost, are made up of various components. They include wage, maintenance and insurance expenses which have basically been on an uptrend in recent years owing to an inflationary environment. In fact, the oil price has started to increase, by 35%, from the lows in January 2015. The Government has all along been closely monitoring the impact of the fluctuation of oil price on fares of public transport services. At present, the relevant public transport operators have no plans to reduce their fares.

**MR MARTIN LIAO** (in Cantonese): *President, there is a serious gap between the Secretary's reply and the public's perception and expectation. The Secretary said that the Bureau should not influence business operation or obtain commercially sensitive information, but actually there is a lot of information that is available without the need to directly approach the commercial institutions at all. For instance, public transport fare increase is subject to the approval of the Executive Council. Before giving its approval, the Executive Council will definitely consider the cost, and fuel is a very important cost item. The main reply seems to have ignored the impact of this important resource on people's livelihood and the economy. I would like to ask the Secretary: Is it the conclusion of the main reply that the authorities are helpless towards the "quick going up and slow coming down" pricing practices of which the public is aware, and the people can only resign to fate and fend for themselves?*

**SECRETARY FOR THE ENVIRONMENT**: President, we do not agree that there is a trend where the prices have gone up quickly and not come down quickly enough. We have tried to show in our response why that is so. As for the question regarding prices for franchised bus companies and other public services, we can refer it back to the Transport and Housing Bureau.

**MR FRANKIE YICK** (in Cantonese): *Mr Martin LIAO said earlier that the market was actually seeing signs of prices going up quick but coming down slow. My office has been monitoring the changes in oil prices, and we can confirm such a phenomenon.*

*In a report released by the CC, it was pointed out that it took four days to increase oil prices but eight days to cut prices, which is a clear indication of the problem of prices going up quick but coming down slow. I know very well how they come up with the calculation, so there is no need for the Secretary to explain further. We are using the difference between the export price of Singapore and the retail price in our comparison.*

*In its reply to the Member's question, the Bureau has maintained that oil companies have reduced prices on 22 occasions during this period but it has not mentioned whether the oil companies have followed the absolute value strictly. The phenomenon of prices going up quick but coming down slow is evident to us, only that the Environment Bureau refuses to admit. In that case, could the Secretary tell me what they have done to monitor the situation so that I can learn from them and further explore it with them?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): We are concerned about the reason behind prices going up quick but coming down slow. Members may think that there is bound to be a problem with that. If we look at the English version of the report released by the CC, we can see that it has raised a question of whether there is a sign of profiteering.

The fact that prices are "quick going up, slow coming down" does not necessarily mean that it will lead to competition problems. It is not the responsibility of the Government to regulate the profit margins of oil companies by focusing on their profit level, and I do not think that Mr YICK is targeting this. What Members would like to know is whether the phenomenon of "quick going up, slow coming down" in price adjustment will lead to competition problems. I can tell Members that we do not hold that view.

In the presence of the Financial Secretary, I would also like to explain to Members that in 2006, the COMPAG commissioned the consultancy of Mr‍ Ronald ARCULLI to conduct a more comprehensive survey, and the findings showed that there was no collusion then. As regards the proposals put forward by the consultancy to the Government, we had implemented them all. However, it was not mentioned in the report whether there was profiteering or not. The CC only raised the issue for the first time in the said report. I wish Members can make it clear whether they are targeting this situation.

**PRESIDENT** (in Cantonese): Mr YICK, has your supplementary question not been answered?

**MR FRANKIE YICK** (in Cantonese): *I think the Secretary is correct in her explanation *

**PRESIDENT** (in Cantonese): Mr YICK, you can only repeat the part which you think the Secretary has not replied. If you raise other questions, you have to queue up again.

**MR FRANKIE YICK** (in Cantonese): *I would like the Secretary to answer simply if she would brief us on what the authorities do to monitor whether oil prices are "quick going up, slow coming down", so that the public can learn how to monitor them. I just want to ask this. I am not asking if this would affect fair competition.*

**PRESIDENT** (in Cantonese): Secretary, Mr YICK did ask this.

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): I believe we have provided sufficient information to facilitate monitoring by Members and the public. If Members visit the website of the Environment Bureau, they will see that a lot of data have been released.

In addition, in collaboration with the CC, we have also designed a calculator which is extensively used by the public daily to calculate the increase in oil prices. If it is agreed that the "quick going up, slow coming down" pricing practices by the oil companies may not necessarily constitute collusion, which is a competition problem, we can use the calculator to compare the prices of different oil companies and choose to patronize the one that offers a more favourable price.

**MR JEFFREY LAM** (in Cantonese): *President, the Secretary said in her reply that she did not find any information suggesting that there was a collusion problem. She did not say there was no information. Perhaps the authorities should conduct a more in-depth investigation to see if other information will be available.*

*President, shrewd investors will buy more when the price is low and vice versa, and they will also hedge. Oil companies have indicated that they do engage in hedging. However, every time when there is a change in the oil prices in Hong Kong, the prices indeed go up quickly but come down slowly. The answer we sometimes get is that oil companies have bought some fuel when the price is high, therefore they cannot reduce the price until all the fuel has been sold.*

*I would like to ask the Government: What channels are there for the Bureau to directly monitor the oil companies, that is, to track the time and price at which they import the fuel, as well as the pump price? This is very complicated, and I believe the general public will not have access to those information. We often hear the authorities say that oil companies have not breached any regulations, but Members and the people are not convinced *

**PRESIDENT** (in Cantonese): Please ask your supplementary question clearly.

**MR JEFFREY LAM** (in Cantonese): *My supplementary question is: Can the Government obtain information on the purchasing price, import time and the pump price, as well as the time when the fuel is available in market, so as to monitor whether oil companies have actually breached any regulations?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): I do not quite understand what the Member meant by breaching the regulations. As Mr LAM is a businessman and he has made it very clear that the price at which oil companies import oil may have been more expensive, in order to maintain the expected profit margin, they may not be able to cut price immediately. Should we only focus on whether oil companies are quick to hike prices and slow to reduce them when we ask them to provide large quantities of information? In fact, we have been monitoring the situation. Nonetheless, I would like to point out that this is not tantamount to breaches of regulations. Many people have queried if this phenomenon is problematic. In view of this, the newly established Competition Commission wrote to us two days ago asking us to provide information for their study, and we welcome this.

**MR JEFFREY LAM** (in Cantonese): *President, the Secretary said she did not understand the meaning of breaches of regulations. Let me be more straightforward: Have the oil companies lied?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): It is difficult for me to tell if oil companies have lied.

**MR KENNETH LEUNG**: *President, as consumers, we of course have suspicion*‍ *― whether with justifications or not ― that, oil companies may be practising price-fixing or may form part of an oligopoly. Although I have heard the Secretary saying that in accordance with a study conducted in 2005, there was no competition issue, but I have also noted from part (2) of the main reply that the Competition Commission "is empowered to investigate into an alleged anti-competitive conduct". Of course, we are very concerned about price-fixing or other anti-competition behaviours. Since there is so much discussion of suspicion among the colleagues of this Chamber, would it be possible for the Bureau to ask the Competition Commission to conduct a thorough review or investigation into any alleged conduct of price-fixing among the oil companies?*

**SECRETARY FOR THE ENVIRONMENT**: I think Mr Kenneth LEUNG will be happy to hear that the Competition Commission has already made a public statement that it is going to look into this issue. As I replied to Mr Jeffrey LAM a minute ago, we received a letter just two days ago from the Competition Commission asking us to provide it with information. We are, of course, extremely happy to do so and will fully collaborate. To be honest, we are also extremely happy to have the Competition Commission look into this issue. Like in 2006 when the last study was conducted and its findings were published, it had at that time settled the issue with clear recommendations of which the Government had then implemented. So, I hope that the Competition Commission's upcoming study will again help to give clarity to the issue. If there are steps which the Government should take, I am sure we will be very happy to look at them.

**MR KENNETH LEUNG**: *The point I would like to make is that, as far as the public is concerned, I think it is better for your Bureau, rather than the Competition Commission, to take the initiative to conduct the investigation, as your Bureau has, in fact, received a lot of complaints about alleged anti-competitive conduct. It would be better if your Bureau should initiate the study and order the Commission to undertake it.*

**PRESIDENT**: Mr LEUNG, you have made your point.

**SECRETARY FOR THE ENVIRONMENT**: First of all, the Competition Commission has done an excellent job because it has taken the initiative to conduct the study even before the legislation came into force. I guess if we were to invite them, we probably would have waited till the legislation was fully in operation. In any case, I think the issue is settled and Mr Kenneth LEUNG does not have to worry because the Commission is now going to conduct this study with our full support.

**PRESIDENT** (in Cantonese): We have spent almost 23 minutes on this question. Third question.

**Assistance Provided for Persons with Disabilities**

3. **DR FERNANDO CHEUNG** (in Cantonese): *President, in the Special Topics Report No. 62 published at the end of last year, the Census and Statistics Department presented the results of the supplementary enquiries conducted via the General Household Survey in respect of persons with disabilities and chronic diseases. As pointed out in the Report, there was an estimate of 578 600 persons with disabilities (PWDs) in Hong Kong in 2013, an increase of about 60% from 361 300 PWDs in 2007, and among the PWDs, 53% were aged 70 and over. Besides, 18% of the PWDs indicated that they had a lot of difficulties in day-to-day living due to their disabilities. In this connection, will the Government inform this Council:*

*(1) as some social workers have relayed to me that the current Integrated Support Service for Persons with Severe Physical Disabilities does not cover household cleaning service, and the proposed services under the Hong Kong Rehabilitation Programme Plan (HKRPP) fail to meet the additional demand brought about by the increase in the population of PWDs, whether the authorities will review the current home care services and formulate new HKRPP to provide appropriate services to PWDs; if they will, of the details; if not, the reasons for that;*

*(2) given that the authorities are now working on the Elderly Services Programme Plan (ESPP) and are consulting different stakeholders, of the details of the implementation of ESPP by the authorities; how the authorities ensure that the proposed ESPP can cater for the needs of elderly with different severity of disabilities; and*

*(3) given that the building standards set out by the Government in 2008 in the Design Manual: Barrier-Free Access do not apply retroactively and are not applicable to the premises under the management of the Government or the Hong Kong Housing Authority, and that the United Nations Committee on the Rights of Persons with Disabilities has expressed regret in this regard and has recommended that the Government strengthen the monitoring of barrier-free access, whether the authorities will, in response to the increase in the population of PWDs, amend the design manual as well as accept the observations and recommendations of the Committee; if they will, of the details; if not, the reasons for that?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, my reply to the questions raised by Dr Fernando CHEUNG is as follows:

(1) The Government has launched home care services and integrated support services to support the social integration of persons with severe disabilities living in the community, with case managers co-ordinating the required services for these persons. Both schemes mainly cater for their needs of personal care, rehabilitation training and nursing care. For household cleaning service, given that the majority of persons with severe disabilities live with their families, and that their family members should share the responsibility of cleaning their homes, the basic services provided under the two schemes do not cover this service. Nevertheless, if individual persons with severe disabilities participating in the schemes are in need of household cleaning service, case managers will arrange such service for them.

The current version of the Hong Kong Rehabilitation Programme Plan was last reviewed in 2007. The policy objectives, sustainable development directions and proposed specific measures set out in the current version still remain largely valid. The Government will also make timely reference to the experience of the preparation of the Elderly Services Programme Plan in considering the next revision of the Hong Kong Rehabilitation Programme Plan.

(2) The conduct of the Elderly Services Programme Plan is structured into three stages, namely, Scoping, Formulation and Consensus Building. Public engagement events are arranged in each stage of the process. Public engagement events of the first stage were conducted in October and November last year. The Government and the consultant team reported progress to Members of the Panel on Welfare Services and also listened to the views of Members and deputations at the meetings held in December 2014 and January 2015. The public engagement events of the second stage have commenced since early June 2015. These include 15 focus group discussion sessions and five public forums. The events are expected to be completed in August 2015. The consultant team will process and analyse the views gathered, which will be considered by the Elderly Commission in formulating the preliminary recommendations of the Elderly Services Programme Plan. The third stage will commence around end-2015. The existing Hong Kong Rehabilitation Programme Plan has already catered for the different needs of persons with disabilities, regardless of their age.

(3) The "Design Manual: Barrier Free Access 2008" (Design Manual) is applicable to buildings constructed on or after 1 December 2008 and regulated by the Buildings Ordinance (the Ordinance). For buildings constructed before that date and regulated by the Ordinance, when alteration, modification or addition works are carried out, unless the Director of Buildings is satisfied that the relevant works fail to comply with the requirements of the Design Manual owing to structural, design, location or physical environment constraints, the owners concerned must ensure that the works comply with the requirements prescribed in the Design Manual.

The Ordinance is not applicable to the properties of the Government and the Housing Authority (HA). However, according to the existing policy, the authorities responsible for managing government and HA properties will not approve the building plans of properties constructed on or after 1 December 2008 unless they are satisfied that reasonable access will be provided for persons with disabilities in these properties. This is to ensure that the properties concerned comply with the latest barrier-free design standards and provide barrier-free facilities with design standards even beyond the statutory requirements where technically and physically feasible. For properties constructed before 1 December 2008, the Government and the HA have carried out a retrofitting programme to upgrade the barrier-free access and facilities of about 3 500 existing government premises and 240 HA properties. Most of the works were completed before 30 June 2014.

The Buildings Department (BD) set up the Technical Committee on the Design Manual in June 2014 to collect and listen to the views and suggestions of the building sector and relevant organizations in respect of the practical experience in the use of the Design Manual, advancements in building designs, technologies and construction methods, and latest relevant overseas regulatory controls and standards. The BD will consider the Committee's recommendations and continue to listen to the views of the stakeholders, including persons with disabilities, the building sector, owners and other users.

**DR FERNANDO CHEUNG** (in Cantonese):*President, the Government is going to continue to listen to opinions, but the Hong Kong Rehabilitation Programme Plan that I asked about in my question relates to a package of policies for PWDs. Since the formulation of the Plan in 2007, our population has increased by 60% and has been seriously ageing, yet the Bureau maintains that it is still valid. Another part of my question is about the Design Manual. The Manual took effect in 2008 and barrier-free requirements for buildings were put into the legislation. Now it is 2015, but the Bureau is still listening to opinions.*

*I want to know if this Government is reluctant to do its job. In the Design Manual, each division comprises three parts: firstly, mandatory section; secondly, best practice section; and thirdly, recommended design requirements. In fact, the recommended design requirements should be made mandatory. My question for the authorities is, when will the recommended design requirements in the Design Manual be made mandatory? In other words, when will the authorities revise the Design Manual?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese):President, Dr‍ CHEUNG has raised two questions. The first one is about the update of the Hong Kong Rehabilitation Programme Plan. In fact, after its last revision in 2007, the Plan has been aligned with government policies in such aspects as hardware, software and government measures through the Rehabilitation Advisory Committee from time to time. Therefore, there is no question of the document being outdated. We are keeping up with the times, and the Plan is ever evolving. It is also a policy indicator and a general direction. We are working in this direction.

Member's second question was about the Design Manual. The last part of the main reply is indeed very important. In June last year, the BD set up the Technical Committee on the Design Manual which played an important role. Over the past year, its work included communicating with the industry and PWD organizations. The Committee consists of three authoritative members, all from the Rehabilitation Advisory Committee, who are a wheelchair user, a visually impaired person and a hearing impaired person respectively. The Director of Buildings will appoint more stakeholders as members in the future in order to listen to more views from PWDs.

The Committee is considering some 40 recommendations. Let me share with Members some of the initial results. The document or manual concerned will be updated shortly. One of the recommendations concerns vertical lifting platforms. It is suggested that the existing height requirement of 4 m should be increased to 7 m. In other words, in the future, PWDs on wheelchairs will be able to reach the second floor and not only the first floor of a place, as some places do not have lifts. Secondly, it is recommended that handrails should be installed in the toilets so that PWDs can pull open the toilet doors more easily. Thirdly, as the metal surface of the guide paths currently installed for the visually impaired is slippery, consideration is given to the use of slip resistant materials. The Design Manual will be updated expeditiously, as long as the recommendations are feasible. This shows that we have taken a responsive and flexible approach. This proves that we care about PWDs. Not only are there the participation of PWD organizations and the voices of the public and the industry, there is also the role of the Government.

**DR FERNANDO CHEUNG** (in Cantonese):*When will the revision be made? The Secretary has not answered me anyway. My supplementary question for the Secretary is when the revision will be made.*

**PRESIDENT** (in Cantonese):Dr CHEUNG's question is: When will the relevant recommendations be made mandatory requirements? Secretary, do you have anything to add?

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese):President, the Committee will take action if it thinks necessary. There is not necessarily a timetable. I have given some examples just now. They are considering some 40 recommendations. This is precisely a practice that keeps up with the times rather than our failure to revise the relevant document or manual. In fact, the Design Manual has been revised twice, both in an extensive scale, since 1997. This time we have more flexibility as evident by the establishment of a Technical Committee headed by the Director of Buildings and the participation of all stakeholders. This is a step forward and the three proposed improvements that I mentioned just now will be implemented very soon.

**MR ALBERT HO** (in Cantonese):*President, I believe the Secretary should know that for some PWDs, particularly young people with serious mental retardation, their biological cycle may be different from that of normal persons in that they may be ageing faster. For normal persons, they will be defined as elderly only when they reach the age of 65. However, for this group of PWDs, when they are in their fifties, their physical conditions may be no different from that of a normal person aged 65. So, may I know whether the authorities' elderly care and rehabilitation policies have been worked out in the light of these latest research findings, and whether there is a definition of "ageing" for this type of PWDs so that they can be provided with elderly and disability care services?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese):I thank Mr‍ HO for his question. We are definitely concerned about this issue. It is indeed necessary for us to address the ageing problem of PWDs. As Members are aware, there are different types of policies for PWDs because there are different types of PWDs. In general, when one grows old, the problems he has to face may simply be the need for elderly care and frail physical conditions. But for PWDs, it involves different conditions, such as mental retardation, visual impairment, physical handicap and disabilities, and so on. As such, we have to provide suitable services to cater for the needs of each type of PWDs. In this respect, we have long-term care homes and hostels for PWDs. We hope these facilities can meet different needs and respond flexibly to the various needs of PWDs.

**MR ALBERT HO** (in Cantonese):*My supplementary question was about the ageing problem of this group of PWDs, yet the Secretary has not given me an answer. For instance, for some PWDs who have a biological cycle which is different from that of the ordinary people, they can be defined as elderly persons when they reach the age of 55. May I know if the Government will treat them in this way? This is the focus of my question.*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese):President, the Rehabilitation Advisory Committee has studied this issue, but there are different arguments and divergent views on the age of PWDs in the international community. We are pragmatic, and we would do our best to provide services, such as home care services, in order to meet their specific needs.

As mentioned in part (1) of my main reply, we have already made home care services available to the severely mentally handicapped, regardless of their age. In addition, they can apply for residential care places, even though the waiting time  As far as practicable, we enhance home care services, increase residential care places and strengthen support for them. As Members are aware, recently, the Budget has proposed to increase the manpower of these institutions in order to take care of the senior residents and address the ageing problem of the residents.

**MS EMILY LAU** (in Cantonese):*President, as mentioned by Dr Fernando CHEUNG in his main question, the report published by the Census and Statistics Department pointed out that there was an estimate of 578 600 PWDs in Hong Kong in 2013, and that 18% of the PWDs indicated that they had a lot of difficulties in day-to-day living due to their disabilities.*

*President, this is a huge figure. What arrangements, including the provision of funds and facilities, does the Government have in place to cope with such an important and significant issue? I have gone through the Secretary's main reply which, as pointed out by Dr Fernando CHEUNG, only mentioned that stakeholders would be given the opportunity to have discussions together, and any matter requiring a decision had to be examined thoroughly by the committee concerned. May I ask the authorities whether they have problems with the policies, resources and various aspects of manpower deployment?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese):I thank Member for her supplementary question. This is also an issue of our concern. The population of PWDs is indeed on the rise, and this is as serious as the problem of ageing. First of all, let me cite an example of resources input. If Members may recall, the last term of Government initially allocated $2.8 billion for rehabilitation service in 2007. This year, the amount of resources input has doubled to $5.6 billion. Hence, the first point is we have increased the resources input.

Secondly, we have enhanced community support and rolled out a number of new services, such as the one-stop-shop support at district level. We hope the community-based one-stop-shop service can facilitate users and provide more support to carers. There are altogether 16 district support centres in Hong Kong.

Thirdly, as mentioned in part (1) of the main reply, we have enhanced home care services for the severely handicapped. As some PWDs who are on the waiting list for residential care places choose to opt out, we have enhanced home care services comprehensively. It is mentioned in part (1) of the main reply that the two schemes underway will be regularized. The first scheme has a recurrent funding of $200 million each year, while the second one has $100 million. Part (1) of the main reply alone is talking about $300 million of resources, which is not a small amount.

In addition, we will continue to provide more places. How many more places are we going to provide then? I would like to share with Members the information on two major projects. Firstly, we will redevelop the ex-Siu Lam Hospital located in 16½ Milestone, Castle Peak Road into Hong Kong's largest integrated rehabilitation services complex. The complex will provide 1 150 places for three categories most in need of services: the severely mentally handicapped persons, the moderately mentally handicapped persons and the severely physically handicapped persons. Moreover, there will be a similar complex of medium sized providing more than 300 places at the site of the Kai Nang Sheltered Workshop in Kwun Tong. These projects are being taken forward and under planning and will certainly be realized. They are awaiting approval of the Finance Committee and once approved will go ahead in full swing.

Thirdly, we are also implementing a Scheme on Privately Owned Sites for Welfare Uses in collaboration with social welfare organizations. In November 2014, we injected $10 billion of public money into the Lotteries Fund in order to take forward the preliminary work of this project. Up till now 63 proposals have been received. Addition, alteration or expansion works may be carried out under the proposals with a view to maximizing the use of the plot ratio and vacant site on the existing lands for social welfare uses. We will provide 9 000 places for elderly care services and 8 000 places for rehabilitation service. There is a total of 15 000 places. For rehabilitation service alone, there are some 2 000 residential places. This figure has not yet included the residential places to be provided by the redevelopment of the ex-Siu Lam Hospital and Kai Nang Sheltered Workshop. Apart from enhancing the hardware and software, we also provide additional door-to-door support in a bid to react to the challenges on all fronts.

**MR LEUNG CHE-CHEUNG** (in Cantonese):*President, currently, the Government provides services such as residential care service for persons with severe disabilities. But one of the government policies is to encourage family members to provide care for them. In this respect, according to my knowledge, PWDs who apply for public housing will be allocated a flat that is slightly bigger in size, however, they are not given any priority on the waiting list for allocation of flats. My question for the Secretary is, would he discuss with the Transport and Housing Bureau regarding the relevant policies, so as to give priority to this type of families in the allocation of flats?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese):President, for special cases or compassionate rehousing cases, our general practice is to reflect the circumstances of each case to the Housing Department. But as an overall policy ― we need to follow up on the matter after the meeting to see whether there is such a policy at present ― according to my understanding, the Housing Department will normally deal with the cases of PWDs compassionately. Just now the Member asked whether we could consider giving priority to this type of applications, I think this is a point worthy of consideration. In respect of caring for the elderly, we have introduced the Harmonious Families Priority Scheme under which an applicant who needs to take care of elderly family members may be allocated a flat in the estate where the elderly family members live or in a nearby estate. As to whether we can give consideration to other applications of similar nature, I will follow up on the matter after the meeting.

**DR KWOK KA-KI** (in Cantonese):*President, the Secretary sounded like there is no problem at all, and he seemed to have got all the jobs done. President, the fact is that now there are 578 600 PWDs in Hong Kong, but he tells us that there are 1 000 places in Siu Lam. Moreover, their availability is piecemeal and scattered and no one even knows how many places can be reserved for them. Member asked the Secretary if he has a timetable and when the Design Manual will be revised. The Secretary replied that the revision would be made but declined to tell when he would do it. Can such a reply live up to the expectation of some 500 000 severely physically handicapped persons? I really have no idea how the Secretary is supposed to deliver his job.*

*President, the Hong Kong Rehabilitation Programme Plan mentioned by the Secretary has been in place since 2007; when we asked him about the ageing problem of elderly persons with disabilities, he evaded the question by talking about the Elderly Services Programme Plan. My supplementary question is: When will the Secretary review the outdated Hong Kong Rehabilitation Programme Plan which has been in place since 2007 so that the elderly and the severely physically handicapped will have a goal? Although he himself does not have any goal, can he formulate a plan with a goal?*

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese):First of all, I thank Dr KWOK for his question. But I have to clarify one point about which he is totally wrong ― please allow me to use this word. He said that the report published by the Census and Statistics Department pointed out that there is a total of some 500 000 persons with severe disabilities in Hong Kong. This information is not correct. According to the Special Topics Report No. 62, the definition of disability is rather broad. The 578 000 PWDs as mentioned in the report refer to those with limited or no physical abilities, including those with seeing difficulty, hearing difficulty, speech difficulty, mental illness, mood disorder, autism, specific learning difficulties, attention deficit, hyperactivity disorder, and so on. The report does not classify these 578 000 persons as severely handicapped. If this is the case, the problem in Hong Kong is very acute. It is not at all possible that 8% of Hong Kong's population is severely handicapped.

Hence, I must clarify this at the outset, but this does not mean we have no concern about this problem. The focus of the earlier question of the Member is on whether we will revise the Hong Kong Rehabilitation Programme Plan. My reply is that we have been monitoring it from time to time. We are not using a delay tactic. At this stage, we would like to focus our efforts on the Elderly Services Programme Plan, and some of the contents in elderly care services are in fact relevant to the services for PWDs, as many elderly persons also have disabilities. In that regard, many experiences can be shared and mutually applied.

As such, our intention is to see what experiences can be borrowed for kicking start the revision work at a certain stage of the study. In fact, we are working on two parallel tracks. One track is going ahead and the other is moving a bit slower. This is not inaction or delay, as we need to prioritize the work. The existing Hong Kong Rehabilitation Programme Plan is in order, valid and not outdated. How can the general direction be outdated? A very simple way forward is to motivate various sectors to build an inclusive society, let all of us work together to give PWDs the opportunities to play their roles in society with the support of their families. This is a universal direction that can be applied everywhere, the problem is how to implement the specific measures. We will continue to exchange views with Members and follow up on the issue through the Panel on Welfare Services.

**PRESIDENT** (in Cantonese):We have spent more than 22 minutes on this question.

(Dr KWOK Ka-ki stood up)

**DR KWOK KA-KI** (in Cantonese):*President, my question is about the timeline. I hope the Secretary can make it clear as to when the authority will submit a new report on the Hong Kong Rehabilitation Programme Plan to us. Can the Secretary give me a clear answer?*

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

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese):I have given an account of it. When the Elderly Services Programme Plan is near completion, we will kick start the review and updating work timely after we have obtained adequate experiences and found the way forward.

**PRESIDENT** (in Cantonese): This question ends here. Fourth question.

**Regulation of Sale of Investment-linked Assurance Scheme Products**

4. **MR SIN CHUNG-KAI** (in Cantonese):*President, investment-linked assurance schemes (ILAS) are long-term investment-cum-life insurance products and the related policy values (and may also include death benefit) are subject to investment risks and market fluctuations. The Securities and Futures Commission (SFC) pointed out in the Circular Clarifying the Licensing Requirements arising out of the Promotion, Offering or Sale of Investment-Linked Assurance Schemes to the Public (the Circular) issued on 13 August 2009 that even if the underlying funds selected by ILAS policyholders usually are securities, advising or making recommendations to ILAS policyholders concerning the selection of funds does not constitute advising on securities as specified in Schedule 5 to the Securities and Futures Ordinance (SFO). SFC is of the view that insurers, corporate insurance brokers and individuals who are insurance agents or insurance brokers (collectively referred to as "insurance intermediaries") are not required to be licensed by SFC under SFO by virtue of their engaging in promoting, offering or selling ILAS to the public. In this connection, will the Government inform this Council:*

*(1) whether it knows if SFC, since the issuance of the aforesaid Circular, has changed its policy on regulation of ILAS products; if SFC has, of the reasons for and the details of such changes;*

*(2) given that ILAS involves fund investments, market risks and the interests of policyholders, whether it knows the justifications of SFC for not regulating the sale of ILAS (including advising the policyholders concerning the selection of funds) by insurance intermediaries and not requiring such persons to apply for licences for engaging in relevant activities; and*

*(3) whether the authorities will step up regulation of the selling activities of this kind of investment performance-linked insurance products, including enacting legislation to classify relevant selling activities as regulated activities under SFO, so as to better protect the interests of the policyholders of this kind of insurance products; if they will, of the details; if not, the reasons for that?*

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

(1) and (2)

Investment-linked assurance schemes (ILAS) are insurance contracts under the Insurance Companies Ordinance (Cap. 41) and insurance contracts are deliberately excluded from the definition of "securities" under the Securities and Futures Ordinance (Cap. 571) (SFO). Therefore, insurers or insurance intermediaries engaging in promoting, offering or selling ILAS to the public or advising members of the public on ILAS are not, by virtue of those particular activities, required to be licensed under the SFO for the purpose of advising on securities or dealing in securities.

Under the current self-regulatory regime for insurance intermediaries, intermediaries selling ILAS must be registered with a Self-Regulatory Organization and have passed the relevant ILAS examination.

(3) To enhance protection of policyholders of ILAS, the Office of the Commissioner of Insurance (OCI) has rolled out a number of measures since 2009, including new regulatory requirements made last year. Relevant measures include:

On ILAS products:

― products should comply with the principle of fair treatment of customers. Charges should be fair and commensurate with the insurance protection offered. High charges are not allowed for an ILAS product carrying only minimal insurance protection;

― customers need to sign the Important Facts Statement which contains those product features that may be easily overlooked by policyholders, for example, fees, surrender charges, contribution amount and premium term, and so on, to enhance disclosure at the point of sale; and

― the offering of gifts for sale promotion is prohibited.

On intermediaries' remuneration and disclosure:

― products must adopt a uniformed method for calculation and disclosure of the remuneration received by the intermediaries; and

― indemnity commission to intermediaries by insurers is not allowed.

On suitability assessment:

― intermediaries must perform suitability assessment for customers and then, according to the financial needs and risk appetite of customers, analyse and compare different choices of product which suit their needs; and

― intermediaries should not recommend any ILAS products to customers who do not have both investment and protection needs.

On post-sales controls:

― where there is objective information showing that the customers do not have needs for, or are not suitable to procure ILAS products, for example, the risk levels of the chosen funds are higher than the levels of risk the customers can bear and they did not provide any explanation in their own handwriting in the Applicant's Declaration which is duly signed, insurers could not accept applications from these customers;

― insurers are required to make audio-recorded post-sale calls to all ILAS customers confirming that customers understand the content of the ILAS products they procure, as well as their rights and obligations before they procure the ILAS products; and

― policyholders can cancel the policies within the 21-day cooling-off period.

We believe that the number of complaints will continue to drop with the implementation of the new regulatory requirements on product design and the sales process introduced by the OCI. The OCI will keep in view the latest market development from time to time and examine the effectiveness of the regulatory measures.

Moreover, the Legislative Council is scrutinizing the Insurance Companies (Amendment) Bill 2014 for the establishment of an independent Insurance Authority (IIA) and introduction of a statutory licensing regime for insurance intermediaries to replace the existing self-regulatory regime. In future, insurance intermediaries must be licensed by IIA. If a licensed insurance intermediary is found to have committed misconduct, IIA may impose disciplinary sanctions. This would further enhance the regulation of insurance intermediaries and strengthen consumer protection.

**MR SIN CHUNG-KAI** (in Cantonese):*President, the Secretary has not answered part (2) of my main question, that is, what justifications the authorities have for not regulating the sale of ILAS products by insurance intermediaries. The Secretary said that under the government policy, a particular aspect is subject to the regulation of a particular ordinance, and these products are therefore excluded from the SFO. I hope the Secretary can grasp what the present problem is. The problem is that the insurance component may only make up for 1% or 5% of an ILAS policy while the remaining 99% are associated with investment products such as funds. Insurance intermediaries are familiar with insurance products but not with investment products. Yet, the advice they provide is not subject to regulation. What justifications do the authorities have for not regulating them? The Secretary said in the main reply that these products are excluded from the SFO. But why are they excluded for no reason?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese):President, there is a wide variety of ILAS products. As Mr SIN Chung-kai has pointed out, the insurance component of some products, such as the so-called "101 insurance policies", is relatively small. With the implementation of the series of measures by the authorities (including the OCI's regulatory measures I just mentioned in the main reply), "101 insurance policies" can no longer be found in the market and most of the ILAS policies in force in the market now offer better insurance protection to policyholders. This is what I wish to clarify.

On the policy front, the OCI exercises full regulatory oversight of ILAS products, including that of the products and their sale, so as to protect policyholders. Why does the SFC also play a role? It is because ILAS is also a collective investment scheme. In this sense, the SFC is involved in the vetting and approval of the sales and promotional documents of ILAS products. The authorities consider the present practice appropriate under the prevailing policy. We, of course, will review the development in the future, including the development of the market. We will continue to strengthen market regulation and consumer protection.

**PRESIDENT** (in Cantonese):Has your supplementary question not been answered?

**MR SIN CHUNG-KAI** (in Cantonese):*President, the Secretary has not answered my supplementary question. My supplementary question is very simple. Persons with the required competence and qualifications are permitted under the SFO to sell regulated products. However, SFC does not regulate the products after it has approved the products for sale. As a result, persons unfit and unqualified for giving advice on investment-linked products are allowed to engage in the sale of such products. What are the justifications for this? Why is there such a loophole? He has not answered my supplementary question.*

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

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese):My explanation is that ILAS is an insurance product and different ILAS products contain different proportions of insurance and investment components. The authorities are of the view that while the OCI or the future IIA should take up the overall regulatory role, the SFC also has a role to play because ILAS also contains the element of an investment scheme. As to the delineation of the primary and secondary roles, the authorities are of the view that it is more appropriate for the OCI to play the role of a major regulator. Of course, regular contact and communication will be maintained between various regulators to ensure that the regulatory measures are consistent and dovetail with market development and government policies.

**MR ALBERT HO** (in Cantonese):*President, the most important policy objectives of the SFO are to regulate or monitor the sale of financial products, to monitor the qualifications of the persons engaging in sales activities, and to provide for an institution (that is, the specially trained SFC) to undertake law enforcement, investigation and disciplinary actions in the event of irregularities. At present, a financial product is allowed to have a small insurance component, and regardless of whether it accounts for 1%, 3% or even 50%, it is basically regarded as a product which contains substantial financial components. The Government allows such products to be offered in the market, but the sales persons who are not licenced are not required to receive professional training. In case of a complaint by a victim, the person responsible for handling the case is also ignorant of the financial product. Such practice is even worse than that adopted in the Lehman Brothers incident. How could the Government condone such a deceitful trick?*

*Is there a big loophole in the Government's regulation in this respect? Secretary, do not tell me that a piece of new legislation will be introduced because I believe it will probably take two years before the new IIA starts operating. What will the Government do to protect members of the public in these two years? I can tell Members that we have received many complaints about insurance-linked financial products. Can the Secretary tell me what measures the Government has to plug this loophole as far as possible in the interim, so as to protect consumers from purchasing unsuitable products or being misled, and ensure that sales persons will not be ignorant of what they are selling?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese):I fully respect Mr HO's view and the Government also attaches great importance to this matter. We note that the number of complaints concerning ILAS has increased. That is why we have focused our efforts on strengthening regulatory control in this respect since a few years ago. As I have mentioned in the main reply just now, the OCI has taken the lead to launch, in collaboration with the SFC and the Hong Kong Monetary Authority, a series of measures to combat these irregularities, including those I just mentioned and most importantly the post-sale follow-up actions, so as to ensure that insurance intermediaries will not mislead customers or make misrepresentation when selling these products.

I can tell Members that after these actions, the number of ILAS-related complaints received by the OCI has substantially dropped. For instance, the number of ILAS-related complaints has dropped from 540 cases in 2009 to about 350 cases in 2014. A monthly average of 24 cases were received in the first five months of 2015, representing a decrease by 17% over the same period of 2014. Moreover, we have launched a new round of measures. Following the implementation of the measures, the number of complaints concerning the sale of the products has further dropped. This proves that the new round of actions have helped reduced the number of cases of policyholders being misled into purchasing ILAS products. Of course, we will make all-out follow-up efforts and continue to exercise monitoring over the issue under the present scope. In many cases, the main problems we have observed are mis-selling or misleading representations which are not related to investment products. Rather, the design of the product itself or the incentive of commission are among the reasons that insurance intermediaries have made misleading representations when selling products. Nevertheless, our efforts in combating such problems have resulted in a significant decrease in the number of complaints.

**MR CHAN KIN-POR** (in Cantonese): *Problems related to ILAS products vary. I believe the actions taken by the Government have addressed the problems, including those related to commission and product design, thereby making these products more loophole-free. However, when it comes to the regulation of the selling of investment products, the insurance sector strongly hopes that a licensing regime can be put in place. In the past, the SFC used to issue licences to insurers and insurers would encourage their practitioners to acquire a licence. After they had acquired a licence, such licensing practice was suddenly called off in a certain year. The SFC even said it did not have anything to do with it. This is indeed undesirable.*

*I am of the view that, in the long run, the Government has to consider how in this aspect  Of course, the Government has already plugged a lot of loopholes. For example, the requirement for audio recording all the conversations with customers will hold the insurers responsible when problems arise in the future. What I mean is that, in the long run, the authorities should issue licences to practitioners to encourage them to become more professional. I hope that the OCI will focus on the whole job, instead of having the SFC do a bit and the OCI do another bit, thus subjecting the industry to multi-regulators.*

*May I ask the Government what it will do in this respect? I believe we have a consensus on the need for a licensing regime for regulating, to a certain extent, the sale of ILAS products but the question is what the Government will do. I hope the Secretary will tell me that the authorities will designate the OCI as the single body responsible for this task instead of having multi-regulators, thus making insurance intermediaries not knowing what to do.*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese):We also tend to let the OCI take up the regulatory role. We now focus on the sales related complaints, with a view to identifying and resolving the problems. Of course, we will review the situation again depending on how matter unfolds.

**MR LEUNG KWOK-HUNG** (in Cantonese):*It is really laughable to hear Secretary K C CHAN say that there are fewer complaints. Before the Lehman Brothers bankruptcy, people had queued up to buy those financial derivative products. Actually, I have a question for the Secretary, and that is: What is his solution to the problem of an industry being regulated by several regulators with unclear powers and responsibilities? The Secretary has said so much without saying whether the OCI or other institutions will do the job. The insurance practitioners may not understand the risks and growth potential of financial products, but at the same time professionals are not allowed to engage in sales. What exactly did he try to say? Will he turn them into one single institution? Will he introduce rigorous examination for insurance practitioners?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese):I thank Mr LEUNG for his supplementary question. Regarding insurance products, especially ILAS products now under discussion, we hold that the OCI should be the major regulator. Indeed, a lot of things in the financial market are interlinked. Hence, we also emphasize the importance of consistent regulatory principles and appropriate communication among various regulatory bodies under the regulatory regime. As to the regulation of insurance intermediaries, we rely on a self-regulatory body at the present stage. Upon the establishment of the IIA and the introduction of a licensing regime, there will be a stringent punishment mechanism for insurance intermediaries and agencies. I believe this can increase the professionalism of the industry.

**MR SIN CHUNG-KAI** (in Cantonese):*Actually, the Secretary's reply gives me an impression that there was a dereliction of duty either on his part or on the part of the SFC. There was a sudden change of licensing practice in 2009. As Mr*‍ *CHAN Kin-por has just mentioned, insurance practitioners were required to acquire a licence in the past. They are required by the SFC and encouraged by insurers to acquire a licence. However, since the issuance of the Circular on 13 August 2009, they are no longer required to acquire a licence. Since then, many such products were sold and many related complaints were received. It was only after the OCI had found it necessary to step up regulation that the measures referred to in part (3) of the main reply were implemented. Thereafter, the number of complaints has significantly dropped.*

*Just think, how many people lost money from 2010 to 2015? How many people got compensation? Why was there not a dereliction of duty on his part or on the part of the SFC?*

**PRESIDENT** (in Cantonese):Mr SIN, please put your supplementary question.

**MR SIN CHUNG-KAI** (in Cantonese):*I stop here*.

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

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese):I only wish to reiterate that under the current SFO, the SFC has its own jurisdiction. It is the SFC's view that its legal stance on the licensing requirement has remained unchanged since 2003 until the enactment of the SFO.

**MR LEUNG KWOK-HUNG** (in Cantonese):*I wish to ask the Secretary a question. He was smart in answering the question just now because he has changed it. In fact, I have raised this issue in this Chamber for many times. The issue now is that the procurement of an insurance policy, regardless of whether the intention is to have a stable retirement protection or to leave the money to another person after death, is confused with wealth accumulation. The Insurance Companies (Amendment) Bill 2014 now being discuss is introduced after five years have passed. I do not know why Mr SIN Chung-kai did not put a follow-up question. Now I want to ask the Secretary: Was there a dereliction of duty on his part?*

**PRESIDENT** (in Cantonese):Mr LEUNG, you have already asked your supplementary question. Please sit down.

**MR LEUNG KWOK-HUNG** (in Cantonese):*President, let me say it again. Who is going to compensate the people who suffered financial losses in the past five years? That is why the Secretary will certainly not admit that there is a dereliction of duty on his part. Buddy, if he does so, he will have to make the compensation.*

**PRESIDENT** (in Cantonese):Mr LEUNG, please sit down.

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese):I wish to take this opportunity to reiterate some points. Regarding the ILAS-related complaints, what was the main problems? Of these complaints, 35% are about the presentation of the insurance policies, 29% are about the suitability of the products, and 10% are about the sales practices. All these are related to the ethics of the insurance intermediaries. Where do the problems lie? We are of the view that, to a certain extent, the problems lie in the present self-regulatory regime which has failed to achieve the best results. That is the reason why after the policies addressing these problems were implemented, the number of complaints dropped substantially and some flawed products vanished from the market. We are of the view that, upon the establishment of the IIA, we will be able to find the right solution to the problem and better monitor the market, thereby making ILAS products better meet the needs of consumers.

**MR LEUNG KWOK-HUNG** (in Cantonese):*Someone is poisoned to death which is confirmed by autopsy. Should we let the murderer go?*

**PRESIDENT** (in Cantonese):Mr LEUNG, this is not a debate session. Please sit down. We have spent more than 23 minutes on this question, which has exceeded the time limit laid down in the House Rules. Fifth question.

**Procedure for Implementation of Public Works Projects**

5. **MR MICHAEL TIEN** (in Cantonese):*President, I have noticed that since the Finance Committee (FC) of this Council scrutinized the funding proposal in relation to the North East New Territories New Development Areas last year, FC and the Public Works Subcommittee (PWSC) have been slow in their progress of scrutinizing funding proposals for public works projects. The Government originally expected to submit 89 funding proposals for public works projects to PWSC and FC in the current legislative session, but up to the end of last month, these two committees passed respectively merely 28 and 22 funding proposals, i.e. less than 32% and 25% of them. In this connection, will the Government inform this Council:*

*(1) of the time required in general for a public works project from initial planning to completion, and the time required for each procedure involved; how such lengths of time compare with the relevant time lengths of the public works projects for which the authorities submitted funding approvals to FC last year and this year; if the time lengths involved in those projects are longer than those of the projects in the past, of the amount of the relevant additional expenditure; among the funding proposals for public works projects submitted by the Government to PWSC and FC in each of the past five legislative sessions, of the respective percentages of them approved;*

*(2) of the number of public works projects the tendering exercises for which were deferred due to the failure in obtaining funding approval in time, and the number of public works that were delayed due to the failure in obtaining approval for supplementary provisions in time, since last year, and whether the Government was required to pay any compensation to the contractors for such delays; if so, of the amounts and sources of the funds involved; and*

*(3) as it has been reported that the poor relationship between the executive and the legislature has posed many obstacles to funding proposals for public works projects and other work of the Government, whether the Government has assessed if the far-below-target number of projects passed by PWSC and FC so far involves any maladministration; of the measures that the Government has in place to ameliorate the situation, such as whether it will review the tendering system, or adopt the arrangement of "tendering before funding application" for certain public works projects, so as to enhance the efficiency of policy implementation?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):Good morning,President and Members. The HKSAR Government keeps on investing in the Capital Works Programme (CWP). Over the past three years, the annual capital works expenditure has maintained at a level of about $70 billion and accounted for around 3.3% of the local GDP. This plays a crucial role in promoting economic growth, improving the quality of living, creating employment opportunities and sustaining Hong Kong's competitiveness in the long term.

The Government has all along been implementing capital works projects in an orderly manner. Nonetheless, the progress of the funding approval of Legislative Council on new projects will directly affect the annual expenditures in CWP over the coming few financial years. Should there be sustained impact on the annual expenditure in capital works, the economic development of Hong Kong in the next few years, the livelihood of construction workers and the aspiration of trainees to enter into the construction industry would be affected. It would also cause a severe blow to other related industries such as materials supply, procurement and logistics. Delay in project implementation may also create an acute construction peak with numerous projects in progress concurrently several years later, resulting in more severe labour shortage.

My reply to the question of Mr TIEN is as follows:

(1) After project initiation, a capital works project needs to go through the stages of design, public consultation and approvals in respect of planning and environmental protection requirements, and so on. When the planning and design of the project has substantially completed, further consultation with the relevant Legislative Council Panel will be conducted before submission to the Public Works Subcommittee (PWSC) for consideration and, ultimately, the Finance Committee (FC) for funding approval for implementing the project. Generally speaking, it takes around 50 months for a project to proceed from project initiation to funding approval. There is no general estimated period from works commencement to project completion as it varies according to project scale and complexity.

The progress of scrutinizing the capital works projects by FC and PWSC has slowed down since last May. FC only approved 13 new projects in the 2013-2014 Legislative Session as compared to 39 projects in the 2012-2013 Session while the approved funding also shrunk from $90.9 billion to $3.6 billion over the same period. Indeed, many projects submitted in the previous Legislative Session were only approved in recent months. The funding approval of these projects has delayed by more than six months on average.

For the current Legislative Session, the scrutinization progress by PWSC and FC still fell behind schedule, leading to various degrees of delays in a number of projects. But the statistics on the overall situation can only be compiled at the end of the current Legislative Session.

A table showing a comparison of the percentages of endorsement for new projects by FC and PWSC over the past five Legislative Sessions has been included in the copy of my reply submitted to Members and the details of which are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | *2009-2010* | *2010-2011* | *2011-2012* | *2012-2013* | *2013-2014* |
| PWSC | 100% | 100% | 100% | 95% | 44% |
| FC | 100% | 100% | 100% | 95% | 68% |

(2) A total of 23 projects failed to obtain funding approval in 2013-2014 Legislative Session and only managed to secure the approval in the current Legislative Session. As a result, their works commencement had to delay by more than six months on average while the project costs also increased by about $2.4 billion. Two of these projects needed to re-tender as their tender validity periods had expired. Five projects had extended their tender validity periods. The remaining 16 projects could not conduct their tender exercises as scheduled. According to the current practice of the Government, tender documents do not contain any provisions on tender compensation. Hence the Government has not paid any compensation to the tenderers concerned.

(3) The HKSAR Government attaches great respect to the Legislative Council for their efforts in scrutinizing capital works projects and monitoring the uses of public money. We have made timely submission of these projects to the relevant Legislative Council panels and committees for consideration. Government officials have also duly attended the meetings to answer questions and provided supplementary information as requested by Members. Although FC and PWSC have also held additional meetings in the current Legislative Session, the funding approval progress remains unsatisfactory.

Generally, funding approval from the Legislative Council must be obtained prior to commencing tender exercise for the projects. Nonetheless, under special circumstances, for instance where some projects need expeditious implementation due to urgency, the Administration may conduct tender exercise prior to funding application to the Legislative Council. To mitigate the impact of delay in funding approval, we would consider various practicable measures as appropriate in individual projects including "tendering before funding approval" after conducting comprehensive risk assessment for expediting the commencement of works.

Last but not least, President, I would like to urge all Members to uphold the interests of the whole society and respond to the public's aspirations by seizing the time to vet the funding proposals for the capital works projects in a practical manner. This would facilitate the smooth delivery of the projects, which are closely related to people's livelihood.

**MR MICHAEL TIEN** (in Cantonese):*President, with regard to CWP, as pointed out by the Secretary just now, "over the past three years, the annual capital works expenditure has maintained at a level of about $70 billion and accounted for around 3.3% of the local GDP". He then went on to say, "this plays a crucial role in promoting economic growth  and sustaining Hong Kong's competitiveness in the long term." However, he further pointed out that the funding approved by the FC in the 2013-2014 Session amounted only to $3.6 billion, which meant zero and worse still, "works commencement had to delay by more than six months on average while the project costs also increased by about $2.4 billion." President, what does this suggest? This suggests that not only there is no investment in CWP, $2.4 billion has also been dumped into the sea. At the meeting of the PWSC held yesterday, Dr KWOK Ka-ki of the Civic Party has succeeded in adjourning the discussion of the item on the Hong Kong-Zhuhai-Macao Bridge project costing $115.8 billion.*

*Secretary, my question is: Will there still be economic growth in the future? According to the Secretary, the annual capital works expenditure has accounted for around 3.3% of the local GDP, but will it become a zero figure if there is no growth in one year? Has our competitiveness practically disappeared? If the implementation of all infrastructural projects is delayed like that, with zero growth in one year and probably only one third of growth this year, where will our future competitiveness go? Would the Secretary please give us a reply?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, my thanks to Mr Michael TIEN for his supplementary question. We will make continuous efforts to submit these project items to the Legislative Council for consideration. We will also try our best to respond to queries raised by Members and provide sufficient information. Delay in the funding approval of these projects will indeed have impact on a number of aspects. Apart from the impact on economic growth, we are also worried that the delay in project implementation may give rise to the additive effects when the construction works of a number of projects commence concurrently in the future, and this will have serious implications on the future tender prices as well as the employment of construction workers. Hence, we very much hope that Members would expedite the vetting and approval of the funding proposals for these projects.

**MR MICHAEL TIEN** (in Cantonese):*President, the Secretary has not answered my supplementary question.*

**PRESIDENT** (in Cantonese):Please repeat your supplementary question.

**MR MICHAEL TIEN** (in Cantonese):*My supplementary question is very simple. As pointed out by the Secretary, the annual capital works expenditure of $70 billion has accounted for around 3.3% of the local GDP. In other words, if we spent nothing in this regard last year, the 3.3% would vanish like smoke. Would the Secretary please confirm if it is correct for me to say so? In addition, what will be its impact on our competitiveness? In my opinion, the competitiveness of Hong Kong has withered away. Does the Secretary have any views about this?*

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

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President,the contribution of the construction industry to the GDP has taken into account the contribution of private sector projects, in addition to that of public works projects. Generally speaking, the estimated overall expenditure of the construction industry in the next 10 years is in the range of about $170 billion to over $200 billion. Delay in funding approval by the Legislative Council will of course create a certain impact. According to some recent news reports, some contractors and consultant firms have started laying off their employees.

It is still too early to estimate the impact it would create on the actual percentage of our economic growth. Nevertheless, we hope that we would make up for some of the cost if Members' support could be secured for the funding applications to be submitted by the Government. In addition, despite the delay in funding approval, the approved funding will actually be available for use over the next few years and thus, if the funding applications to be submitted could be timely approved to make up for some of the time, the impact created could also be minimized.

**MR LEE CHEUK-YAN** (in Cantonese):*President, first of all, I would like to clarify the earlier remarks of Mr Michael TIEN that Dr KWOK Ka-ki has proposed to adjourn the discussion of the funding application for the Hong Kong-Zhuhai-Macao Bridge project which costs over $100 billion. However, the item in question is actually an application for supplementary funding of over $5 billion to meet the overrun cost of the project. Project cost overruns are so common nowadays that what we are dealing with is in fact the problem of overspending in public works projects.*

*There is a cost overrun of more than 50% in the Liantang Boundary Control Point project, amounting to $8.7 billion. The Hong Kong-Zhuhai-Macao Bridge project also involves a cost overrun. Although it has been said that the project cost of the Express Rail Link project would be $60 odd billion, the amount of cost overrun to be incurred is still an unknown. There are people like Mr Michael TIEN who estimate that the cost would be as high as $90 odd billion, and some even reckon that the problem of cost overrun in the project would be so serious that the total cost would amount to $120 billion. With cost overrun in every project, Secretary Paul CHAN is now nicknamed the "overspending Paul", but it seems that he is not required to address the problem of cost overruns in numerous public works projects *

**PRESIDENT** (in Cantonese):Please raise your supplementary question.

**MR LEE CHEUK-YAN** (in Cantonese):*President, the authorities have often passed the buck to the FC or the PWSC of the Legislative Council by blaming them for delaying the approval of funding applications or refusing to grant approval to certain applications, but would the situation have become even worse had more funding applications been approved? The problem now is the concurrent implementation of a number of projects, which has resulted in a rise of the machine price by 20% to 30% and an increase in wages, though the latter is something we would very much like to see. President, what I would like to point out is that the present problem lies in the concurrent implementation of all the works projects, which has pushed up the project costs. Would it be better to stagger the construction schedules of such projects? Fortunately, the Legislative Council is performing its gate-keeping function, or else the project costs would even be higher. Would the project costs have been pushed even higher had approval been given to all funding applications?*

**PRESIDENT** (in Cantonese):Mr LEE, you have already raised your supplementary question, please let the Secretary reply.

**MR LEE CHEUK-YAN** (in Cantonese):*Hence, the problem now is that the Government strives to have all the public works projects completed in these few years and the project costs will surge even higher when the over $100 billion airport project proceeds later. Secretary, please stop putting the blame of project cost overruns on the Legislative Council. My supplementary question is: does the Government have in mind any planning target for the capital investment in public works that will not push up the project costs or lead to an increase in the construction industry inflation rate by dozens of percentage points? Whether they have in mind a figure based on which they can do better in planning?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, we have been submitting different project proposals as planned to the Legislative Council for approval and prior to that, consultation has to be conducted with residents at district level and different stakeholders. The concurrent implementation of a number of projects over the past few years is actually a result of some disruptions in the process, such as the project delay caused by the unnecessary challenge of judicial review. As a result, we have to take forward a number of works projects concurrently despite the fact that it is our original plan to roll them out in a gradual manner. This is a situation which we do not wish to see. Therefore, we have submitted the funding applications for the projects to the Legislative Council as planned.

Hong Kong is now faced with a serious capacity problem. Due to the shortage of land supply in Hong Kong, property prices are soaring, with many people waiting for allocation of public rental housing units. There is also a surge in the rents of office buildings, and so on. In order to expand land resources, efforts have to be made to take forward other related projects. Hence, in this connection, I would like to point out that if obstructions and delays are caused to public works projects proposed by the Government as in the past in the Legislative Council or elsewhere, our society as a whole will finally have to pay the price.

**MR LEE CHEUK-YAN** (in Cantonese):*President, he has not answered my supplementary question and in the reply given by him just now *

**PRESIDENT** (in Cantonese):Please repeat in simple terms the part of your supplementary question which you think has not been answered.

**MR LEE CHEUK-YAN** (in Cantonese):*He is just shirking responsibility. Let me repeat my supplementary question. The question which I raised just now is very clear, that is, how many billion worth of capital investment should be made for public works projects in the Government's future planning in order not to push up project costs? In other words, is there a more reasonable benchmark for determining project costs so that construction workers will not either work like hell or be rendered jobless? The question is, in respect of project planning, whether there is such a price level which will not push up the construction industry inflation rate?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, according to the projection made by the Construction Industry Council, with regard to public works projects in progress and those at the consultation stage as well as private sector projects, the estimated volume or expenditure of construction projects to be implemented in the next 10 years is in the range of about $170 billion to $240 billion, based on the current planning progress of such projects. If funding approval could be obtained smoothly, the annual expenditure for public works projects in the next few years will be maintained at a level of about $70 billion.

**MR NG LEUNG-SING** (in Cantonese):*President, as stated by the Secretary just now, we believe that Members of this Council as well as the general public will realize that the delay in funding approval by the Legislative Council has resulted in the delays in project implementation as mentioned just now; and due to such delays in project implementation, the Government has to submit applications for additional funding to the Legislative Council eventually. This has led to a vicious circle.*

*I would like to ask the Secretary: in the face of the repeated emergence of such a situation, whether the Government has organized any such activities as public hearings through organizations in the relevant trades and industries to collect information about the industries and members of the professional bodies which, due to the abovementioned delays, are affected in the way described by the Secretary just now, such as having to lay off some of the employees or delete some posts, or failing to implement the relevant projects on schedule?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, we have not held public hearings to receive views from various stakeholders in the relevant trades and industries so far. But during our contact with them, it has come to our knowledge that due to the delay in funding approval, certain works projects could not be implemented on schedule and this has indeed affected the employment situation of certain sectors. We sincerely hope that if approval could be obtained without a hitch for the forthcoming funding applications, we would be able to recover some of the abovementioned losses.

**IR DR LO WAI-KWOK** (in Cantonese):*President, the Secretary has reiterated many times that as far as CWP is concerned, the objective is to maintain an annual expenditure level of $70 billion, and he has repeatedly stated that the target could be achieved if approval could be obtained from the Legislative Council without a hitch. However, the reality is that the filibustering and non-cooperation movement have caused delays in the funding approval for capital works projects in the past two years. Under such circumstances, it would be useless for the Secretary to merely focus on the target since it would be of no help to maintaining the livelihood of those in the relevant sectors.*

*Therefore, I would like to ask the Secretary: as such delays have been caused, whether the Secretary has made a more accurate estimation of the situation in the next few years so as to ascertain the actual shortfall as compared to the target expenditure level of $70 billion? I am very much worried that even if the subsequent approval of funding proceeds more smoothly, it may not be possible to catch up with the previous delays, not to mention that filibustering and non-cooperation movement are still ongoing.*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, since the current Legislative Session has not ended yet, the statistics for this year have not been compiled. Judging from the progress so far, it is estimated that the overall amount of funding approved will still fall short of the target despite an increase in the approved funding amount as compared to that of the last year. President, we will make continuous efforts to expeditiously submit project proposals to the Legislative Council for approval. We very much hope that Members of the Legislative Council would give due regard to the situation and complete the vetting and approval process timely.

**IR DR LO WAI-KWOK** (in Cantonese):*President, I am asking for information about the difference in figures but the Secretary has only repeated the target.*

**PRESIDENT** (in Cantonese):Secretary, will you provide the figures requested?

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, the actual figures will indeed hinge on Members' support or otherwise for the project proposals in the vetting and approval process as well as the speed of the scrutiny work.

**MR MICHAEL TIEN** (in Cantonese):*President, the Secretary said that the investment in CWP played a crucial role in promoting economic growth, creating employment opportunities and sustaining Hong Kong's competitiveness. I then asked the Secretary whether he has assessed the impact of a zero expenditure in capital works in a particular year as compared to the original projection of $70 billion under the established objective. The Secretary's answer is in the negative.*

*I want to ask the Secretary now, as the Government considers that it is very important to maintain an annual capital works expenditure of $70 billion but if the filibustering Members have taken no heed of this, and the capital works expenditure in a particular year reduces from $70 billion to zero, what impact it will have on our competitiveness and economic growth. I would continue to filibuster if I were one of the filibustering Members *

**PRESIDENT** (in Cantonese):Please state your supplementary question.

**MR MICHAEL TIEN** (in Cantonese):*This is what I would like to ask the Secretary: how come such simple statistics are not available? The absence of such statistics is tantamount to encouraging Members to continue to filibuster.*

**PRESIDENT** (in Cantonese):Secretary, do you have anything to say in reply?

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, the filibustering and non-cooperation movement in the Legislative Council have been going on for more than a year. In the last Legislative Session, the approved funding for new projects shrunk to $3 odd billion only and if the situation continues, everyone can anticipate the serious impact it will cause even without the relevant statistics. The situation this year has slightly improved and as at mid-June, that is, as of now, the approved funding for new projects has substantially increased as compared to that of last year, but it still falls far short of the target of $70 billion.

President, we will continue to solicit the support of Members of the Legislative Council and during the process, we will, as suggested by Mr Michael TIEN, assess the seriousness of the impact of the delays on the economy of the society as a whole.

**PRESIDENT** (in Cantonese):Last oral question.

**Land Planning of Ap Lei Chau**

6. **DR KENNETH CHAN** (in Cantonese): *The Government plans to amend the approved Aberdeen and Ap Lei Chau Outline Zoning Plan to rezone a piece of harbourfront government land at Ap Lei Chau, at which the Hong Kong School of Motoring (the School site) is presently sited, to residential use for taking forward a residential development project to provide around 1 500 units. Some Ap Lei Chau residents have relayed to me their grave concerns about the land planning in the district. In this connection, will the Government inform this Council:*

*(1) when the authorities will commence the statutory procedures for amending the planned use of the School site, as well as the concrete work plan and timetable; whether the authorities will consult Ap Lei Chau residents on the amendment; if they will, of the details; if not, the reasons for that; whether the authorities will consider rezoning the harbourfront lots in the area of the School site for use as district sitting-out or water sports facilities; if they will, of the details; if not, the reasons for that;*

*(2) whether the impact of the new use of the School site on the traffic flow of the Ap Lei Chau Bridge, the trunk roads in Aberdeen and Wong Chuk Hang as well as the Aberdeen Tunnel was taken into account in the traffic assessment conducted by the authorities in respect of the amendment to the planned use of the School site; if so, of the details; if not, the reasons for that; and*

*(3) as quite a number of residents have indicated that they are worried about the hazards posed by the liquefied petroleum gas and oil products transit depot at Ap Lei Chau to the residents of South Horizons nearby, whether the authorities will consider amending the planned use of the site of the oil depot in the course of amending the planned use of the School site, in order to address the safety concerns of the residents; if they will, of the details; if not, the reasons for that?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, housing is one of the community's major livelihood concerns. To achieve the housing supply target of 480 000 residential units in the coming 10 years under the Government's Long Term Housing Strategy, the Government has to continue to increase housing land supply by adopting a multi-pronged approach. Land use reviews, including review of Government land currently vacant, under short-term tenancy or different short-term/government uses, as well as "Government, Institution or Community" sites, and so on, are conducted to identify sites suitable for conversion to residential use. Such reviews are one of the key measures to increase housing land supply in the short and medium term.

Having reviewed various land uses on the Aberdeen and Ap Lei Chau Outline Zoning Plan (OZP) No. S/H15/29, the Planning Department proposes to rezone a site on Lee Nam Road, Ap Lei Chau (the Site), which is currently Government land, mainly let to the Hong Kong School of Motoring under a short-term tenancy, from "Other Specified Uses" annotated "Cargo Handling Area", "Industrial" and "Government, Institution or Community" to "Residential (Group A)". It is estimated that the Site has a capacity to provide about 1 500 residential flats.

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

(1) On 18 May 2015, the Planning Department consulted the District Development and Environment Committee of the Southern District Council (District Council) on the rezoning proposal for the Site. In addition, on 20 May 2015, the Planning Department and the Transport Department attended a local residents' forum to explain the proposed rezoning and solicit residents' views.

We plan to submit, in accordance with the Town Planning Ordinance, the rezoning proposal in the second half of 2015 to the Town Planning Board (TPB) for consideration. The submission to TPB will contain the comments received from the District Council, local residents and concerned government departments. If TPB agrees to the proposed amendments, the amended OZP will be exhibited for public inspection for two months. During the exhibition period, all persons may submit written representations to TPB. Persons who have submitted representations or comments on the representations will be invited to attend TPB's meeting and heard by TPB. After TPB's meeting, TPB will decide whether the amended OZP should be revised or submitted to the Chief Executive in Council for approval.

According to the Hong Kong Planning Standards and Guidelines, there are sufficient existing and planned government, institution or community and open space provisions in Southern District to cater for the needs of the district (including the proposed development). Besides, water sports facilities are provided at various places in Southern District, such as Deep Water Bay, Repulse Bay, Middle Bay, South Bay, Stanley and St. Stephen's Beach. The Government has no plan to rezone the Site for local open space or water sports facilities.

(2) In respect of the proposed rezoning of the Site for residential use, the Transport Department has carried out a traffic review to assess the impact of the traffic generated from the proposed residential development on major roads in Ap Lei Chau (including Ap Lei Chau Bridge). The review outcome shows that the proposed residential development will not bring about unacceptable traffic impact on major roads and junctions in Ap Lei Chau. Given the scale of the proposed residential development, the traffic impact on roads outside Ap Lei Chau (including the major roads in Aberdeen and Wong Chuk Hang, as well as Aberdeen Tunnel) will also be minimal. It is estimated that the traffic in Ap Lei Chau will be improved after the South Island Line (East) comes into operation.

(3) The existing liquefied petroleum gas (LPG) depot and oil products transit depot at the western side of Ap Lei Chau are zoned "Other Specified Uses" annotated "Liquefied Petroleum Gas and Oil Products Transit Depot". The LPG depot is a private lot and currently supplies LPG to the residents of South Horizons. The oil products transit depot provides oil product transit services for Hong Kong Island. The LPG depot and oil products transit depot comply with the relevant safety standards, and there is an operational need to retain them thereat.

According to the *prima facie* assessment of gas risks carried out by the Electrical and Mechanical Services Department, the LPG depot and oil products transit depot would not cause insurmountable problems to the proposed rezoning of the Site for residential development. Furthermore, in order to ensure public safety, a quantitative risk assessment will be conducted for the proposed development in accordance with the Hong Kong Planning Standards and Guidelines.

**DR KENNETH CHAN** (in Cantonese):*President, Ap Lei Chau, which includes the South Horizons and has a total population of nearly 90 000, is known as the second most congested island in the world. Eighty percent of the population on the island have to work across districts, and over 50% of the residents have to attend schools in other districts. In recent years, Ap Lei Chau is subject to intense development pressure, such as new hotels, and retail outlets introduced by developers. This has turned the residential area into a tourist district. It is also alleged that the industrial area will be transformed into a business district. Furthermore, the last patch of residential site adjacent to the bridge was sold a few years ago, and the construction is underway. Owing to its "blind scramble for land", the Government suddenly plans to rezone a piece of Government land to a residential site. During the residents' forum organized by me at the South Horizons Neighbourhood Community Centre in the evening of 1 June, many residents expressed strong views against being unilaterally subject to planning and demanded to have their own choices.*

*Regarding the main reply given by Secretary Paul CHAN, firstly, I wish to focus on part (3), that is the part about the LPG and oil products transit depot next to the target site, which are categorized as Potentially Hazardous Installations. President, under the Hong Kong Planning Standards and Guidelines, it is stated in paragraph 4.8.1, part 4, Chapter 12 that land within a 500-meter radius of the installation is delineated as a Consultation Zone (CZ), to which the following principles apply (I quote), "Any change which will result in an increase in the number of persons in the CZ should not be allowed"; and it is further stated in paragraph 4.8.2 that, in dealing with applications for development with the CZ, there should be (I quote): "no disposal or allocation of new sites for residential use or congregation". So, what should we do? He insists now on a "blind scramble for land", without even considering the safety of the residents. He should go through the Hong Kong Planning Standards and Guidelines in detail before replying my supplementary question.*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, the Site is a piece of Government land. As I have pointed out in the main reply, to solve the housing problem, we have to increase land supply, and one of the most important measures in the short and medium term is to conduct land use reviews to identify sites suitable for rezoning to residential use. Therefore, we put in much effort in this regard over the previous two to three years. With respect to the texts quoted by Mr CHAN just now, I have mentioned in the main reply that the Electrical and Mechanical Services Department has carried out *prima facie* assessment of gas risks, and it is considered that the LPG depot and oil products transit depot next to the Site would not cause insurmountable problems to the rezoning of the Site to residential use. Furthermore, the project will adhere to the Hong Kong Planning Standards and Guidelines just quoted by Mr CHAN and quantitative risk assessment will be conducted to ensure public safety. This is indeed an established practice of the SAR Government. Certainly, we would not disregard residents' safety in order to proceed with residential development. But at the same time, we have to objectively assess the impact of these facilities on residential development, as well as explore possible mitigation measures. In fact, the LPG used by residents of the South Horizons is supplied by the LPG depot at the Site.

**DR KENNETH CHAN** (in Cantonese):*Secretary Paul CHAN is "playing foul" and has completely evaded my question *

**PRESIDENT** (in Cantonese):Mr CHAN, we are not conducting a debate now.

**DR KENNETH CHAN** (in Cantonese):*President, I want to raise a follow-up question, as he has not answered my supplementary question.*

**PRESIDENT** (in Cantonese):If you think that the Secretary has not answered your question, please briefly repeat the part that you think the Secretary has not answered.

**DR KENNETH CHAN** (in Cantonese):*President, it is stated the black and white that residential use is not permitted, yet the authorities wish to rezone the land use for selling it to private developers. How can this not be transfer of benefits and collusion between the Government and the business sector?*

**PRESIDENT** (in Cantonese):Mr CHAN, let me remind you again, this is not a debate session.

**DR KENNETH CHAN** (in Cantonese):*If this is not disregarding human lives in exchange for financial reward, what else can this be?*

**PRESIDENT** (in Cantonese):If you think that the Secretary has not answered your question, you can only repeat the part that has not been answered.

**DR KENNETH CHAN** (in Cantonese):*President, it is clearly stated that residential use is not permitted. How can he bend the rules of the game like this and commit the foul?*

**PRESIDENT** (in Cantonese):Mr CHAN, if you do not agree with the answer given by the Secretary, you can follow up on another occasion.

**MR TONY TSE** (in Cantonese):*The housing problem is certainly a pressing issue, and there is an urgent need to increase land supply for more residential developments. However, the Secretary has mentioned in his reply that the Site is originally zoned "Other Specified Uses" annotated, among others, "Government, Institution or Community". Of course, we can* *separately consider allocating the Site to other uses, such as industrial or cargo working area. I want to ask the Secretary: if the Site is rezoned to a residential site, how is the Government going to deal with the development originally planned under the "Government, Institution or Community" use? Is there any other site available as a replacement?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, the Government does not have any development plan on this site yet.

**DR FERNANDO CHEUNG** (in Cantonese):*President, first of all, I declare that I am a resident in Ap Lei Chau. Ap Lei Chau is so fortunate to be regarded as the second most densely populated island in the world. The island with the top ranking is in Columbia, and has merely 1 200 residents. However, according to the 2011 Hong Kong Population Census, our Ap Lei Chau island is home to more than 86 000 people.*

*In his reply to my question about elder abuse in residential care homes for the elderly (RCHEs), the Chief Executive said that Hong Kong did not have adequate supply of land, which of course included land for RCHEs. I believe that this refers to GIC, that is, "Government, Institution or Community" sites which can be used to provide land for RCHEs. However, the Government now intends to change the Site to residential use. May I ask how many GIC, that is, "Government, Institution or Community" sites were rezoned to residential sites by the Government over the past five years? And how many residential sites were rezoned to "Government, Institution or Community" sites which can be used for accommodating RCHEs? Will the Secretary please answer this question.*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):I thank Dr Fernando CHEUNG for the supplementary question. President, the issue was mentioned in the 2013 and the 2014 Policy Addresses. For example, the 2013 Policy Address proposed that 36 pieces of GIC sites be rezoned, while the 2014 Policy Address pointed out that 150 sites were identified, including GIC sites. In connection to the information requested by Dr Fernando CHEUNG just now, I am happy to provide a written reply after the meeting. ([Appendix I](#app_I))

**MR WONG KWOK-HING** (in Cantonese):*The Secretary mentioned in part (1) of the main reply that the Planning Department consulted the District Development and Environment Committee of the Southern District Council on the rezoning proposal for the Site on 18 May this year. President, I notice that the Government has mentioned repeatedly its respect for the opinions of the District Councils, with which it has formed a partnership, particularly in the area of development planning. Therefore, I wish to ask the Secretary through the President: what kinds of opinions for which the Southern District Council is consulted? What kinds of opinions was received by the Government? Will it respect the opinions of the Southern District Council and co-collaborate with the Southern District Council to do a good job in the development planning?*

**SECRETARY FOR DEVELOPMENT** (in Cantonese):During the last consultation conducted by colleagues from the Planning Department and other government departments, concerns were expressed on traffic problems but the meeting was suspended halfway. We will make continuous efforts to provide information to the District Councils for consideration. However, I wish to tell Members that the Development Bureau and its departments have high respect for District Councils, and we will try our best to provide information for the District Councils' consideration in respect of the rezoning of each site, and respond to issues of concern raised by District Council members as far as possible.

In fact, there were occasions where compromises were reached after the deliberations with District Councils on rezoning proposals, or some of proposals were supported by the District Councils. However, it is inevitable to have times when supportive consensus cannot be reached in respect of a site in the end. Then all the opinions from the District Councils, members of local communities and the government departments, despite the differing nature, will be submitted to the TPB, which is an independent statutory body, for making a decision on the rezoning proposal.

In the past, there were occasions that the TPB rejected the rezoning proposals, and in other cases such proposals were endorsed. Therefore, what we are doing is to make our best effort in explaining and providing information and illustrations in accordance with the procedures. If no consensus can be reached in the end, a decision will then be made by an independent statutory body.

**MR WONG KWOK-HING** (in Cantonese):*I want to follow up on the supplementary question raised just now *

**PRESIDENT** (in Cantonese):Mr WONG, please do not follow up on the matters.

**MR WONG KWOK-HING** (in Cantonese):*He has not answered my supplementary question just now. I notice that the Secretary has mentioned that the meeting was suspended halfway, so will the consultation with the Southern District Council continue?*

**PRESIDENT** (in Cantonese):The Secretary has given his reply.

**MR SIN CHUNG-KAI** (in Cantonese):*President, the Secretary mentioned in part (3) of the main reply that both the LPG depot and oil products transit depot comply with the relevant safety standards. With respect to safety standards, I guess that consideration will be given depending on the kinds of facilities located nearby. If residential units are built there, does this comply with the safety standards? As the Secretary has just mentioned that the LPG depot supplies LPG to residents of the South Horizons, while the transit depot caters for the demand of the Hong Kong Island, meaning that some of the facilities cannot be moved. It is certainly not possible to move those facilities because residents of the South Horizons will no longer be supplied with LPG afterward. However, problems will arise if residential blocks are constructed in the proximity, as in the case of Tsing Yi. The LPG depot originally located in Tsing Yi was rejected and requested to be removed after residents moved in. Problems are created in this way.*

*As the Permanent Secretary for Development serves as the Chairman of the TPB, he will proceed with the rezoning as demanded by the Secretary, and if the rezoning application is really endorsed, future residents may organize petitions and demonstrations to demand relocation of the LPG depot and oil products transit depot a few years later *

**PRESIDENT** (in Cantonese):Mr SIN, please do not give lengthy remarks.

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, I must clarify before actually replying Mr SIN Chung-kai's question. He mentioned that the Permanent Secretary for Development held the position of the Chairman of the TPB, and this is true as a matter of fact. However, the Permanent Secretary for Development only serves as the Chairman of the TPB, and the TPB comprises independent members who make decisions on each rezoning applications based on independent consideration. I hope that there is no misconception in this regard. The fact that the Chairman is the Permanent Secretary for Development does not mean that we can point our fingers at him.

President, regarding my main reply mentioned by Mr SIN, in which I said that colleagues from the Electrical and Mechanical Services Department had carried out *prima facie* assessment of gas risks, and follow-up works will only be conducted if the rezoning is considered free of insurmountable problems. In the course of our follow-up works, we will conduct quantitative risk assessment in accordance with the Hong Kong Planning Standards and Guidelines, the report concerned will be submitted to a committee. To ensure public safety, the consideration and approval will be done by the Co-ordinating Committee on Land Use Planning and Control Relating to Potentially Hazardous Installations. May Members please rest assured.

**PRESIDENT** (in Cantonese):We have spent 22 minutes 30 seconds on this question.

(Mr SIN Chung-kai stood up)

**MR SIN CHUNG-KAI** (in Cantonese):*He has not answered my question. If the rezoning really takes place and future residents demand relocation of the oil depot, how is the Government going to handle this?*

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

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, residents of Ap Lei Chau and the South Horizons need to use LPG. If they want to relocate the oil depot, will this possibly mean that they have to use something else 

(Mr SIN Chung-kai stood up)

**MR SIN CHUNG-KAI** (in Cantonese):*I am referring to the residents of the new housing developments. What I mean is the residents of the site for which they are asking for rezoning of the land to residential use.*

**PRESIDENT** (in Cantonese):Mr SIN, please do not rise to speak again.

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, as I have just mentioned, the development will only be proceeded with after it has passed all the risk assessments. When the land is put up for sale, everyone clearly knows that such a facility exists in the proximity, and the facility is considered to cause no safety hazards after assessments. This is a piece of open information available in the public domain, and nothing is being concealed. Every potential home builders in the future will know that there is such a facility.

**PRESIDENT** (in Cantonese):We have spent 23 minutes 40 seconds on this question. Oral questions end here.

**WRITTEN ANSWERS TO QUESTIONS**

**Safety of Food Products Imported from Japan**

7. **MR CHUNG KWOK-PAN** (in Chinese): *President, it has been reported that the United States Food and Drug Administration published an updated Import Alert on the 20th of last month, and continued to prohibit the import of Japanese food products which fail to pass the physical examination. The food products include milk, butter, milk-based formula, milk-based infant formula and other milk products, vegetables and vegetable products, rice, whole grain, fish, meat and poultry, venus clams, sea urchin, yuzu fruit, kiwi fruit and so on. This is because the food products concerned are at risk of radionuclide contamination as a result of the radionuclide contamination problem in Japan. It has also been reported that the Ministry of Health and Welfare of Taiwan announced last month that, starting from the 15th of last month, strict control over the import of Japanese food products would be imposed. Taiwan will continue to prohibit the import of food products from the five prefectures of Japan most affected by the Fukushima nuclear incident, namely Fukushima, Tochigi, Ibaraki, Chiba and Gunma. It also requires that certificates of origin must be presented for food products from other areas of Japan, while radiation inspection certificates must be produced for more than 800 food items in three classifications (including marine products, tea and baby food) from Tokyo Metropolis and Shizuoka Prefecture, before these food products may be imported into Taiwan. In this connection, will the Government inform this Council:*

*(1) of the details of the work on testing of food products imported from Japan performed by the Centre for Food Safety (CFS) under the Food and Environmental Hygiene Department in the past 12 months, and the number of food samples that failed to meet food safety standards (tabulate the information by type of food);*

*(2) how the authorities ensure the safety of food products imported from Japan; whether CFS will step up sample laboratory tests on those food products, particularly the radiation level of such food products;*

*(3) whether the authorities will, by making reference to the practices of the United States and Taiwan, require the production of certificates of origin for all the food products imported from Japan and prohibit the import of Japanese food products which fail to pass the radiation examination; and*

*(4) as it was reported last month that some food products from radiation-contaminated areas of Japan were imported via container terminals and put on the market without testing, whether the authorities will establish food inspection facilities for food products imported by sea so as to ensure that prohibited food products will not be imported into Hong Kong?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, Hong Kong imports most of its food. The Centre for Food Safety (CFS) closely monitors, on a daily basis, food incidents in Hong Kong, the Mainland and other countries/places and takes actions accordingly to ensure food safety in Hong Kong.

Following the Fukushima nuclear power plant incident in Japan in 2011, the CFS, according to a risk-based approach, has enhanced testing of food imported from Japan for radiation at the import, wholesale and retail levels. As at 30 May 2015, the CFS tested more than 250 000 samples of Japanese food. Except for three unsatisfactory samples of vegetables from Chiba found on 23 March 2011, the test results of all samples were satisfactory. The three vegetable samples were disposed of and did not find their way into the local market. Besides, low levels of radioactivity were detected in 60 samples (including two vegetable samples, one dried mushroom sample, one blueberry juice sample, one oat sample and 55 tea product samples) but the levels did not exceed the Guideline Levels for Radionuclides in Foods Contaminated Following a Nuclear or Radiological Emergency (Guideline Levels) laid down by the Codex Alimentarius Commission (Codex). Therefore, these food products would have no adverse effects on health.

After the above three samples of vegetables had been found to have radiation levels exceeding the Guideline Levels, the Director of Food and Environmental Hygiene issued an order under section 78B of the Public Health and Municipal Services Ordinance (Cap. 132) on 24 March 2011 to prohibit the import of vegetables and fruits, milk, milk beverages and milk powder from the five most affected prefectures of Japan, namely Fukushima, Ibaraki, Tochigi, Chiba and Gunma. The import of all chilled or frozen game, meat and poultry, all poultry eggs and all live, chilled or frozen aquatic products from the five prefectures is also prohibited, unless they are accompanied by a certificate issued by the competent authority of Japan certifying that the radiation levels do not exceed the Guideline Levels. The aforesaid order is still in force. Anyone found to have contravened any terms of the order is liable to a maximum fine of $100,000 and imprisonment for up to 12 months. In April 2011, the Expert Committee on Food Safety held a special meeting to discuss food safety issues related to the nuclear incident in Japan. It considered that the CFS's risk management approach was appropriate and in line with the international consensus.

The CFS has been paying close attention to the latest measures taken by other countries/places against food products imported from Japan. After the nuclear power plant incident in Fukushima, Japan in March 2011, the United States Food and Drug Administration (US FDA) published an Import Alert on its website in the same month. Since then, it has amended and updated the Import Alert for more than a dozen times to reflect the Japanese authorities' latest distribution restrictions on the types of local food which have been radioactively contaminated. Generally speaking, the US FDA has made various revisions to the control measures on the import of Japanese food after the incident, but the recent revisions were made to follow Japan's self-imposed export criteria and focused on relaxing the import control. The CFS has not noticed any obvious tightening of control by the United States on food products imported from Japan recently.

Since the Fukushima nuclear power plant accident, Taiwan has banned the import of food from five prefectures of Japan, namely, Fukushima, Tochigi, Ibaraki, Chiba and Gunma. However, in March this year, the Taiwanese authorities found that some food products from the five prefectures of Japan, which were banned from import, had been exported to Taiwan with product labels indicating other prefectures of Japan as their origins. In view of this incident, the Taiwanese authorities announced that with effect from 15 May 2015, food imported from prefectures of Japan other than the five mentioned above must be accompanied by certificates of origin. Moreover, tea products, food products for infants and young children, dairy products and aquatic products, and so on, produced in some regions in Japan are allowed to be imported into Taiwan only if they are accompanied by certificates of radiation inspection.

In late March, the CFS took immediate follow-up actions in response to media reports on the illegal import of food products to Taiwan from the five prefectures in Japan, which was prohibited by the Taiwanese authorities. According to the information available on the website of the Taiwanese authorities, the food items in question include noodles, drinks, seasonings, sweets and biscuits. These food items are not covered by the import ban imposed by Hong Kong. The CFS has proactively contacted the management of major supermarkets and chain retail outlets to find out if the products concerned had been imported into Hong Kong. Inspection at export/import and retail levels has also been enhanced to ascertain that the information provided on the labels of food imported from Japan is consistent with that (including the country of origin and the prefecture where the food was produced) provided by traders. The CFS has not noticed any breaches so far.

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

(1) to (3)

During the past 12 months from June 2014 to May this year, a total of over 66 000 samples of food imported from Japan were tested for radiation at the import, wholesale and retail levels. All the test results were satisfactory. Low levels of radioactivity were found only in two samples of tea products but the levels did not exceed the Codex Guideline Levels and therefore would have no adverse effects on health.

For the routine surveillance conducted to test the food imported from Japan for radiation, importers are required to provide information about the country of origin and indicate the prefecture where the food was produced to facilitate the CFS's identification of food from the five Japanese prefectures on which import restrictions are imposed.

Taking into account the latest expert opinions of the International Atomic Energy Agency (IAEA) and the established mechanism to monitor and assess import control measures imposed by other countries/places upon food products imported from Japan, the CFS considers the existing control measures adequate for the protection of public health.

The CFS will continue with its current risk-based strategy for surveillance of food products imported from Japan. It will also keep track of the situation of the Fukushima nuclear power plant in Japan and the development in related regions, as well as the latest measures taken by other countries/places against food products imported from Japan. In the meantime, the CFS will keep in view the recommendations made by international agencies including the World Health Organization and IAEA on the issue. Based on such recommendations, the CFS will develop strategies for testing relevant food products, make timely adjustment to the strategies accordingly, and take necessary surveillance measures to ensure food safety and protect public health.

(4) Regarding Japanese food products imported by sea, the Customs and Excise Department (C&ED) will notify the CFS daily of the manifest data on food products imported from Japan. Importers will also provide relevant information to the CFS which will then contact the relevant importers for radiation tests. The CFS has taken action to review the existing import monitoring mechanism. To better monitor Japanese food products imported via container terminals, the CFS is actively discussing with the C&ED the possibility of setting up entry points at container terminals for testing food products imported by sea, with a view to enhancing the testing of these products to further safeguard food safety.

**MPF Schemes for People Working in Hong Kong Under Working Holiday Scheme**

8. **MR TOMMY CHEUNG** (in Chinese): *President, some employers have relayed to me that they must register the people whom they employ, who came to Hong Kong under the Working Holiday Scheme (the Scheme), in a Mandatory Provident Fund (MPF) scheme and make contributions for them, as in the case of local employees. Such employers have pointed out that this requirement both increases the administrative work of employers and causes inconvenience to such employees because when employees leave Hong Kong and return to their home countries, they must undergo complicated and time-consuming procedures, as well as make a declaration about their permanent departure from Hong Kong before they can claim the accrued benefits in their MPF accounts. In this connection, will the Government inform this Council:*

*(1) of the number of people who came to work in Hong Kong under the Scheme last year, and whether the authorities know the total amount of MPF contributions made by them and their employers;*

*(2) given that some people, who had come to Hong Kong under the Scheme, did not claim the accrued benefits in their MPF accounts upon their permanent departure from Hong Kong, whether the authorities know how their MPF trustees handle the monies concerned; and*

*(3) whether it will consider amending the relevant legislation to exempt people who come to work in Hong Kong under the Scheme from participation in MPF schemes; if so, of the details; if not, the reasons for that?*

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

(1) and (3)

According to statistics provided by the Immigration Department, 1 448 visa applications were approved under the Working Holiday Scheme in 2014. We do not have figures on the number of holders of Working Holiday Visa working in Hong Kong and the total amount of Mandatory Provident Fund (MPF) contributions made by them and their employers.

If a person who comes to Hong Kong for employment through the Working Holiday Scheme satisfies the exemption criteria specified in section 4 of the Mandatory Provident Fund Schemes Ordinance (the Ordinance) (Chapter 485) and section 203 of the Mandatory Provident Schemes (General) Regulation (the Regulation) (Chapter 485A), neither he nor his employer is required to make MPF contributions.

The exemption criteria are that permission is given to the person to land or remain in Hong Kong for the purposes of employment under the conditions of stay imposed in accordance with section 11 of the Immigration Ordinance (Chapter 115) and the period during which the person is given permission to remain in Hong Kong does not exceed 13 months.

If the original period during which the person is given permission to remain in Hong Kong for the purposes of employment is extended in accordance with section 11 of the Immigration Ordinance (Chapter 115), and the original period and the extended period together exceed 13 months, the person ceases to be exempt from the Ordinance from the end of 13 months after the beginning of the original period.

(2) If an employee departs Hong Kong permanently, he can choose to make a declaration that he has already departed or is about to depart Hong Kong permanently, and provides proof satisfying the trustee that he is permitted to reside permanently in a place outside Hong Kong in order for him to claim all MPF accrued benefits. If an employee decides not to withdraw his MPF contributions when he departs Hong Kong permanently, according to the Regulation, his accrued benefits could be retained in a personal account under the scheme previously chosen by his employer, unless the employee elects to transfer those accrued benefits to a personal account in any other master trust scheme or industry scheme held by the employee. The approved trustee will invest the accrued benefits in accordance with the instructions given by the employee concerned until the approved trustee receives new instructions from him.

**Mediation Services in Hong Kong**

9. **MR TAM YIU-CHUNG** (in Chinese): *President, the authorities set up the Steering Committee on Mediation (the Steering Committee) in late 2012 to promote the more extensive use of mediation to resolve disputes. The Steering Committee has three sub-committees, namely the Regulatory Framework Sub-committee, the Public Education and Publicity Sub-committee and the Accreditation Sub-committee. One of the functions and powers of the Accreditation Sub-committee is to consider whether and when a statutory accreditation body is to be set up to replace the Hong Kong Mediation Accreditation Association Limited (HKMAAL) which was established in April 2013 and charged with functions including setting accreditation standards for mediators. The authorities indicated in July last year that as HKMAAL had only been operating for a short period of time and that the setting up of a statutory body required detailed consideration of numerous complicated issues, more experience should be gained from the operation of HKMAAL before issues relating to the setting up of a statutory accreditation body to replace HKMAAL are studied. In this connection, will the Government inform this Council:*

*(1) whether it has compiled statistics on the utilization of mediation services; if it has, of the total number of mediation cases (including those cases in which the parties to legal proceedings were required by the court to conduct mediation, or cases in which mediation was conducted with the assistance of mediation service providers) as well as the numbers of parties and mediators involved, in the past three years and, among them, the percentage of cases reaching agreement (set out the information by type of cases); if it has not compiled such statistics, the reasons for that, and how the authorities assess the utilization of mediation services by means of objective data;*

*(2) whether it has set an annual target, say 50%, on the percentage, among the mediation cases, of cases reaching agreement after mediation; if it has, of the target; if not, how the authorities assess the effectiveness of mediation services;*

*(3) given that HKMAAL has operated for more than two years since its establishment, whether the authorities have assessed if it is opportune to conduct a study on the setting up of a statutory accreditation body; if the assessment outcome is in the affirmative, when the study will commence; if the assessment outcome is in the negative, of the reasons for that;*

*(4) for those mediators whose qualifications have not been accredited by HKMAAL, how the authorities assess their qualifications and monitor their conduct in the mediation process as well as the way in which they handle conflicts of interests;*

*(5) of the mechanisms currently adopted by the authorities for handling complaints about the following matters: (i) the conduct of mediators whose qualifications have not been accredited by HKMAAL, (ii) the operation of organizations which have not joined HKMAAL as members, and (iii) the quality of mediation courses provided by such organizations; and*

*(6) whether it has considered promoting mediation services in the community, so as to encourage members of the public to make more use of such services to resolve disputes; if it has, of the details; if not, the reasons for that?*

**SECRETARY FOR JUSTICE** (in Chinese): President,

(1) As mediation is a confidential process and may be conducted before or after the commencement of court proceedings, it is difficult to compile overall statistics on the total number of mediation cases. However, the Department of Justice (DoJ) has all along kept in view statistical data kept by relevant organizations. Based on statistics and information provided by the Judiciary, the Joint Mediation Helpline Office (JMHO), the Hong Kong Mediation Centre (HKMC) and the Hong Kong International Arbitration Centre (HKIAC), the position on the use of mediation in Hong Kong is as follows:

*Judiciary*

Number of cases with mediation

| *Year* | *2012* | *2013* | *2014* |
| --- | --- | --- | --- |
| Court of First Instance | 575 | 637 | 632 |
| District Court | 349 | 441 | 397 |
| Total | 924 | 1 078 | 1 029 |

Percentage of cases with agreement after mediation\*

| *Year* | *2012* | *2013* | *2014* |
| --- | --- | --- | --- |
| Court of First Instance | 38% | 45% | 48% |
| District Court | 42% | 42% | 45% |
| Average success rate | 40% | 44% | 47% |

Note:

\* Based on the cases with full/partial settlement

Percentage of cases with full settlement after mediation#

| *Year* | *2012* | *2013* | *2014* |
| --- | --- | --- | --- |
| Court of First Instance | 46% | 57% | 65% |
| District Court | 52% | 54% | 65% |
| Average success rate | 49% | 56% | 65% |

Note:

# The figures include cases not immediately settled through mediation but settled within six months afterwards.

*JMHO*

Between 2012 and 2014, the JMHO processed 310 cases. Of these cases, mediation was completed in 78 cases with a success rate of 52%. The number of parties involved in the mediation was usually two to three.

| *Case type* | *Number of cases* |
| --- | --- |
| Finance/Banking | 46 |
| Business/Partnership | 32 |
| Title to property | 31 |
| Debt | 29 |
| Personal injury and death | 27 |
| Construction/Decoration | 27 |
| Tenancy agreement | 20 |
| Inheritance | 19 |
| Goods and Services | 16 |
| Employment/Remuneration | 13 |
| Professional negligence | 12 |
| Insurance | 8 |
| Building management | 7 |
| Damage to property | 5 |
| Nuisance | 5 |
| Intellectual property | 4 |
| Defamation | 3 |
| Land title | 3 |
| Complaints about government policies | 2 |
| Neighbourhood disputes | 1 |
| Total | 310 |

*HKMC*

Between 2012 and May 2015, the HKMC handled 62 mediation cases. The total number of mediators involved was 96. The mediation cases include business, contracts, water seepage, personal injury and death, neighbourhood disputes, employment, tenancy, adverse possession, shareholders' disputes, construction, building management, workplace conflicts and defamation.

*HKIAC*

Between 2012 and May 2015, the HKIAC handled a total of 74 mediation cases. The total number of mediators involved was 75.

| *Case type* | *Number of mediation cases* |
| --- | --- |
| Family | 3 |
| Business | 45 |
| Personal Injury and death | 8 |
| Construction | 16 |
| Tenancy | 2 |
| Total | 74 |

As shown by the data from the Judiciary and the mediation service providers in the above, mediation has been used in Hong Kong for different types of disputes. The DoJ will continue to provide support to the Steering Committee on Mediation (Steering Committee) in consolidating the work in various areas, including the provision of an environment and legal support conducive to mediation, enhancing the awareness and interest of the public in the use of mediation and nurturing a mediation culture in Hong Kong with sustained efforts.

(2) The Steering Committee which was established to further enhance the development of mediation in Hong Kong, has not set any targets for the success rates of mediation. As a matter of fact, the effectiveness of the use of mediation in Hong Kong may not be fully reflected from the success rates alone. The experience of other jurisdictions is that they have not set any target for success rates either. From the data provided by the Judiciary website, the average success rate of mediation cases for the past three years was 44%. Taking into account cases which were not settled immediately through mediation but were settled within six months afterwards, the success rate reached 57%. For the mediation cases handled by JMHO, the success rate was 52%. It can therefore be seen that mediation is effective. In some cases where the parties may not be able to solve their dispute immediately through mediation, the process provides a communication platform which enables the parties to narrow their differences or review their own situation, paving the way for further negotiation with a view to reaching an ultimate settlement. Based on the relevant data and information, the Steering Committee will consider the way forward on further promoting the use of mediation.

(3) The Hong Kong Mediation Accreditation Association Limited (HKMAAL) is a non-statutory industry-led accreditation body for mediators, incorporated in August 2012 as a company limited by guarantee. The functions of the HKMAAL include formulating accreditation standards, training requirements and disciplinary mechanisms for mediators.

The Steering Committee and its Accreditation Sub-committee have been monitoring the operation of the HKMAAL, including discussion on whether to set up a statutory body. The Steering Committee believes that the issue as to whether to set up a statutory body requires thorough consideration (such as how to strike a balance between statutory regulation and operational flexibility, whether the setting up of a statutory body is the best form of regulation) and also the need to consider the views of other stakeholders and the situations faced by other similar organizations.

Since the HKMAAL has only been in operation for about two years, more operational experience needs to be gained before assessing the practical need and feasibility for setting up a statutory body. The Steering Committee will continue to monitor the development of the HKMAAL.

(4) In 2010, the Mediation Task Force, chaired by the then Secretary for Justice, promulgated the Hong Kong Mediation Code (the Code) which aims to provide a common standard among mediators and to ensure the quality of the mediation service provided. Individual mediation service providers have also adopted the Code as the code of practice for their mediators.

With the implementation of the Mediation Ordinance in January 2013, the Code is being reviewed by the Steering Committee and its Accreditation Sub-committee. The HKMAAL has also set up a dedicated team to thoroughly review any proposed amendments to update the Code and will consult relevant stakeholders and report its recommendations to the Steering Committee.

One of the features of mediation is voluntariness. In other words, parties to disputes are free to decide whether to engage mediators accredited by HKMAAL or not. Nonetheless, mediators who are not accredited by HKMAAL are still required to comply with the statutory requirements governing the conduct of mediation under the Mediation Ordinance, such as the confidentiality requirement, and so on. Furthermore, mediators of a mediation service provider which has adopted the Code as the code of practice for its mediators have to comply with the requirements provided therein. Generally speaking, mediators are required to observe the ethics or rules of the mediation organizations or professional bodies to which they belong. Where personal misconduct or impropriety in handling conflict of interest is involved, the mediators concerned may be subjected to investigation by their mediation organizations or professional bodies. Mediators and parties to a mediation would usually need to enter into agreements for the provision of mediation service, complainants may also consider taking appropriate legal proceedings to pursue their complaints.

(5) One of the functions of HKMAAL is to formulate accreditation standards for mediators as well as to set training requirements for approving mediation training courses. Mediation training course providers have to apply to HKMAAL and have their courses assessed and approved before the training courses are HKMAAL accredited. Any person who wishes to become a HKMAAL accredited mediator must complete a HKMAAL accredited training course.

Any improper conduct by a mediation organization which is not a corporate member of HKMAAL or by an organization conducting training courses not accredited by HKMAAL may be pursued through legal proceedings or complaints made to an appropriate authority such as the Consumer Council.

(6) The Public Education and Publicity Sub-committee of the Steering Committee is tasked to undertake initiatives for the promotion and development of mediation and implement new publicity initiatives. A recent Announcement in the Public Interests, with both video and audio clips, was produced and broadcasted in March 2014 to enhance public understanding of mediation and to encourage the wider use of mediation as a means of dispute resolution.

The Home Affairs Department (HAD), through the District Building Management Liaison Teams, assists owners to resolve disputes of building management through enhancement of communication and mediation services. During the Mediation Week held in March 2014, with the assistance from the HAD, two seminars and workshops were organized at the community level on the use of mediation to resolve building management disputes.

Since March 2015, the HAD in collaboration with the HKMC and the Hong Kong Mediation Council has launched the Free Mediation Service Pilot Scheme for Building Management to arrange professional mediators to provide a maximum of 15 hours of free professional mediation services for the parties concerned who would like to resolve disputes on building management through mediation.

From 2001, the Hong Kong Family Welfare Society has promoted a Peer Mediation training scheme in a number of secondary schools in Hong Kong. Under the scheme, a group of students who have received mediation training will help other students resolve conflicts through rational and peaceful means, so that both parties will reach a settlement leading to a win-win situation.

During the Mediation Week held in March 2014, the Hong Kong Family Welfare Society, with the support from Hong Kong Institute of Mediation and the General Interest Group of Hong Kong Mediation Council, organized mediation talks to the participating schools with the theme of "Managing conflicts, planting the seeds of peace" for primary and secondary schools to enable students to learn more about the benefits of mediation.

The Public Education and Publicity Sub-committee will continue to organize publicity activities to enhance the public awareness of the use of mediation at the community level.

**Public General Out-patient Services**

10. **MR LEUNG YIU-CHUNG** (in Chinese): *President, recently, quite a number of residents of the Tsuen Wan and Kwai Tsing (Tsuen Kwai) districts have relayed to me that there is a shortfall in the daily consultation quotas available for advance booking at the public general out-patient clinics (clinics) in the districts. They have also pointed out that, with the completion of new public housing blocks in the Tsuen Kwai districts one after another in the coming few years, the population of the two districts will increase significantly, aggravating the burden on the public healthcare system in these districts. In this connection, will the Government inform this Council:*

*(1) whether it knows the consultation quotas of the various clinics in the Tsuen Kwai districts in each of the past three years (set out in the table below);*

| *Clinic* | *2012* | *2013* | *2014* |
| --- | --- | --- | --- |
| *Ha Kwai Chung General Out-patient Clinic* |  |  |  |
| *Mrs Wu York Yu General Out-patient Clinic* |  |  |  |
| *North Kwai Chung General Out-patient Clinic* |  |  |  |
| *South Kwai Chung Jockey Club General Out-patient Clinic* |  |  |  |
| *Tsing Yi Cheung Hong General Out-patient Clinic* |  |  |  |
| *Tsing Yi Town General Out-patient Clinic* |  |  |  |
| *Lady Trench General Out-patient Clinic* |  |  |  |
| *Yan Chai Hospital General Practice Clinic* |  |  |  |

*(2) whether it knows (i) the average daily number of attendances and (ii) the average consultation time per patient in respect of each of the clinics set out in (1) last year (set out in table form);*

*(3) whether it knows the unused quotas of each of the clinics set out in (1) in each month of last year (set out in table form);*

*(4) whether it knows the factors considered by the Hospital Authority (HA) in setting the daily consultation quotas to be allocated by various clinics, and how the number of doctors actually staffed at the clinics on a particular day affects the consultation quotas that day; whether there is a mechanism to review if such quotas are sufficient to meet the demand; if so, of the details, and how often such a review is conducted; and*

*(5) whether it will request HA, apart from uploading the relevant information onto its web site, to announce the consultation quotas and unused quotas of various clinics each day by other means (e.g. by posting notices at various clinics or through the existing General Out-patient Clinics Telephone Appointment System), so that members of the public may identify more quickly the clinics at which treatment services are available?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, my reply to the question raised by Mr LEUNG Yiu-chung is as follows:

(1) Primary care services in Hong Kong are provided mainly by the private sector. In the public sector, the Hospital Authority's (HA's) general out-patient clinics (GOPCs) are primarily targeted at serving the elderly, the low-income group and the chronically ill. In 2014-2015, the 73 GOPCs under the HA recorded a total of over 5.9 million attendances (provisional figure).

Patients under the care of the HA's GOPCs comprise two major categories, namely chronic disease patients with stable medical conditions (such as those with diabetes mellitus or hypertension) and episodic disease patients with relatively mild symptoms (such as those suffering from influenza, cold and gastroenteritis). Episodic disease patients can book, through the HA's telephone appointment system, consultation timeslots at GOPCs for the next 24 hours. As for chronic disease patients requiring follow-up consultations, they will be assigned a visit timeslot after each consultation and do not need to call to make separate appointments.

The HA has been taking active steps to improve its GOPC services, including renovating and upgrading the facilities of ageing clinics to streamline patient flow, improve the waiting environment for patients and increase the space for consultation, thereby meeting the development needs of general out-patient (GOP) services. In respect of the eight GOPCs in Kwai Tsing and Tsuen Wan districts, the HA has completed/is carrying out the following improvement works:

(i) partial improvement works of the North Kwai Chung GOPC was completed in 2012-2013;

(ii) total interior renovation of the Ha Kwai Chung GOPC was completed in 2013-2014;

(iii) expansion of the South Kwai Chung Jockey Club GOPC is underway with a view to providing more consultation rooms;

(iv) reprovisioning of the General Practice Clinic of the Yan Chai Hospital was completed in February 2015, as part of the hospital's redevelopment project, to improve its clinic environment and increase service capacity; and

(v) The HA is planning for a total interior renovation of the Lady Trench GOPC in 2015-2016 to improve its quality of service.

With various measures, the HA provided more than 500 000 additional attendances in the period from 2012-2013 to 2014-2015. The Kowloon West Cluster alone recorded an increase of over 100 000 attendances in the same period and this is expected to further increase by about 16 000 in 2015-2016.

The consultation quotas of the eight GOPCs under the HA in Kwai Tsing and Tsuen Wan districts are as follows:

|  | *2012-2013* | *2013-2014* | *2014-2015 (provisional figure)* |
| --- | --- | --- | --- |
| Ha Kwai Chung GOPC | 46 095 | 47 671 | 45 430 |
| Mrs Wu York Yu GOPC | 46 588 | 45 619 | 43 742 |
| North Kwai Chung GOPC | 64 809 | 64 797 | 72 007 |
| South Kwai Chung Jockey Club GOPC | 60 244 | 61 439 | 73 891 |
| Tsing Yi Cheung Hong GOPC | 92 805 | 93 908 | 95 206 |
| Tsing Yi Town GOPC | 63 092 | 59 737 | 58 513 |
| Lady Trench GOPC | 150 321 | 145 461 | 146 106 |
| Yan Chai Hospital General Practice Clinic | 58 184 | 61 984 | 64 460 |

(2) and (3)

The usage of GOP services is always a concern for the HA. Through the telephone appointment system, consultation quotas of different GOPCs are now pooled together in a network so that patients do not need to visit clinics in person to queue for an appointment. Moreover, the system can optimize the use of consultation quotas within a district.

However, in the case that a patient cancels his/her booking only shortly before the scheduled consultation timeslot, even though the telephone appointment system can release the quota for booking immediately, it is unlikely for the quota to be taken up by other patients because they may not be able to come to the GOPC concerned within a short period of time. As a result, some quotas will be left unused. In view of this, the HA has developed a mechanism for reducing quota wastage caused by patients who do not show up. For patients who make their booking through the telephone appointment system, their use of the telephone appointment services will be suspended if they fail to attend an appointment without prior cancellation for three separate occasions within two months. These patients have to visit the clinics in person to go through necessary procedures should they wish to continue using GOP services in future. This can effectively address the problem of patients failing to show up for scheduled consultations.

In 2014-2015, the total number of medical attendance at the GOPCs in Kwai Tsing and Tsuen Wan districts are 360 000 and 200 000 respectively.

As regards the average number of unused quotas of each GOPC in Kwai Tsing and Tsuen Wan districts, taking into account that the service capacity of the GOPCs concerned is relatively stable, the relevant figures for the last four weeks of December 2014 (that is, from 1 to 28 December 2014) are set out in the table below for reference:

| *Clinic* | *Daily unused quotas* | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Mon* | *Tue* | *Wed* | *Thu* | *Fri* | *Sat* | *Sun* |
| Mrs Wu York Yu GOPC | 0 | 3 | 3 | 3 | 4 | 2 | N/A |
| North Kwai Chung GOPC | 0 | 3 | 0 | 7 | 8 | 0 | N/A |
| South Kwai Chung Jockey Club GOPC | 0 | 1 | 5 | 1 | 2 | 1 | N/A |
| Ha Kwai Chung GOPC | 0 | 2 | 0 | 4 | 0 | 0 | N/A |
| Tsing Yi Town GOPC | 0 | 1 | 0 | 4 | 2 | 1 | N/A |
| Tsing Yi Cheung Hong GOPC | 0 | 3 | 6 | 6 | 7 | 1 | N/A |
| Lady Trench GOPC | 0 | 2 | 1 | 5 | 4 | 2 | 7 |
| Yan Chai Hospital General Practice Clinic | 0 | 9 | 15 | 6 | 12 | 3 | N/A |

(4) Given the large volume of GOP services provided by the HA, the consultation quota may vary among the 73 clinics due to their location and operation. The daily service capacity of a GOPC is subject to slight adjustments having regard to manpower availability and operational needs. However, the service capacity of these clinics is relatively stable.

Recognizing that there is an increasing demand for GOP services in the community, the operation of GOPCs and usage of services have always been a concern for the HA. Over the years, the HA has been monitoring regularly the percentage of target users who secure a consultation timeslot successfully through the telephone appointment system, so as to get a more thorough understanding of the service demand. On the whole, over 90% of patients could secure a consultation timeslot at GOPCs in 2014. The situation of Kwai Tsing and Tsuen Wan districts is in line with the HA's overall figures.

The HA will continue to closely monitor the effectiveness of various measures for improving the provision of GOP services. The HA will continue to recruit more staff whilst the situation regarding shortage of doctors persists. Where manpower and resources allow, the service capacity of its GOPCs will be further increased for the purpose of providing appropriate primary care services for targeted users of GOPCs.

(5) Having regard to the trend in recent years that more and more people (including the elderly and/or their families) search for information on the Internet, the HA has been enriching the information on GOP services available from its website, including the provision of brief description of GOP services and clinic information, for reference by members of the public.

The HA has recently made available on its website consultation quota of the clinics, so that members of the public can have a better understanding of GOP services without having to visit the clinics in person. The website provides the average number of quota of each GOPC in the preceding four weeks by districts and the information is updated on a weekly basis. The information allows the public to have a better idea of the general service capacity of each clinic, which facilitates their search of a suitable clinic near their residence or work place.

The HA appreciates that episodic disease patients are concerned about the quota of the clinics. Therefore, the telephone appointment system has built in a number of features to cater for their need. For example, the system will, subject to the availability of remaining quotas, allocate the earliest available consultation timeslot to the caller on a sequential basis. When a particular clinic has run out of consultation timeslots, the system will automatically locate the remaining quotas of other clinics nearby and alert the caller accordingly. The system will give the caller a clear indication when quota is available only in one timeslot. If the clinic in question and those nearby have run out of consultation timeslots, the system will immediately inform the caller that the quota is full.

**Problems of Mosquitoes and Garbage in Ma On Shan and Wu Kai Sha**

11. **MR LEUNG KWOK-HUNG** (in Chinese): *President, quite a number of residents in Ma On Shan (including Wu Kai Sha) have complained to me about the serious mosquito problem in the district. Besides, in recent years, a large number of mainland tourists have stayed in the Wu Kwai Sha Youth Village, and there have been very serious garbage problems in the nearby area from To Tau beach to Wu Kai Sha beach. Some members of the public have repeatedly lodged complaints through the 1823 Call Centre or with the Food and Environmental Hygiene Department (FEHD), but FEHD has not deployed staff to follow up the cases. Some residents have created a group called "Friends of Ma On Shan" on Facebook and invited dozens of residents to clear the litter on those beaches on holidays. In this connection, will the Government inform this Council:*

*(1) whether the Government carried out, in the past six months, anti-mosquito operations in the following areas in the Ma On Shan district:*

*(i) the public area from Kam Tai Court to Oceanaire;*

*(ii) the public area along Chevalier Garden and the hillside nearby;*

*(iii) the public area along Kam Ying Court and the hillside nearby;*

*(iv) the public area from Ma On Shan Tsuen to Ma On Shan Country Park and the hillside nearby;*

*(v) the public area from the Youth Village to To Tau Village and the seashore nearby; and*

*(vi) the public area from Lee On Estate to To Tau Village and the hillside and seashore nearby;*

*if it did, of the respective numbers of such operations and whether it has reviewed the effectiveness of the operations; if it did not, when it will do so;*

*(2) whether it will carry out more anti-mosquito operations in Ma On Shan in the coming three months; if it will, of the number of operations to be carried out each week; if not, the reasons for that;*

*(3) whether, in the past five years, it issued warnings and fixed penalty notices to members of the public or tourists for littering in the area from To Tau beach to Wu Kai Sha beach; if it did, of the respective numbers; if not, the reasons for that;*

*(4) whether, in the past five years, it deployed staff to inspect the environmental hygiene conditions in the area from To Tau beach to Wu Kai Sha beach; if it did, of the number of inspections conducted each week and the average duration of inspection each time; if not, the reasons for that and whether it will immediately deploy staff to inspect the environmental hygiene conditions of the area each day, institute prosecution against offenders, and deploy staff to clear the litter; if it will, when it will do so; if not, the reasons for that; and*

*(5) given that the local residents have to clear the litter in the area from To Tau beach to Wu Kai Sha beach themselves during holidays because of the poor environmental hygiene conditions there, whether the Government will apologize to them; if it will, when it will apologize; if not, of the reasons for that and how it manifests the Government's public accountability?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, the Food and Environmental Hygiene Department (FEHD) has been co-ordinating inter-departmental anti-mosquito initiatives, maintaining close liaison with the relevant government departments and providing them with technical support to facilitate effective implementation of anti-mosquito measures within their respective purviews. The FEHD is also responsible for cleaning some beaches and coastal areas. It participates in the joint operations co-ordinated by the relevant government departments (such as the Marine Department, Environmental Protection Department (EPD), Leisure and Cultural Services Department, and Agriculture, Fisheries and Conservation Department) to monitor the conditions at beaches and coastal areas and clean up the litter washed ashore.

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

(1) The FEHD attaches great importance to the problem of mosquito infestation in Ma On Shan. The Area Ovitrap Index of Ma On Shan reached 41.4% in July 2014, the second highest in the year.

In view of this, the FEHD has stepped up its anti-mosquito efforts in Ma On Shan (including the public areas mentioned in the question). These include a series of field investigation between March and May 2015; over 30 operations against mosquito infestation in the past six months which involve inspections removing stagnant water and roadside weeds, and applying larvicides to manholes, gullies and nullahs; and space spraying of pesticide against adult mosquitoes at heavily wooded hillsides where necessary. Inspections are also conducted in the public areas outside private residence/land in Ma On Shan at least once a week. These efforts have been sustained throughout the winter of 2014.

For the purpose of putting the effectiveness of the anti-mosquito work under close monitoring as well as strengthening inter-departmental co-operation, the FEHD convened meetings with the Sha Tin task force on anti-mosquito work in February, March and May this year. Through the meetings, the FEHD took stock of the conditions at Tai Wai, Yuen Chau Kok and Ma On Shan and reviewed the effectiveness of the mosquito control work being conducted by the respective departments in places under their purview. Through the task force, the FEHD called upon the respective departments as well as the management of schools to step up and fortify our anti-mosquito work.

In gearing up for the upcoming rainy season, the relevant government departments have carried out, since early May, two rounds of intensive mosquito preventive and control exercises across the territory (including Ma On Shan) covering areas under their purview. Through the joint operations, the departments took actions to kill adult mosquitoes and remove stagnant water and weeds in the interest of eliminating potential mosquito breeding grounds. By virtue of these intensive anti-mosquito exercises, we hope that mosquitoes of a whole generation, including those infected with the dengue fever virus, would be eliminated.

(2) Effective mosquito control requires sustained efforts on the part of all parties concerned. In this regard, the FEHD launched a new round of anti-mosquito campaign in early 2015 in collaboration with other relevant government departments. To keep up the momentum, the campaign is to be conducted in phases with the slogan of "Prevent Japanese Encephalitis and Dengue Fever Act Now". Phase 2 of the campaign commenced on 27 April 2015 and will end on 3 July 2015, while Phase 3 is to be conducted from 17 August to 9 October 2015.

The FEHD's pest control officers will step up inspection, preventive and control actions as well as publicity work during the campaign. Breeding places of mosquitoes will be eliminated or treated with larvicides. Potential breeding grounds and trouble spots identified by district pest control officers (including those places near the hillside and seaside as mentioned in the question) will also be covered.

Acting on the first local case of dengue fever which came to light in June this year, the FEHD has strengthened the mosquito preventive and control work in areas within 500 m from the residence of the patient in Tai Wai, Sha Tin, his workplace and places he visited during the incubation period. The FEHD has also collected samples of aedes albopictus from the relevant areas for laboratory testing to ascertain whether they carry any virus, with a view to eliminating the risk of dengue fever infection at source.

Where breeding of mosquito larvae is found, the FEHD will initiate prosecution against the relevant parties or organizations, including the contractor of building maintenance site in the relevant housing estate and the estate management company.

(3) to (5)

To Tau Village beach and Wu Kai Sha beach are ungazetted beaches. The FEHD officers and the department's cleansing contractors are responsible for cleansing work at these beaches and the coastal areas nearby. Depending on the prevailing circumstances, the frequency of our cleansing operation ranges from once to five times per week.

At present, the FEHD conducts inspections to the area from To Tau Village beach to Wu Kai Sha beach once every two weeks. Since 2010, the department has received five complaints regarding the environmental hygiene conditions of the area and issued two fixed penalty notices against offences of depositing waste in public places. The FEHD will continue to inspect the aforesaid coastal area and take actions to properly clean up the litter in the area. Where the situation so warrants, the FEHD will enhance inspections and prosecutions against offenders as well as arrange additional cleansing operations.

In our view, a more effective way to keep the shorelines clean lies in putting emphasis on education and publicity to help members of the public understand the importance of environmental protection and ensuring compliance with the relevant legislation, thereby keeping Hong Kong clean through the concerted efforts of everybody. To put the messages across, the Working Group on Clean Shorelines organizes Shorelines Cleanup Days at various locations, and invites different organizations to be the co-organizers on each occasion. Since 2014, a total of 11 organizations have participated in cleaning up the above beaches and the coastal areas nearby during weekends, demonstrating their support for protecting the marine environment through collective actions. Sheung Shui Government Secondary School will join hands with the EPD to conduct beach cleaning activities in Wu Kai Sha on 26 July 2015.

**Mainland People Overstaying in Hong Kong**

12. **MR GARY FAN** (in Chinese): *President, it has been reported that nine years ago, a Hong Kong resident arranged for her three-year old mainland-born grandson to come to Hong Kong on the strength of an Exit-Entry Permit for Travelling to and from Hong Kong and Macao (commonly known as Two-Way Permit (TWP)) which belonged to another person, and kept hiding the child in Hong Kong since then. That resident has recently brought the child to the Immigration Department (ImmD) and surrendered herself in the hope that the Director of Immigration (the Director) would exercise discretion under the Immigration Ordinance (Cap. 115) to permit the child to stay in Hong Kong. In this connection, will the Government inform this Council:*

*(1) of the respective numbers of adults and minors from the Mainland who overstayed in Hong Kong in each year since 1 July 1997; among them, the respective numbers of persons who entered the territory on the strength of TWPs, the Individual Visit Scheme (IVS) endorsements and multiple-entry Individual Visit Endorsements (multiple-entry endorsements);*

*(2) among those persons who entered the territory on the strength of TWPs, IVS endorsements and multiple-entry endorsements and overstayed in Hong Kong since 1 July 1997, of the respective numbers of persons who have been found to be overstaying because they (i) surrendered themselves to ImmD and (ii) were under investigation by ImmD, and the respective numbers of persons who (iii) have been repatriated to the Mainland by ImmD, (iv) have been permitted to stay in Hong Kong on the discretion by the Director, and (v) are still holding only recognizance forms (commonly known as "going-out passes") issued by ImmD (with a tabulated breakdown by year, type of travel documents held and whether the person concerned is adult);*

*(3) of the number of cases in which applications for admission to school from minors holding going-out passes were supported by ImmD in the past five years, as well as the general criteria based on which ImmD considered such cases;*

*(4) of the numbers of overstayers who were permitted to stay in Hong Kong on the discretion of the Director in the past five years, with a breakdown by (i) their place of origin and (ii) the Director's reason for granting such permission;*

*(5) of the criteria that the Director must consider in exercising his discretion (particularly on humanitarian grounds) to permit overstayers to stay in Hong Kong; and*

*(6) of the existing mechanism for ImmD to conduct proactive investigation into suspected cases of overstaying?*

**SECRETARY FOR SECURITY** (in Chinese): President, the majority of the overstayed visitors did not do so on purpose. They might have inadvertently failed to pay attention to their limit of stay, or because of emergency, medical emergency or sudden change in itinerary, could not leave Hong Kong as scheduled or apply for extension of stay. Under such circumstances, if the Immigration Department (ImmD) accepts the explanation upon investigation, the person will be allowed to leave Hong Kong after completing the extension of stay formalities. No further arrest or prosecution actions will be taken.

Our reply to Mr FAN's questions is as follows:

(1) and (2)

The number of cases of overstayers holding Exit-Entry Permit for Travelling to and from Hong Kong and Macao handled by the ImmD since January 1997 is at Annex. As at May 2015, the ImmD granted recognizance to 265 Mainland residents, including 236 adults and 29 minors.

The ImmD does not maintain the other breakdown statistics mentioned in the questions.

(3) Under existing arrangements, children whose stay in Hong Kong is illegal but are granted recognizance as an alternative to detention must apply to the Education Bureau if they wish to attend a secondary or a primary school. The Education Bureau will handle such applications in consultation with the ImmD. The ImmD will provide comments to the Education Bureau having regard to all relevant circumstances of each individual case, including whether the person concerned will be removed from Hong Kong within a short period. Having consulted the ImmD, the Education Bureau will decide on the application and make arrangements as appropriate.

From 2010 to May 2015, the ImmD expressed no objection to the Education Bureau in respect of 32 applications from Mainland minors on recognizance to attend school.

(4) and (5)

The Immigration Ordinance (Cap. 115) states that the Director of Immigration (the Director) may exercise discretion to allow certain individuals to stay in Hong Kong. In exercising his discretion under the Ordinance, the Director must take into account the primary object of the Ordinance, which is to maintain effective immigration control. Exceptions to the established policies must be supported by unique and sufficient justifications. The Director will carefully consider the circumstances of individual cases, such as, whether the case is justified on sufficiently strong and convincing humanitarian or compassionate grounds, and make a decision having regard to prevailing public interest.

From 2010 to May 2015, the Director exercised discretion to allow 74 persons to stay in Hong Kong. Since the circumstances of each case are different, the Director, in exercising his discretion, will consider individual cases having regard to all relevant circumstances. It is therefore inappropriate to categorize the cases by making straight-forward references to the reason(s) for such applications. The ImmD does not maintain breakdown statistics of the places of origin of these persons.

(6) The ImmD has established procedures to investigate cases on overstaying. The ImmD will gather intelligence and take referrals from different channels, and will flexibly deploy manpower for follow up and investigation.

Annex

Number of cases of overstayers holding Exit-Entry Permit for Travelling to and from Hong Kong and Macao handled by the ImmD(1)

| *Year* | *Type of endorsement* | | | |
| --- | --- | --- | --- | --- |
| *(I)*  *"Individual Visit Scheme"* | *(II)*  *"One-year multiple entry"* | *(III)*  *Others(2)* | *(IV)*  *Total*  *(I+II+III)* |
| 1997 | "Individual Visit Scheme" endorsements have been issued since July 2003. | "One-year multiple entry" endorsements have been issued since April 2009, and were ceased to be issued and replaced by "one trip per week" endorsements since April 2015. | 17 124 | 17 124 |
| 1998 | 18 720 | 18 720 |
| 1999 | 23 525 | 23 525 |
| 2000 | 22 603 | 22 603 |
| 2001 | 21 637 | 21 637 |
| 2002 | 18 704 | 18 704 |
| 2003 | 52 | 14 959 | 15 011 |
| 2004 | 1 342 | 10 534 | 11 876 |
| 2005 | 4 577 | 6 020 | 10 597 |
| 2006 | 4 378 | 3 741 | 8 119 |
| 2007 | 2 670 | 2 830 | 5 500 |
| 2008 | 2 620 | 2 773 | 5 393 |
| 2009 | 2 027 | 1 | 1 941 | 3 969 |
| 2010 | 1 523 | 4 | 1 453 | 2 980 |
| 2011 | 1 059 | 9 | 1 118 | 2 186 |
| 2012 | 739 | 1 | 1 226 | 1 966 |
| 2013 | 572 | 4 | 881 | 1 457 |
| 2014 | 482 | 9 | 610 | 1 101 |
| 2015 (Jan to May) | 201 | 2 | 327 | 530 |

Notes:

(1) Excludes those allowed to leave Hong Kong after completing the extension of stay formalities on discretion.

(2) Includes endorsements for "visiting relatives", "group visit", "business visit", and so on.

**Mainland People Studying Post-secondary Programmes in Order to Obtain Right of Abode in Hong Kong**

13. **MR IP KIN-YUEN** (in Chinese): *President, it is learnt that recently some intermediaries in Shenzhen have launched Hong Kong companion-study programmes for parents of doubly non-permanent resident (DNR) children (i.e. children born in Hong Kong but whose parents are non-permanent residents of Hong Kong), which assist them to enrol in post-secondary programmes offered by local tertiary institutions, so that they may legally stay in Hong Kong to take care of their DNR children and apply to bring in their mainland spouse and minor children as dependants to live in Hong Kong. Moreover, the intermediaries suggest such parents to take a two-year sub-degree and a four-year undergraduate programmes and then stay in Hong Kong to work for another year in order to fulfil the residence requirement of having ordinarily resided in Hong Kong for a continuous period of not less than seven years, thereby obtaining the right of abode in Hong Kong. In this connection, will the Government inform this Council:*

*(1) whether it knows the number of mainland people studying locally-accredited self-financing post-secondary programmes (self-financing post-secondary programmes) (including sub-degree, undergraduate and postgraduate programmes) in Hong Kong and its percentage in the total number of students studying the relevant programmes in each of the past five academic years (with a tabulated breakdown by type of programmes);*

*(2) whether it knows, among the mainland people studying post-secondary programmes funded by the University Grants Committee (funded post-secondary programmes) or self-financing post-secondary programmes in Hong Kong in each of the past five academic years, the number of those who were parents of DNR children (with a tabulated breakdown by type of programmes);*

*(3) among the mainland people studying funded post-secondary programmes or self-financing post-secondary programmes in Hong Kong in the past five academic years, of the number of those whose applications for bringing in their dependants to live in Hong Kong were successful and the number of dependants involved;*

*(4) of the number of non-local graduates of post-secondary programmes taking up employment in Hong Kong in the past five years, with a breakdown by their country/territory of origin and type of programmes they studied;*

*(5) of the respective numbers of mainland people, who had studied funded post-secondary programmes or self-financing post-secondary programmes in Hong Kong, and their dependants who obtained the right of abode in Hong Kong in each of the past five years; and*

*(6) whether it has reviewed the system for issuing entry visas to people for coming to Hong Kong to study post-secondary programmes and their dependants; if it has reviewed, of the outcome and the authorities' improvement measures?*

**SECRETARY FOR SECURITY** (in Chinese): President, the consolidated reply of the Special Administrative Region (SAR) Government to the Member's question is as follows:

(1) A breakdown by level of study of the number of Mainland students taking locally-accredited self-financing post-secondary programmes[[1]](#footnote-2)(1) and as a percentage of the total number of students taking such programmes in the 2010-2011 to 2014-2015 academic years is tabulated below:

|  | *2010-*  *2011* | *2011-*  *2012* | *2012-*  *2013* | *2013-*  *2014* | *2014-*  *2015(2)* |
| --- | --- | --- | --- | --- | --- |
| Sub-degree programmes | 490  (0.9%) | 516  (1.0%) | 629  (1.1%) | 672  (1.3%) | 870  (2.2%) |
| Undergraduate programmes(3) | 485  (2.8%) | 535  (2.8%) | 678  (2.7%) | 859  (2.8%) | 1 110  (3.0%) |
| Taught postgraduate programmes(4) | 5 660  (16.2%) | 7 530  (20.8%) | 9 930  (27.0%) | 12 384  (32.0%) | 12 867  (33.3%) |
| Research postgraduate programmes | 25  (34.2%) | 50  (46.7%) | 99  (66.0%) | 139  (72.4%) | 134  (68.7%) |

Notes:

(2) Figures for the 2014-2015 academic year are provisional.

(3) Including first-year first-degree programmes and top-up degree programmes.

(4) Including full-time and part-time programmes.

( ) Figures in brackets denote the number of Mainland students as a percentage of the total number of students in the corresponding years.

(2) The SAR Government does not have such information.

(3) The number of successful applications by dependants of Mainland students in the past five years is tabulated below:

| *Year* | *2010* | *2011* | *2012* | *2013* | *2014* | *2015*  *(January*  *to May)* |
| --- | --- | --- | --- | --- | --- | --- |
| Applications approved | 192 | 192 | 238 | 333 | 348 | 90 |

The SAR Government does not maintain other statistical breakdown mentioned in the question.

(4) The number of entrant staying in Hong Kong under the Immigration Arrangements for Non-local Graduates in the past five years is tabulated below:

(i) Breakdown by region of applicants:

| *Region* | *Number of successful applications* | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| *2010* | *2011* | *2012* | *2013* | *2014* | *2015*  *(January*  *to May)* |
| Mainland China | 3 755 | 4 971 | 6 428 | 8 187 | 9 714 | 915 |
| India | 19 | 17 | 34 | 47 | 84 | 15 |
| Malaysia | 26 | 42 | 40 | 61 | 70 | 8 |
| South Korea | 5 | 12 | 21 | 35 | 53 | 13 |
| Taiwan | 8 | 13 | 16 | 26 | 49 | 12 |
| USA | 21 | 27 | 20 | 28 | 49 | 14 |
| Canada | 10 | 22 | 24 | 22 | 32 | 1 |
| Macao SAR | 32 | 26 | 24 | 39 | 30 | 4 |
| Pakistan | 3 | 5 | 13 | 23 | 25 | 6 |
| France | 15 | 12 | 5 | 22 | 22 | 8 |
| Others | 82 | 111 | 131 | 214 | 247 | 49 |
| Total | 3 976 | 5 258 | 6 756 | 8 704 | 10 375 | 1 045 |

(ii) Breakdown by academic qualification of applicants:

| *Academic qualification* | *Number of successful applications* | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| *2010* | *2011* | *2012* | *2013* | *2014* | *2015*  *(January*  *to May)* |
| Doctorate | 494 | 551 | 633 | 806 | 900 | 262 |
| Master's degree | 2 444 | 3 361 | 4 664 | 6 303 | 7 806 | 616 |
| Bachelor's degree | 1 025 | 1 301 | 1 394 | 1 545 | 1 630 | 161 |
| Other academic qualifications at bachelor's degree level or equivalent | 13 | 45 | 65 | 50 | 39 | 6 |
| Total | 3 976 | 5 258 | 6 756 | 8 704 | 10 375 | 1 045 |

The SAR Government does not maintain other statistical breakdown mentioned in the question.

(5) The SAR Government does not maintain the statistics of entrants who have been verified as Hong Kong permanent residents enjoying the right of abode in Hong Kong under individual immigration policies/schemes.

(6) The SAR Government, in the light of the prevailing social circumstances, reviews from time to time the policy of developing Hong Kong into a regional education hub and the related admission arrangements for non-local students and their dependants, and if necessary, will make adjustments as appropriate to ensure that such policy meets social needs.

**Assistance Provided for Occupants of Sub-divisions of Flat Units in Industrial Buildings**

14. **MR CHAN HAN-PAN** (in Chinese): *President, it has been reported that on 29 April this year, personnel from the Buildings Department (BD), in collaboration with police officers, executed closure orders and carried out demolition works against two sub-divisions of flat units (commonly known as "sub-divided units") in Wing Fung Industrial Building in Tsuen Wan. Subsequently, over 20 affected occupants and representatives of support groups petitioned at BD's Mongkok office to request the authorities to "rehouse before clearance" and waited overnight at the corridor outside the office for several days. The incident has aroused wide public concern about the authorities' rehousing arrangements for the affected occupants when carrying out operations to eradicate sub-divided units in industrial buildings. In this connection, will the Government inform this Council:*

*(1) whether the authorities have grasped the current number of sub-divided units in industrial buildings; if they have, of the details; if not, the reasons for that;*

*(2) of the respective occupancy rates of various Interim Housings (IHs) in the past three years; whether the authorities will consider using IH units as temporary accommodation for the occupants affected by operations to eradicate sub-divided units in industrial buildings; if they will, of the details; if not, the reasons for that;*

*(3) given that the aforesaid operation to eradicate sub-divided units led to strong resistance from the occupants, whether the Government will suspend those eradication operations which are under planning; and*

*(4) as the authorities indicated in 2012 that they were exploring ways, under the policy on revitalization of industrial buildings, to facilitate the owners of suitable industrial buildings to undertake wholesale conversion of such buildings to transitional accommodations compliant with relevant requirements for use on an interim basis, of the current progress of such work?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): President, industrial buildings (IBs) are not designed for domestic use and thus are subject to requirements different from those applicable to domestic and composite buildings on various aspects. Tenants of units in an IB converted for domestic use illegally are exposed to high fire and safety risks posed by the other units within the same IB which may still be used for industrial activities or storage of dangerous and inflammable goods.

Even if all the other units are vacant at the time the tenants move in, or no units are used for industrial activities or storage of dangerous and inflammable goods, they can be put to such hazardous uses that are incompatible with domestic use at any time. As such, illegal use of IB units for domestic purposes will pose a serious fire and safety risk to the tenants. To ensure the safety of the public and the tenants, stringent enforcement action has to be taken by the Government.

It is Government's policy that no one will be rendered homeless as a result of Government's enforcement action. If tenants lose their homes due to Government's enforcement action, they can be admitted to Po Tin Transit Centre (TC) in Tuen Mun through referrals by relevant departments, while they wait for eligibility vetting for further rehousing or look for alternative accommodation themselves. If these tenants have stayed in the TC for three months and passed the "homeless test", subject to fulfilment of eligibility criteria for public rental housing (PRH), the Housing Department (HD) will arrange for their admission to Interim Housing (IH) and application for PRH's waiting list.

My reply to the four-part question is as follows:

(1) The Buildings Department (BD) does not have the statistics on the total number of IB units converted for domestic use in the territory. To conduct such survey, the BD would need to enter the units of around 1 900 IBs in Hong Kong for inspection, which would involve practical difficulties and substantial manpower and resources. Furthermore, the situation observed may change from time to time.

(2) According to the HD, there are two TCs under the Hong Kong Housing Authority (HA), namely, the Po Tin TC in Tuen Mun and Lung Tin TC in Tai O, providing a total of more than 400 bed-spaces at present. There are also three IHs under the HA, namely, Shek Lei IH, Po Tin IH and Long Bin IH, providing a total of about 5 000 IH units. The occupancy rate for IHs varies depending on circumstances and the number of referral cases. As at end 2014, the average occupancy rate of the three IHs in the past three years was nearly 70%.

PRH and IH are both valuable housing resources of the community involving heavy public subsidy. Furthermore, at any point in time, the HD must have sufficient vacant IH units to cope with emergency situations. Therefore, the Government has to handle the rehousing cases of tenants of illegal domestic units in IBs in a fair and appropriate manner lest it result in unfair treatment to PRH applicants who are waiting for allocation. Allowing tenants of illegal domestic units in IBs to be admitted to IH directly without passing the eligibility vetting conducted by the HD is not only unfair to other persons in need, but will also convey a wrong message to the community that living in illegal domestic units in IBs is a shortcut for admission to IH and even PRH. This may induce more households to live in illegal domestic units in IBs, resulting in safety risk for both the public and the tenants, and further worsening of the problem. The HD will follow the prevailing arrangement in providing temporary accommodation for persons affected by the BD's enforcement action against domestic units in IBs on a need basis.

(3) As mentioned in the preamble, as illegal use of IB units for domestic purposes will pose a serious fire and safety risk to the tenants, the BD has to continue its efforts to eradicate illegal domestic uses in IBs. If the BD's enforcement action involves relocation of tenants, it will closely liaise with the Social Welfare Department, Home Affairs Department and the HD to provide assistance to those who are affected. The social services teams of the BD will also provide necessary social and emotional support to the affected tenants. The BD has implemented the assistance programme endorsed by the Steering Committee on Community Care Fund since December 2011 to allocate one-off relocation subsidy to tenants who have to move out of illegal domestic units in IBs due to the BD's enforcement action. As at end April 2015, the BD had approved 141 applications with 205 beneficiaries.

The BD will first apply to the District Court for a Closure Order to ensure smooth conduct of removal works and safety of the residents prior to its eradication operation. The BD will issue a Notice of Intention to Apply for a Closure Order and post it at the venue before the application for the order so as to allow a reasonable period of time for tenants to move to self-arranged residences or the TC arranged by the HD.

(4) With regard to the feasibility of allowing wholesale conversion of IBs for "transitional accommodation" use, the Government had examined the relevant regulatory regimes, including the Buildings Ordinance (Cap. 123), Town Planning Ordinance (Cap. 131) and land leases, and so on, and had approached IB owners to understand the actual situation. IBs generally do not meet the design and planning requirements for domestic use (for example, the regulations on natural lighting and ventilation), therefore, if an IB is to comply with the building standards and requirements so drawn up, the conversion works for "transitional accommodation" use would involve substantial alterations or demolition of parts of the building. Some IB owners had indicated that the relevant works would be very costly, rendering the conversion infeasible. As a matter of fact, most IBs are situated in areas with active industrial operations. Domestic use may not be compatible with the existing uses in various aspects, including traffic and fire safety, and so on. The current regulatory regimes cannot effectively control the uses in the existing IBs in vicinity so as not to cause adverse impact on or danger to the domestic use. Meanwhile, the vacancy rate of IBs has been decreasing while the rental rate has been on an upward trend. This reflects the demand for space in IBs required for various economic operations, particularly from small and medium enterprises. Therefore, having taken into full consideration of the need to protect the well-being of residents and the need of the whole community, the Government considers that allowing wholesale conversion of IBs for temporary domestic use is not practicable. We had briefed the Legislative Council Panel on Housing Subcommittee on the Long Term Housing Strategy on the relevant findings in July 2013.

**Combating Prostitution Activities**

15. **MR LEUNG CHE-CHEUNG** (in Chinese): *President, some residents of old districts have relayed to me that the problem of prostitution in the districts is serious, causing nuisance to the residents. In this connection, will the Government inform this Council of the following in the past three years:*

*(1) the number of anti-vice operations mounted by the Police, with a breakdown by District Council district or police district;*

*(2) the respective numbers of persons arrested in anti-vice operations for (i) allegedly soliciting for immoral purposes and (ii) allegedly breaching their conditions of stay for engaging in prostitution, with a breakdown by District Council district or police district;*

*(3) the number of persons arrested by the Police for allegedly controlling over persons for the purpose of prostitution, and the penalties generally imposed on those convicted;*

*(4) the number and male-to-female ratio of persons under the age of 16 or students found to be engaging in prostitution activities by the Police during anti-vice operations, with a breakdown by age group; how the Police handled these persons; and*

*(5) the measures taken by the authorities to combat prostitution activities organized through the Internet; whether they have assessed the effectiveness of such measures; if they have assessed, of the outcome?*

**SECRETARY FOR SECURITY** (in Chinese): President, the Police are highly concerned about and are committed to the combat of illegal prostitution. To prevent exploitation of others for the purposes of prostitution, combat organized prostitution activities, and lessen the nuisance to members of the public that vice activities may cause, various prostitution-related offences are stipulated under Part XII of the Crimes Ordinance (Cap. 200), including "control over persons for the purpose of unlawful sexual intercourse or prostitution", "living on earnings of prostitution of others", "causing prostitution" and "keeping a vice establishment". The maximum penalty of the above offences ranges from a fine of $10,000 and imprisonment of six months to imprisonment of 14 years. The Police have all along been taking proactive enforcement actions against such offences, targeting in particular persons controlling sex workers for prostitution and operating vice establishments.

My reply to various parts of Mr LEUNG's question is as follows.

(1) to (4)

In the past three years, figures of persons arrested by the Police for having involved in two types of offences, that is, "procuring/controlling of prostitution" and "keeping a vice establishment" are at Annex 1, while figures of prosecution and conviction of relevant offences under the Crimes Ordinance are at Annex 2. According to the Immigration Department's records, the relevant number of persons arrested for being suspected of taking up unlawful employment (sex work) in the past three years is at Annex 3. However, the Police do not have the number of anti-vice operations conducted and statistical figures by police district.

All along, the Police spare no efforts in the combat of all kinds of illegal prostitution activities, especially prostitution activities organized by syndicates and those involving underage persons. In case underage persons are found to be involving in prostitution activities, the Police will adopt appropriate measures, including contemplation of an application for a care order or a protection order from the Court in the light of actual circumstances. On another front, the Police will tackle the issue by cultivating proper values among young persons, which includes organizing talks in primary and secondary schools, as a means to render assistance to school authorities in handling related problems. The Police will also maintain close contact with Internet Service Providers (ISPs) and persons-in-charge of websites frequently visited by youngsters. For instance, warning notices targeting "compensating dating" will be posted at such websites.

(5) To combat the conduct of illegal prostitution activities via the Internet, the Police will maintain close contact with persons-in-charge of websites for gathering intelligence. The Police will carry out enforcement actions as appropriate upon identification of suspicious websites, chat rooms or discussion forums. Taking a police operation against illegal prostitution activities in January 2015 as an example, a total of 12 persons were arrested for having involved in offences such as "control over persons for the purpose of prostitution", "causing prostitution" and "living on earnings of prostitution of others", with over $1.8 million of criminal proceeds having been frozen as a consequence. Amongst the arrestees, one male and one female were suspected to have provided information of female prostitutes via a social networking website to male members and charged fees in the process. For the purpose of effective law enforcement, the Police will continue to actively combat illegal prostitution activities and adjust their strategies according to circumstances.

Annex 1

Number of persons arrested by the Police for having involved in two types of offences, that is, "procuring/controlling of prostitution" and "keeping a vice establishment" in the past three years

|  | *2012* | *2013* | *2014* |
| --- | --- | --- | --- |
| Procuring/controlling of prostitution\* | 66 | 77 | 31 |
| Keeping a vice establishment | 342 | 243 | 164 |

Note:

\* The offence of "procuring/controlling of prostitution" includes "control over persons for the purpose of unlawful sexual intercourse or prostitution", "causing prostitution" and "living on earnings of prostitution of others", and so on.

Annex 2

Figures(1) of prosecution and conviction of relevant offences under the

Crimes Ordinance in the past three years

|  | *2012* | *2013* | *2014* |
| --- | --- | --- | --- |
| Control over persons for the purpose of unlawful sexual intercourse or prostitution (Section 130)  - Prosecution  - Conviction: immediate imprisonment  Others(2) | 19  11  3 | 22  16  5 | 12  7  0 |
| Causing prostitution (Section 131)  - Prosecution  - Conviction: immediate imprisonment  Others | 5  3  1 | 2  2  0 | 7  4  2 |
| Living on earnings of prostitution of others (Section 137)  - Prosecution  - Conviction: immediate imprisonment  Others | 20  11  4 | 40  26  4 | 16  13  1 |
| Keeping a vice establishment (Section 139)  - Prosecution  - Conviction: immediate imprisonment  Others | 280  232  41 | 226  189  24 | 159  133  16 |

Notes:

(1) The respective year of the figures represents the year in which the trial was concluded. The year in which a case was prosecuted may be different from the year in which the trial was concluded.

(2) Including suspension of imprisonment, issue of probation order or community service order.

Annex 3

Number of persons arrested for being suspected of taking up unlawful employment (sex work) in the past three years

|  |  |
| --- | --- |
| *Year* | *Number of Arrestees* |
| 2012 | 3 619 |
| 2013 | 3 829 |
| 2014 | 4 133 |

Note:

The above number includes persons who have contravened the conditions of stay (such as overstaying) and illegal immigrants.

**General Holidays and Statutory Holidays**

16. **MR KWOK WAI-KEUNG** (in Chinese): *President, the Census and Statistics Department collected data on the proportions and characteristics of employees taking statutory holidays (SHs) and general holidays (GHs) in Hong Kong through a supplementary questionnaire to the General Household Survey conducted in the second quarter of 2011. The survey results show that among the 2 343 500 employees entitled to paid SHs in Hong Kong, the numbers of those taking GHs and those not taking GHs were 1 365 400 (49.5%) and 852 200 (30.9%) respectively. Regarding the taking of GHs by employees, will the Government inform this Council:*

*(1) whether it knows, among the small and medium-sized enterprises (i.e. manufacturing businesses employing fewer than 100 persons and non-manufacturing businesses employing fewer than 50 persons) at present, (i) the numbers and percentages of those granting and not granting employees GHs and (ii) the total numbers of their employees and the percentages of such numbers in the total workforce, with a breakdown by industry and employment size class;*

*(2) of the action taken by the authorities in the past five years to promote the alignment of the number of SHs with that of GHs by increasing the number of SHs to 17 days a year, as well as the progress of such actions; and*

*(3) whether it has plans, in the remainder of its term, to expeditiously enact legislation on the alignment of the number of SHs with that of GHs by increasing the number of SHs to 17 days a year; if it does, of the details and the timetable; if not, the reasons for that?*

**SECRETARY FOR LABOUR AND WELFARE** (in Chinese): President, my reply to the questions raised by Mr KWOK Wai-keung is as follows:

(1) The Government does not have information on employees of small and medium-sized enterprises taking General Holidays (GHs).

(2) The Labour Department (LD) has all along been encouraging, through various channels and a variety of promotional and publicity activities, employers to grant their employees benefits above the statutory requirements. In respect of leaves, the LD encourages employers to grant their employees special leaves beyond the laws to cater for employees' various needs with a view to enabling employees to balance their responsibilities in work and family. The abovementioned promotional and publicity activities include publications, large-scale seminars, thematic exhibitions, promotional video, newspaper articles and promotional messages published in the periodical journals of major employers' associations and public transport network, as well as continuous dissemination of such information through regular meetings and exchanges with business executives and human resources practitioners.

(3) According to the General Holidays Ordinance, GHs are days which shall be kept as holidays by all banks, educational establishments, public offices and government departments. They are primarily holidays of the relevant establishments and employers are not obliged to grant their employees day-offs during GHs. On the other hand, under the Employment Ordinance (EO), all employees to which the Ordinance applies are entitled to statutory holidays (SHs), and employers, irrespective of their trades, sizes and conditions, have to comply with this requirement. At present, some employers of the public and private sectors, having regard to their own circumstances, offer their employees benefits more favourable than the requirements of EO and allow their employees to have day-offs on those GHs which are not SHs. However, if the holiday benefits provided by EO are to be raised by legislative means with which all employers must be obliged to comply, it would have impact on employers, in particular the small and medium-sized enterprises which constitute 98% of the enterprises in Hong Kong, as well as families employing over 330 000 foreign domestic helpers. The Government, in considering whether to increase the number of SHs, has to carefully assess its impact and strike a balance between the interests of employers and employees, as well as to secure the recognition and consensus of the community at large.

In respect of the numbers of SH and GH days, the LD has commissioned the Census and Statistics Department to collect data on the proportions and characteristics of employees taking SHs and GHs in Hong Kong through the General Household Survey conducted in the second quarter of 2011. The LD has reported the findings of the above survey to the Labour Advisory Board (LAB) and the Panel on Manpower of the Legislative Council early this year. The collected information on holidays in neighbouring economies has also been provided for members' reference. LAB will continue to discuss this issue. The Government will decide on the way forward after a consensus is reached by LAB on the issue. It is premature at this stage to draw any conclusion.

**Occupation of Pavements Along Tim Mei Avenue**

17. **DR LAM TAI-FAI** (in Chinese): *President, many members of the public have relayed to me that although it has been months since the occupation movement ended in the end of last year, there are at present quite a number of people still occupying the pavements along Tim Mei Avenue in Admiralty and the public places nearby. Apart from putting up unauthorized structures such as tents, pitches, huts, etc., these occupiers have also placed large quantities of miscellaneous objects there. Such acts not only have caused serious obstructions on passageways, but are also alleged of breaking the law. These members of the public have indicated that they do not understand why the Government has not yet taken any action to tackle the situation. In this connection, will the Government inform this Council:*

*(1) whether it has surveyed (i) the numbers of structures such as tents, pitches, huts, etc., (ii) the respective areas occupied by such structures, and (iii) the number of such occupiers, at the aforesaid location;*

*(2) whether it has looked into the purpose of such occupiers in occupying public places; if it has, of the details; if not, the reasons for that;*

*(3) whether it has looked into the organizations, groups and political parties to which such occupiers belong; if it has, of the details; if not, the reasons for that;*

*(4) of the daily quantity of garbage and level of noise generated by such occupiers at present; the extra manpower and resources deployed by the authorities to deal with the garbage;*

*(5) whether it has assessed the impact of the occupation of public places on various social aspects (including the accessibility of pedestrian passages, law and order, environmental hygiene, public order, pedestrian safety, etc.); if it has assessed, of the details; if it has not assessed, the reasons for that;*

*(6) whether it has assessed if the aforesaid occupation of public places has breached the law; if the assessment outcome is in the affirmative, of the legislation contravened, and whether and when the authorities will institute prosecutions; if the assessment outcome is in the negative, the reasons for that;*

*(7) of the numbers of related complaints which the Police have dealt with, followed up and replied, as well as their details;*

*(8) of the government departments which are responsible for tackling the aforesaid occupation of public places; their follow-up actions taken in respect of such situation;*

*(9) whether the authorities have put in place a set of law enforcement criteria against illegal occupation of public places for the purpose of street sleeping; if they have, of the details; if not, the reasons for that;*

*(10) why it has not carried out clearance operation all along;*

*(11) whether it will consider setting a deadline by which the occupiers have to remove their structures and miscellaneous objects on their own, and taking actions to remove such objects after the deadline; if it will, of the details; if not, the reasons for that;*

*(12) whether the Chief Executive and the principal officials under the accountability system have visited the aforesaid sites to understand the situation; if they have, of the details; if not, the reasons for that;*

*(13) whether it has assessed if the Government continuously turning a blind eye to the occupation of public places for several months has undermined the credibility of its governance, affected the overall image of Hong Kong, and hindered the development of the tourism industry; and*

*(14) whether the authorities will tackle the occupation of pavements immediately after this Council has voted on the proposals on the method for selecting the Chief Executive in 2017; if they will, of the details; if not, the reasons for that?*

**SECRETARY FOR SECURITY** (in Chinese): President, with respect to Dr‍ LAM Tai-fai's concern over the occupation of pavements of Tim Mei Avenue and nearby public places in Admiralty as well as the allegedly illegal erection of tents and placement of objects by certain members of the public, the Government's reply is as follows:

(1) to (3)

According to Police records, as at 31 May this year, there were in total about 200 tents and erected structures of different sizes, plus other objects such as tables, chairs, potted plants, helmets, and so on, on the pavements of Tim Mei Avenue and Harcourt Road. Such tents, erected structures and other objects have illegally occupied a large area of the aforesaid pavements. According to observations and media reports, some of the tents were empty at times, while at other times people of different backgrounds chatted, slept, cooked, read or used mobile phones, and so on, inside or near the tents.

(4) and (7)

From 15 December last year to 31 May this year, the Police have received over 30 reports involving obstruction caused by the tents, erected structures and other objects on the aforesaid pavements. In respect of law and order, in the same period, a total of four persons concerning three cases were arrested by the Police on the pavements of Tim Mei Avenue and Harcourt Road for suspected common assault and criminal damage. The Police will continue to closely monitor the situation of the aforementioned pavements, maintain law and order, and combat illegal acts.

In the same period, the Food and Environmental Hygiene Department (FEHD) has received 11 complaints on environmental hygiene pertaining to tent erection, odour emission and pest problems on the pavements of Tim Mei Avenue and Harcourt Road. While daily sweeping and refuse collection as well as regular pest control are being conducted on the aforesaid pavements, the FEHD has been unable to carry out routine street-washing as usual since last December due to the illegal occupation of certain pavement sections of Tim Mei Avenue and Harcourt Road.

(5), (6) and (8) to (14)

The HKSAR Government respects the public in expressing their views in a lawful and peaceful manner. The Government, at the same time, also has the responsibility to safeguard the public's right of using the roads, as well as to ensure public safety, public order and public health.

The pavements of Tim Mei Avenue and Harcourt Road are a public place and a main access to the Central Government Offices (CGO) and Legislative Council Complex. While expressing their views, members of the public should respect others' right to use these roads and should not illegally occupy public place by means of tents, erected structures or other objects.

From the perspective of law and order, given that most of the tents on the aforesaid pavements are enclosed and that a few of them are indeed very large, it is difficult for passers-by to see from the outside what articles are stored inside the tents, or whether such articles are dangerous, offensive or illegal, and whether any person is lurking inside the tents for any criminal act, thereby causing concern amongst passers-by over their own personal safety. At the same time, some members of the community have already expressed dissatisfaction over the acts of illegally occupying the pavements of Tim Mei Avenue and Harcourt Road. Large-scale illegal occupation of pavements will heighten the risk of confrontation between people of different views at these locations. Besides, a section of the pavement on Tim Mei Avenue outside the CGO is a designated public activity area. Members of the public and the media often have to stand on vehicular access in order to stage demonstrations or cover news as the pavement is occupied by the tents, hence exposing themselves to danger. The abovementioned various factors will create risks in respect of law and order on relevant pavements.

On environmental hygiene, given that the pavements of Tim Mei Avenue and Harcourt Road outside the Legislative Council Complex and CGO have not been thoroughly washed for about half a year, coupled with the hot and humid summer of Hong Kong, the tents, erected structures and other objects currently occupying these pavements may trigger environmental hygiene problems such as mosquito and pest breeding as well as odour emission, and so on.

The HKSAR Government urges the protestors to remove the tents, erected structures and other objects from the pavements of Tim Mei Avenue and Harcourt Road outside the CGO and Legislative Council Complex, so that members of the public can use these pavements in the normal way. Relevant government departments will continue to closely monitor the situation of the aforesaid pavements, examine necessary follow-up measures and take appropriate law-enforcement actions at an appropriate time. It is not appropriate to reveal details at this stage.

**Promoting Carbon Emission Audits and Reducing Carbon Emissions by Buildings**

18. **MS EMILY LAU** (in Chinese): *President, the Government formulated a set of guidelines in April 2009 to encourage various policy bureaux and government departments to carry out regular carbon emission audits for government buildings with construction floor areas exceeding 10 000 square metres. Moreover, the authorities launched in September 2012 a three-year programme to conduct energy-cum-carbon audits for government buildings and public facilities. Regarding the promotion of carbon emission audits and reduction of carbon emissions by buildings, will the Executive Authorities inform this Council:*

*(1) of the respective performance, in terms of (i) total carbon emissions and (ii) electricity consumption, of each policy bureau and government department participating in the energy-cum-carbon audits in each of the past three years;*

*(2) given that the target of the aforesaid three-year programme is to conduct energy-cum-carbon audits for 120 government buildings and public facilities, but only half of the target was met as at March this year, whether they have assessed if the target can be achieved on schedule; and*

*(3) of the measures, apart from the launching of the "Green Hong Kong*‧*Carbon Audit" campaign in 2008 and the enactment of relevant statutory requirements such as the Buildings Energy Efficiency Ordinance (Cap. 610), the authorities have in place to motivate owners of private buildings to conduct carbon emission audits and implement energy saving measures for their buildings?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President, my reply to the question raised by Ms Emily LAU is as follows:

(1) and (2)

To enable all sectors of the community to better understand energy consumption and carbon emissions of their buildings, and to identify room for carbon reduction and implementation of carbon reduction measures for achieving energy saving and greenhouse gas reduction, the Government rolled out a three-year programme to conduct energy-cum-carbon audits for 120 government buildings and public facilities in September 2012. We completed the audits for 58 government buildings and public facilities last year, including public markets, public swimming pools, indoor sports centres, secondary schools, and so on; while the audit work for the remaining 62 government buildings and public facilities (including office buildings, healthcare facilities, community halls, markets, and so on) will be completed soon. We expect that the three-year programme will be successfully completed by 2015 as scheduled.

According to the completed audits, the average sectorial energy utilization index (EUI) and carbon emissions of the related government buildings and public facilities are as follows:

| *Policy Bureaux and government departments* | *Government buildings and public facilities* | *Average EUI (kWh/*  *sq m/*  *annum)* | *Average carbon emissions (kgCO2-e/ sq m/*  *annum)* |
| --- | --- | --- | --- |
| Food and Environmental Hygiene Department | public markets | 378 | 256 |
| Leisure and Cultural Services Department | public swimming pools | 251 | 128 |
| Leisure and Cultural Services Department | indoor sports centres | 364 | 218 |
| Education Bureau | secondary schools | 103 | 77 |

(3) The Government has been encouraging the private sector to participate in energy and carbon reduction initiatives. Apart from launching the "Green Hong Kong‧Carbon Audit" activity in 2008, we have published technical guidelines for conducting carbon audits and have provided through the Environment and Conservation Fund $10 million's funding support to a CarbonSmart Programme, which provides a matching fund of up to $30,000 each to about 360 private enterprises for conducting carbon audits. The Government launched a carbon footprint repository in December 2014 to facilitate disclosure by listed companies of their carbon audit findings, and sharing of their carbon management experience and practices. So far, a total of 66 listed companies have disclosed their carbon audit findings through the carbon footprint repository. The Government will continue to encourage private organizations to conduct carbon audits and to take carbon reduction action.

In Hong Kong, more than half of our total annual energy use is in the form of electricity consumption, with buildings accounting for about 90% of the city's electricity bill. As such, the Government attaches great importance to enhancing building energy saving.

In 2012, the Government fully implemented the Buildings Energy Efficiency Ordinance, which mandates compliance with the minimum energy efficiency standards for the key building services installations of newly constructed buildings and existing buildings which undergo major retrofitting works. The Ordinance also requires commercial buildings to carry out energy audits once every 10 years. To identify energy management opportunities, these buildings have to check the energy consumption equipment of their central building services installations, and to evaluate the operation characteristics and controlling parameters during an audit. For new buildings, it is estimated that the implementation of the Ordinance will result in an energy saving of 2.8 billion kWh in the first decade, or a reduction in carbon dioxide emissions of about 2 million tonnes.

To promote energy saving across the community, the Government has since 2012 launched annually an Energy Saving Charter on Indoor Temperature to reduce electricity consumption on air-conditioning. Participation increased from about 100 shopping malls signing up for the charter in 2012 to nearly 2 100 signatories in 2014, including shopping malls, shops, office buildings, offices and more than 200 housing estates and residential buildings. As of mid-2015, about 2 900 participants (including shops, shopping malls, residential buildings and representatives of Management of organizations) have signed up for the charter, among which there are some 300 properties under various non-governmental organizations. The number of participants in the charter has increased nearly 40% when compared to that of last year.

To encourage the public to take concrete steps to enhance building energy efficiency, the Government introduced Buildings Energy Efficiency Funding Schemes (with a funding of $450 million) in April 2009 to subsidise buildings to conduct energy-cum-carbon audits and energy efficiency projects for the communal facilities of their buildings. The three-year funding schemes were completed in 2012 as scheduled. Over 6 400 buildings, or more than one-seventh of the total building stock in Hong Kong, have received subsidies under the Schemes. Meanwhile, the two power companies launched in June 2014 two energy efficiency funds totalling $100 million, namely CLP's Eco Building Fund and HKE's Smart Power Fund. Both schemes aim to help owners of residential buildings to implement energy saving projects for the communal areas of their buildings by providing subsidies on a matching basis.

The Government will continue its efforts to promote energy conservation. We unveiled Hong Kong's first "Energy Saving Plan for the Built Environment 2015~2025+" in May this year to encourage the public to save energy together. We will set up a dialogue platform with related stakeholders to discuss how to strengthen the local energy efficiency and green building market, and to enhance the competence of the relevant professional sectors to provide energy saving services, with a view to achieving the new target of reducing Hong Kong's energy intensity by 40% by 2025.

**Animal Welfare**

19. **MR JAMES TO** (in Chinese): *President, in recent years, there has been a growing concern about animal rights among members of the public, but incidents of cruelty to animals still occur from time to time. Besides, quite a number of cats and dogs which have been abandoned by their owners or have gone astray are left homeless in the streets, and stray cats and dogs caught by the Agriculture, Fisheries and Conservation Department (AFCD) will be euthanized if they are not reclaimed or re-homed. In this connection, will the Government inform this Council:*

*(1) whether it knows the respective numbers of reports on lost pets received by (i) the Animal Management Centres under AFCD, (ii) the Police and (iii) the Society for the Prevention of Cruelty to Animals in each of the past five years, and among such cases, the number of those involving multiple reports filed with more than one organization;*

*(2) among the cases in (1), of the number of pets which were found, with a tabulated breakdown by type of pet and their percentages in the total number of cases;*

*(3) given that the Rabies Regulation (Cap. 421A) provides that any persons keeping any dog over the age of five months must obtain a licence, and the licensing procedures include microchipping the dog for identification, among the number of reported cases of lost dogs in the past five years, of the number of those in which the owner of the dog was located with the information contained in the microchip implanted in the dog;*

*(4) whether it has plans to enact laws to require owners of cats to arrange for microchipping their cats and obtain licences for keeping the cats, so as to facilitate the authorities to locate the owners of the cats they have caught;*

*(5) of the number of animals euthanized by AFCD in the past five years, with a breakdown by type of animal;*

*(6) whether it will (i) draw up a blacklist of persons who were convicted of the offences under the Prevention of Cruelty to Animals Ordinance (Cap. 169) for having committed acts of cruelty to animals, (ii) permanently forbid them to purchase or adopt any animals, and (iii) refuse their applications for licences for keeping animals; and*

*(7) given that the authorities indicated in July 2014 that they would proceed to prepare the legislative amendments to the Public Health (Animals and Birds) (Animal Traders) Regulations (Cap. 139B), with a view to enhancing animal health and welfare through better regulation of animal trading, as well as the breeding and selling of dogs, and they expected to table the amendment regulation within the 2014-2015 session of this Council, of the current progress of the relevant drafting work?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, the Government has been striving to promote in the community a culture of care for animals with a view to protecting animal welfare. Under the Prevention of Cruelty to Animals Ordinance (Cap. 169), any person who cruelly treats an animal or causes it unnecessary suffering is liable on summary conviction to a maximum fine of $200,000 and imprisonment for up to three years. In addition, according to the Rabies Ordinance (Cap. 421), a keeper of any animal who, without reasonable excuse, abandons that animal commits an offence and is liable to a maximum fine of $10,000 and imprisonment for up to six months.

At present, stray animals caught in Hong Kong, including lost pets loitering on the street, will be sent to the animal management centres (AMCs) of the Agriculture, Fisheries and Conservation Department (AFCD) and kept there for observation. For animals with a microchip implanted, the AMCs will try to locate their owners based on the information on the microchips. In general, these animals will stay in the centres temporarily for about 10 to 20 days. Those without a microchip will stay in the centres for at least four days allowing time for their owners to reclaim them. In those cases where the animals in question (be they animals handed over by pet owners or left unclaimed) are in good health and assessed by a veterinary surgeon as having a gentle temperament and suitable for adoption, the AFCD will arrange for their transfer to animal welfare organizations for adoption by members of the public. We would only euthanize those animals that remain unclaimed or not adopted at the end of the process.

We consider that public education is most important for safeguarding and promoting animal welfare. To this end, the AFCD has established a dedicated team to devise, implement and fortify public education and publicity programmes for disseminating messages that help promote care for animals and a responsible attitude for keeping pets. In fact, the World Organization for Animal Health (OIE) has pointed out that building up a responsible attitude for keeping pets could significantly reduce the number of stray dogs as well as the incidence of zoonotic diseases.

We have been encouraging members of the public to adopt stray animals. The AFCD co-operates with animal welfare organizations on the provision of animal adoption services. In addition, the AFCD has joined hands with the Society for Prevention of Cruelty to Animals (SPCA) and the Society for Abandoned Animals to roll out, since January 2015, a three-year Trap-Neuter-Return (TNR) pilot programme in designated zones in Cheung Chau and Tai Tong, Yuen Long, with a view to ascertaining the effectiveness of TNR as a tool for tackling the problems posed by stray dogs and the associated nuisance.

Through the above measures, we are working earnestly to safeguard and promote animal welfare and reduce the number of stray animals.

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

(1) The number of reports on lost animals received by the AMCs under the AFCD in the past five years is set out below:

| *Year* | *Reports on lost animals* | | | *Total* |
| --- | --- | --- | --- | --- |
| *Dogs* | *Cats* | *Other animals\** |
| 2010 | 1 401 | 854 | 43 | 2 298 |
| 2011 | 1 458 | 1 128 | 55 | 2 641 |
| 2012 | 1 375 | 1 345 | 49 | 2 769 |
| 2013 | 1 294 | 1 179 | 49 | 2 522 |
| 2014 | 1 212 | 1 015 | 47 | 2 274 |

Note:

\* They include birds, reptiles and small mammals.

The Police indicate that they do not keep such statistics. Nor does the AFCD separately keep statistics showing the number of reports on lost pets received by SPCA.

(2) In relation to the cases mentioned in part (1) above, the statistics kept by the AFCD do not include a breakdown showing the number of cases in which the lost animals were eventually found. As such, the relevant percentage is not available.

The overall number of animals reclaimed by pet owners from the AMCs under the AFCD[[2]](#footnote-3)(1) in the past five years is set out below:

| *Year* | *Number of animals reclaimed* | | | *Total* |
| --- | --- | --- | --- | --- |
| *Dogs* | *Cats* | *Other animals\** |
| 2010 | 1 964 | 805 | 45 | 2 814 |
| 2011 | 1 517 | 738 | 474 | 2 729 |
| 2012 | 1 292 | 707 | 348 | 2 347 |
| 2013 | 1 379 | 779 | 315 | 2 473 |
| 2014 | 1 235 | 576 | 253 | 2 064 |

Note:

\* They include birds, reptiles and small mammals.

(3) The number of dogs (with microchips implanted) reclaimed by their owners from the AMCs under the AFCD in the past five years is as follows:

| *Year* | *Number of dogs (with microchips implanted) reclaimed* |
| --- | --- |
| 2010 | 611 |
| 2011 | 590 |
| 2012 | 478 |
| 2013 | 449 |
| 2014 | 425 |

(4) The Rabies Regulation (Cap. 421A) provides that any person who keeps a dog over the age of five months should do so under and in accordance with a licence granted by the Director of Agriculture, Fisheries and Conservation. Under the same regulation, the keeper of a dog shall cause that dog to be vaccinated against rabies at the age of five months and thereafter at intervals not exceeding three years. In addition, the regulation provides that the keeper of a dog that has been vaccinated against rabies shall ensure that the dog is implanted with a specified device (that is, a microchip). Any person who contravenes any of the above provisions commits an offence and is liable on conviction to a maximum fine of $10,000.

Under the current legal provisions, dogs have to be vaccinated, microchipped and licensed. The primary purpose of these provisions is to prevent and control the spread of rabies more effectively. At present, the risk of rabies in southern China is primarily associated with dogs. Dogs contracted with rabies will generally become exceptionally furious, irritable and could be easily incited into taking aggressive action against anything in motion. As dogs need outdoor exercise frequently, infected dogs are more likely to transmit the rabies virus in the community. On the contrary, cats contracted with rabies are more prone to go into hiding. Pet cats are mainly kept indoors and seldom taken out for a walk. Therefore, the risk of infected cats spreading rabies is relatively lower than that in the case of infected dogs. In the light of the above considerations including the risk posed to public health, the habits and the welfare of the animals in question, animals other than dogs are not required to be vaccinated, microchipped and licensed under the existing Rabies Regulation (Cap. 421A).

Although the current legislation does not require cats to be vaccinated, microchipped and licensed, cat owners may, as they think fit, take their cats to practising veterinary surgeons for vaccination (against feline epidemic diseases and/or rabies) and microchipping (for identification purposes).

(5) Through vigorous implementation of the measures described above, we have managed to put the number of stray animals under effective control. Over the past five years, the number of animals requiring euthanasia has declined by 40%. We will make continuous efforts to pursue these measures and enhance their efficacy.

In fact, a number of international animal organizations, including the OIE, agree that in situations where various measures for managing stray dogs have been implemented and yet the stray dogs caught remain high in number or not fit for adoption, euthanasia would be an appropriate solution in the circumstances. There are also cases where animals that are ill or hurt need to be euthanized to relieve them from suffering.

The number of animals euthanized by the AFCD in the past five years is as follows:

| *Year* | *Number of animals euthanized* | | | *Total* |
| --- | --- | --- | --- | --- |
| *Dogs* | *Cats* | *Other animals\** |
| 2010 | 7 420 | 3 047 | 482 | 10 949 |
| 2011 | 6 561 | 2 422 | 649 | 9 632 |
| 2012 | 5 675 | 1 950 | 1 160 | 8 785 |
| 2013 | 5 353 | 1 861 | 1 015 | 8 229 |
| 2014 | 3 868 | 1 039 | 1 594 | 6 501 |

Note:

\* They include birds, reptiles and small mammals.

(6) We note that some advocates of animal welfare in the community have proposed that a blacklist of persons convicted of offences under the Prevention of Cruelty to Animals Ordinance (Cap. 169) should be drawn up such that those on the blacklist should be barred from keeping any animals. The controversial nature of this proposal is such that the Government needs to consider its feasibility carefully before we are in a position to take a firm view.

(7) We are drafting the proposed amendments to the Public Health (Animals and Birds) (Animal Traders) Regulations (Cap. 139B). Judging from the progress made thus far, we expect to table the amendment regulations before the Legislative Council within 2015.

**Play Equipment for Elderly and Children in Public Housing Estates**

20. **MR WU CHI-WAI** (in Chinese): *President, it has been reported that in recent years, quite a number of items of play equipment for the elderly and children in public housing estates had been left damaged for long periods but the Housing Department (HD) still failed to have them replaced or repaired, thus attracting criticisms from public housing residents. A spokesperson for HD explained that there had been delays in repairing such equipment because it took time to procure the required parts. Meanwhile, as HD upgraded the relevant safety standards last year, some or all of the items of the play equipment in the playgrounds of public housing estates have to be replaced. Such items of play equipment are unavailable for use by public housing residents during the periods when repair and replacement works are in progress. In this connection, will the Government inform this Council:*

*(1) of the number of enquiries or complaints concerning the replacement of the aforesaid play equipment received by HD in each of the past five years, with a breakdown by District Council district;*

*(2) of the number of sets of play equipment for which repair or replacement works were carried out by HD in the past five years, and list by equipment (i) the type of equipment, (ii)* *the housing estate involved, (iii)* *the type of works (replacement of parts or the entire equipment), (iv)* *the cost involved, and (v)* *the commencement date and completion date of works; and among such equipment, of the number of sets of equipment which have to be replaced due to the upgrading of safety standards, and the replacement details;*

*(3) whether HD has formulated any performance pledge with regard to the time taken for the repair of play equipment; if HD has, of the details, and the percentage of repair works meeting the performance pledge in the total number of repair works carried out in the past five years; if not, whether HD will formulate such a performance pledge; and*

*(4) of HD's guidelines or means to ensure that contractors will complete the repair works for play equipment as quickly as possible, and whether HD will review such guidelines with a view to improving repair works?*

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

The Hong Kong Housing Authority has all along been providing suitable recreational facilities in public rental housing (PRH) estates according to their demographic characteristics, with a view to providing leisure spaces for residents.

The Housing Department (HD) puts much efforts on the maintenance of play equipment in PRH estates, and is committed to enhance the safety level of recreational facilities through repair and maintenance works.

In the past five years, the HD handled a total of some 3 100 repair works for play equipment, including replacement of in-stock parts (about 41%); and works requiring special orders of parts or major repairs (about 59%). Play equipment in various PRH estates throughout the territory were involved in these repair works, with a total expenditure of about $55 million. The HD does not classify repair or replacement works of play equipment into different categories. According to file record, in the past five years, the HD received a total of 84 enquiries or complaints about play equipment. However, the HD does not compile statistics of such enquiries or complaints by districts based on different District Councils.

Given the large quantity of repair works, it is difficult to list out the commencement and the completion dates of each individual works. For repair works concerning replacement of in-stock parts, contractors are required under the relevant maintenance contracts to complete such works within 28 days. However, such requirement is not applicable to repair works involving replacement of parts that require special order, as it takes time to procure the required parts and the individual parts might have to be shipped from abroad. As for repair works carried in 2014-2015, the average works period for repair works concerning replacement of in-stock parts is 23.5 days, while the overall average works period of works of all repair works (including those requiring special orders of parts or major repairs or replacement of entire equipment) is 53.8 days.

Currently, the HD arranges independent safety consultants to carry out biennial inspection to all play equipment installed in PRH estates in the territory. Renewal or replacement of parts will be arranged in accordance with the recommendations of the consultants so as to enhance the safety standard of the play equipment and to ensure safety of residents. Since the related replacement works are carried out in the same manner as other maintenance works, the HD does not maintain statistics specifically for this type of works.

As the complexity of maintenance works differs and some repair works require special orders of parts, the works period can vary significantly among different works projects. Therefore, we consider it inappropriate to set an overall performance pledge on the works period. However, the HD will continue to improve monitoring procedures and enhance contract administration for repair works, so as to enhance the efficiency of maintenance and safety standard.

In order to ensure that the performance of contractors meets the prescribed requirements, the HD conducts quarterly reviews on the performance of contractors. For contractors with unsatisfactory performance, the HD will take appropriate regulatory measures, including issuing written warning, conducting performance interviews, claiming liquidated damages and suspension of tender submissions.

**Regulation of Vehicle Repair Workshops**

21. **MR TANG KA-PIU** (in Chinese): *President, on 26 April this year, a fatal explosion accident occurred at a vehicle repair workshop (workshop) in Tsz Wan Shan. It has been reported that as the accident might have been caused by the leakage of liquefied petroleum gas (LPG) from an LPG taxi under repair at the scene, the public and the transport sector are concerned about the safety of LPG workshops and the adequacy of the authorities' regulation of workshops. In this connection, will the Government inform this Council:*

*(1) of the details (including titles of the instruments, abstracts, dates of publication and gazettal, dates of updating/amendments, and the penalties for non-compliance) of the relevant guidelines, directions and regulations or codes of practice on issues relating to repair of LPG vehicles formulated under the Gas Safety Ordinance (Cap. 51) by the authorities in the past five years; of the mechanism for ensuring compliance with such instruments by relevant personnel;*

*(2) regarding the existing Guideline for Revalidation of LPG Fuel Tanks for LPG Vehicles, the Code of Practice for Servicing and Maintenance of LPG Vehicle Fuel System, the Guideline for LPG Fuelled Vehicles Workshop in Hong Kong and the Guideline for Disposal of LPG Vehicle Fuel Tanks issued by the Electrical and Mechanical Services Department (EMSD), of (i) their dates of publication, updating/amendments, and (ii) the details of amendments made; whether such code of practice/guidelines have been gazetted, whether they have any legal effect, and the penalties for non-compliance;*

*(3) of the safety requirements (including choices of location, facilities for fire prevention, ventilation, discharge of pollutants and storage of dangerous goods, as well as the safety equipment that repair mechanics are required to be equipped with) for compliance, under the existing legislation, by workshops engaged in the general maintenance and repair of vehicles (general workshops); whether there are additional and more stringent requirements, under the existing legislation, for workshops which may carry out the repair and maintenance of LPG vehicle fuel systems (i.e. those which have hired Competent Persons (Class 6) who are qualified for supervising and carrying out the relevant repair work) (qualified workshops); if there are, of the specific requirements; if not, whether it will review the relevant requirements;*

*(4) whether the relevant government departments conducted, in the past three years, regular inspections of qualified and general workshops for compliance with the safety requirements; if they did, of the respective average numbers of inspections for such workshops; of the date on which the authorities last inspected the workshop in which the explosion occurred;*

*(5) of the numbers of workshops inspected by EMSD in the past three years and, among them, the number of those which: (a) were approved for storing LPG fuel tanks of more than 130 litres i.e. LPG "notifiable gas installations" workshops, (b) hired Competent Persons (Class 6) to carry out repair work for the fuel systems of LPG vehicles, and (c) were general workshops; the number of workshop owners prosecuted by EMSD in the past three years for (i) unauthorized storage of LPG fuel tanks of more than 130 litres, and (ii) carrying out replacement of LPG fuel tanks or the maintenance, repair or replacement of related parts without the supervision of Competent Persons (Class 6);*

*(6) of the number and age distribution of Competent Persons (Class 6) and their percentage in the total number of vehicle repair mechanics in each of the past five years; among them, of the ratio of those who worked in qualified workshops to those who worked in general workshops;*

*(7) as the Register of Competent Persons (Class 6) published on the web site of EMSD only contains the names of such persons and information about the relevant vehicle servicing courses they have completed, whether the authorities will consider publishing, for public inspection, more information, such as the addresses of the workshops they work for or means of contact;*

*(8) as it has been reported that the workshop in which the explosion accident occurred was merely a general workshop but not a qualified one, and it did not hire any Competent Persons (Class 6) to supervise and carry out relevant repair work for LPG vehicles, whether the authorities have reviewed if EMSD's regulation of general workshops carrying out repair work for LPG vehicles is inadequate; and*

*(9) whether it has plans to amend the relevant legislation or formulate statutory guidelines to enhance the regulation of the safety of all workshops carrying out repair work for the fuel systems of LPG vehicles?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President, since the liquefied petroleum gas (LPG) vehicle scheme was introduced to Hong Kong in 1998, the Government has adopted a stringent and prudent approach to handle matters on the maintenance and repair of LPG vehicles in order to ensure public safety. The Gas Safety Ordinance regulates gas safety matters, with a view to ensuring the safety of importation, manufacture, storage, transport, supply and use of town gas, LPG and natural gas. In respect of LPG storage and installation, any containers with the aggregated nominal water capacity of more than 130 litres of LPG are "notifiable gas installations". The construction and use of such installations require the approval of the Electrical and Mechanical Services Department (EMSD). At present, there are 571 approved LPG notifiable gas installations, including 29 vehicle maintenance workshops that have been approved for storing LPG fuel tanks of more than 130 litres, as well as five "LPG fuel tank workshops".

For work that involves the maintenance, repair or replacement of LPG vehicle fuel systems or associated components and replacement of LPG fuel tanks, they are required to be carried out by a Competent Person (Class 6) or a person under the supervision of a Competent Person (Class 6). As for general maintenance and repair of vehicles not involving the procedures mentioned above, the work can be carried out in all vehicle maintenance workshops.

Competent Persons (Class 6) approved by the EMSD are required to complete the LPG Vehicle Servicing Programme provided by the Vocational Training Council and possess practical experience. At present, there are over 1 100 Competent Persons (Class 6) in Hong Kong. As for maintenance work involving the structure of an LPG fuel tank or components within an LPG fuel tank (including the purging procedures, replacement of the fuel pump within an LPG fuel tank and the conduct of the five-year revalidation test of LPG fuel tanks), they should be carried out by a Competent Person (Class 1) approved by the EMSD or a person under the supervision of a Competent Person (Class 1) and in an "LPG fuel tank workshop" approved by the EMSD. Competent Persons (Class 1) must be a member of a relevant professional association of engineers with at least one year relevant work experience and has passed the EMSD's interview assessments.

(1) and (2)

To enhance the standard of LPG vehicle maintenance, promote occupational safety and improve the mode of operation, the EMSD has promulgated guidelines relevant to LPG vehicles as set out below:

(i) The "Guideline for LPG Fuelled Vehicles Workshop in Hong Kong" was drawn up in 2001 and updated in 2011. The Guideline explains the statutory requirements for the construction and use of LPG vehicle maintenance workshops under Gas Safety Ordinance (Cap. 51) and their subsidiary regulations. It also provides guidance to LPG vehicle maintenance workshops on other safety requirements including the design, construction and location (such as ventilation, fire prevention, and so on) as well as maintenance of fuel systems of LPG vehicles. Granting of approval to vehicle maintenance workshops for storing LPG fuel tanks of more than 130 litres would depend on whether the vehicle maintenance workshops could fulfil the relevant statutory requirements as explained in the Guideline. Any vehicle maintenance workshops storing more than 130 litres of LPG without approval, the responsible persons for the workshops would contravene Regulation 3(1) of the Gas Safety (Gas Supply) Regulations (Cap. 51B) and are liable to a fine of $25,000 and to imprisonment for six months.

(ii) The "Guideline for Revalidation of LPG Fuel Tanks for LPG Vehicles" was drawn up in 2004 and updated in 2011. It aims to provide general guidance on the revalidation test and examination of LPG fuel tanks. It sets out the key safety measures and statutory requirements for LPG vehicle fuel tanks, including the requirements for owners of LPG fuel cylinders (such as owners of LPG vehicles) to employ a competent person to carry out test and examination of the LPG cylinders (including fuel tanks of LPG vehicles) at least once every five years. Revalidation test and examination for LPG fuel tanks should be carried out by a Competent Person (Class 1) or a person under the supervision of a Competent Person (Class 1). The competent person should ensure that the inspection and testing of LPG fuel tanks are carried out in accordance with the requirements, and should issue certificates to the LPG fuel tanks that comply with the required standards. Owners of LPG cylinders (such as owners of LPG vehicles) who use LPG cylinders that have not been tested and examined to store LPG would contravene the requirements under Regulation 8(2) of the Gas Safety (Gas Supply) Regulations (Cap. 51B) and such persons are liable to a fine of $10,000. If the test and examination of an LPG cylinder is not carried by a competent person or a person under the supervision of a competent person, it contravenes the requirements under Regulation 16 of the Gas Safety (Gas Supply) Regulations (Cap. 51B) and is liable to a fine of $5,000.

(iii) The "Guideline for Disposal of LPG Vehicle Fuel Tanks" was drawn up in 2007 and updated in 2011. The Guideline was formulated by the LPG vehicle sector under the co-ordination of the EMSD, and outlines how LPG vehicle owners, motor trading companies, maintenance workshops, recycling companies and "LPG fuel tank workshops" should dispose LPG fuel tanks. The Guideline stipulates that the removal of LPG fuel tanks should be carried out by a Competent Person (Class 6) or a person under the supervision of a Competent Person (Class 6), and that the purging procedures should be carried out by a Competent Person (Class 1) or a person under the supervision of a Competent Person (Class 1). Competent Persons (Class 1) should ensure that the purging procedures are conducted according to the safety requirements, including protecting any persons working in the vicinity and members of the public from any danger when purging is carried out. Competent Persons (Class 1) should also issue a certificate to certify that LPG fuel tanks have completed the purging procedures. If the removal of LPG fuel tanks or the implementation of purging procedures is not carried out by a competent person or a person under the supervision of a competent person, such person would contravene the requirements under Regulation 16 of the Gas Safety (Gas Supply) Regulations (Cap. 51B) and is liable to a fine of $5,000. Any person who failed to carry out the purging procedures in accordance with the statutory safety requirements would contravene Regulation 23 of the Gas Safety (Gas Supply) Regulations (Cap. 51B) and is liable to a fine of $5,000.

(iv) The "Code of Practice for Servicing and Maintenance of LPG Vehicle Fuel System" was prepared by a technical group comprising members from the LPG vehicle trade in December 2010 for reference by the trade. It outlines the requirement for importers of LPG vehicles, vehicle maintenance workshops and associated trades that any maintenance, repair or replacement work of LPG fuel systems or associated components and replacement of LPG fuel tanks must be carried out by a Competent Person (Class 6) or a person under the supervision of a Competent Person (Class 6). As for tests and examinations of LPG vehicle fuel tanks (including replacement of the fuel pump within an LPG fuel tank), they should be carried by a Competent Person (Class 1) or under the supervision of a Competent Person (Class 1) in order to ensure the safe operation of the relevant trades, occupational health and safety of the practitioners and the public at large. If the relevant work is carried out by a person who is not a competent person or not under the supervision of a competent person, he or she would contravene Regulation 16 of the Gas Safety (Gas Supply) Regulation (Cap. 51) and is liable to a fine of $5,000.

The Guidelines are not statutory documents. They are issued and implemented by administrative means to explain in more specific terms the relevant statutory requirements and recommend technical measures for meeting such requirements to facilitate the industry's compliance. The updated version of 2011 of the Guidelines under items (i), (ii) and (iii) above mainly included the provision of annotations of the relevant statutory requirements of the Gas Safety Ordinance (Cap. 51) and its subsidiary regulations, and textual amendments to improve the clarify and consistency of the measures covered by these Guidelines. In response to the explosion incident in Tsz Wan Shan, relevant departments will review the existing policy and consider appropriate follow-up action. The EMSD will follow up by updating the Guidelines related to the LPG vehicles as appropriate.

The EMSD has been promoting the above Guidelines to the industry through various channels, such as issuing letters to owners/drivers of LPG vehicles, owners of vehicle maintenance workshops and relevant trade associations of the transport industry to impress upon them the need to operate in accordance with the relevant Guidelines from the perspectives of protecting the public safety and enhancing the maintenance standard of LPG vehicles. The EMSD has also conducted sample inspections to vehicle maintenance workshops and reminded their responsible persons of the need to ensure safety and to comply with legislative requirements. Apart from complying with the relevant statutory requirements, they should refrain from storing LPG tanks with aggregated nominal water capacity of more than 130 litres and ensure that any repair and maintenance work of LPG vehicle fuel systems (including the removal of LPG fuel tanks) are carried out by competent persons or under their supervision. The EMSD has also attended meetings held by the LPG vehicle maintenance sector to explain and promote issues relating to the revalidation of LPG vehicle fuel tanks.

(3) Generally speaking, while the location of vehicle maintenance workshops are bound by relevant statutory plans and land lease conditions, the Buildings Department may take follow-up actions pursuant to relevant statutory regulations if the workshops are located in any building used or designed for domestic purposes or intended for habitation, and are used for paint spraying.

As for fire safety, different types of buildings should be equipped with relevant fire service installations and equipment in accordance with the requirements of the Code of Practice for Minimum Fire Service Installations and Equipment. As regards the control on the storage of dangerous goods, pursuant to section 6(1) of the Dangerous Goods Ordinance (Cap. 295), except under and in accordance with a licence granted under the Cap. 295, no person shall manufacture, store, convey or use any dangerous goods. For storage of dangerous goods in excess of the exempted volumes, a Dangerous Goods Licence should be obtained from the Fire Services Department (FSD). The FSD will require the applicant for a Dangerous Goods Licence to comply with the relevant fire safety requirements, including the installation of additional fire service installations and equipment, and so on.

The operation of a typical vehicle maintenance workshop may also give rise to environmental issues such as air emission, wastewater discharge and disposal of waste. If the air pollutants (such as odour from paint spraying) emitted from a vehicle maintenance workshop cause nuisance or air pollution to the surrounding environment, the Environmental Protection Department (EPD) will issue an Air Pollution Abatement Notice to the owner of the premises under the Air Pollution Control Ordinance (Cap. 311). The concerned owner is required to abate the air pollution before the deadline specified in the notice. The person-in-charge of any vehicle maintenance workshops should obtain a discharge licence from the EPD according to the Water Pollution Control Ordinance (Cap. 358) if there is wastewater discharge, and ensure that the discharge complies with the licence conditions. For any vehicle maintenance workshop which produces chemical waste such as waste lube oil, the vehicle maintenance workshop is required to register as a "chemical waste producer" and comply with the requirements under the Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C).

Regarding the safety and health of employees at work, under the Factories and Industrial Undertakings Ordinance (Cap. 59), the Occupational Safety and Health Ordinance (Cap. 509) and their subsidiary regulations, the employers of vehicle maintenance workshops shall, so far as reasonably practicable, ensure the safety and health of their employees at work, including the formulation and implementation of a safe system of work and the provision and maintenance of safe plant. Duty holders contravening the above requirements are liable to a maximum fine of $500,000 and to imprisonment for 12 months.

At present, any maintenance, repair or replacement work related to LPG fuel systems (not involving the structure of LPG fuel tank) or associated components can be carried out in all vehicle maintenance workshops that have Competent Persons (Class 6) working in accordance with the training received.

(4) and (5)

The EMSD conducted in each of the past three years over 1 300 inspections to the 571 approved LPG "notifiable gas installations" in Hong Kong. These inspections included inspections at least once a year of the 29 vehicle maintenance workshops that have been approved for storing LPG fuel tanks of more than 130 litres, as well as random surprise inspections. The EMSD also visits other vehicle maintenance workshops for random inspections and promotional activities. According to the EMSD's records, no Competent Person (Class 6) has been employed by the vehicle maintenance workshop involved in the explosion-cum-fire incident in late April this year, and thus is not a workshop at which the fuel systems of LPG vehicles can be handled. The EMSD has not visited that vehicle maintenance workshop for issues related to the maintenance of LPG vehicles.

Since the explosion-cum-fire incident in late April this year, the EMSD has conducted about 2 000 additional inspections of vehicle maintenance workshops (including all vehicle maintenance workshops in the Wong Tai Sin District) to ensure that they have not contravened the requirements under the Gas Safety Ordinance (Cap. 51). This involved ensuring that the vehicle maintenance shops have not stored more than 130 litres of LPG without approval, and that any maintenance, repair or replacement of LPG fuel systems or associated components and replacement of LPG fuel tanks is carried out by a Competent Person (Class 6) or under the supervision of a Competent Person (Class 6). Inspections by the EMSD of all 2 700 vehicle maintenance workshops in Hong Kong are underway and are expected to complete by the end of June.

In the past three years, the EMSD has prosecuted one person who is not a competent person for conducting repair work on the fuel system of LPG vehicles. The EMSD has also prosecuted the owner of a container for using that container as LPG container on a taxi without approval. In addition, the EMSD is conducting investigation of two cases involving vehicle maintenance workshops with excessive storage of LPG.

In 2012-2014, the EPD conducted 3 328 inspections (1 203, 1 056 and 969 respectively) of vehicle maintenance workshops and have prosecuted four vehicle maintenance workshops for violating legislation on environmental protection.

The FSD did not keep separate statistics of the inspections made to or the number of fire safety directions issued to vehicle maintenance workshops in the past. However, following the explosion-cum-fire incident on 26 April, the FSD immediately conducted inspections of all vehicle maintenance workshops in the Wong Tai Sin District. The FSD expects to complete the territory-wide inspection of around 2 700 vehicle maintenance workshops in Hong Kong by the end of July. As at 31 May, the FSD has inspected 1 511 vehicle maintenance workshops. During the inspections, four cases of excessive storage of dangerous goods and 12 cases of over-storage of rubber tires in breach of Cap. 295 have been identified. The FSD has taken enforcement action against the relevant responsible persons.

In the past three years, officers of the Labour Department conducted over 4 100 surprise enforcement inspections targeting at the work safety of vehicle maintenance workshops, and initiated a total of 15 prosecutions. A breakdown of the prosecutions by relevant legislation is set out below:

| *Relevant Legislation* | *2012* | *2013* | *2014* | *Total* |
| --- | --- | --- | --- | --- |
| Factories and Industrial Undertakings Ordinance (Cap. 59)  (failed to provide a safe system of work, as well as necessary information, instruction, training and supervision for maintenance of vehicles.) | 2 | 2 | 6 | 10 |
| Factories and Industrial Undertakings (Loadshifting Machinery) Regulation (Cap. 59AG)  (failed to ensure that the operators fork-lift truck were in possession of valid certificate) | 0 | 0 | 1 | 1 |
| Occupational Safety and Health Ordinance (Cap. 509)  (failed to provide a safe system of work for maintenance of vehicles) | 1 | 0 | 0 | 1 |
| Occupational Safety and Health Regulation (Cap. 509A)  (failed to maintain properly equipment for vehicle maintenance and failed to take adequate fire safety measures) | 3 | 0 | 0 | 3 |
| Total | 6 | 2 | 7 | 15 |

(6) At present, there are about 1 100 Competent Persons (Class 6) in Hong Kong, including the 73 Competent Persons (Class 6) that registered in or after 2011. The number of vehicle mechanics in Hong Kong is about 9 000. The ratio is approximately 1:8. The age distribution of Competent Persons (Class 6) ranges from 25 to 75 years old. According to the site inspections conducted by the EMSD in 2014, there are about 2 700 vehicle maintenance workshops in Hong Kong and about 10% of which provides maintenance and repair services to LPG vehicles. If such vehicle maintenance workshops have employed Competent Persons (Class 6), they may also provide services that involve the maintenance, repair or replacement of LPG fuel systems or associated components and the replacement of LPG fuel tanks.

(7) The EMSD issued certificates to some 1 100 Competent Persons (Class 6) in Hong Kong in late May this year and encouraged such persons to display their certificates at conspicuous places at the vehicle maintenance workshops that they are working at so that the responsible persons for and drivers of LPG vehicles (taxis and public light buses) can identify if any Competent Persons (Class 6) are employed at the vehicle maintenance workshops.

(8) The EMSD conducts random inspections of general vehicle maintenance workshops. The EMSD will conduct investigation, issue improvement notice and take prosecution actions if such workshops contravene the requirements under the Gas Safety Ordinance has been found such as storing excessive LPG, maintain, repair or replace LPG fuel systems or associated components or replace LPG fuel tanks without a Competent Person (Class 6) or the supervision of such person.

(9) In response to the explosion-cum-fire incident in Tsz Wan Shan, relevant government departments will review the established policies and consider appropriate follow-up actions.

**Consultation Work in Relation to Updating Electorate of Functional Constituencies**

22. **MR CHARLES PETER MOK** (in Chinese): *President, currently, the "eligible persons" (e.g. fellows and full members) of those bodies specified in the Legislative Council Ordinance (Cap.* *542) may register as electors in the Information Technology Functional Constituency (ITFC) of the Legislative Council. Last year, I submitted a proposal on ITFC to the Constitutional and Mainland Affairs Bureau (CMAB), with a view to amending the definition of the "eligible persons" in respect of three bodies (i.e. the Information Technology Division of the Hong Kong Institution of Engineers, The Institution of Engineering and Technology Hong Kong and the Professional Information Security Association), and to including the eligible persons in respect of six new bodies (i.e. the Information Security and Forensics Society, the IT Service Management Forum Hong Kong Chapter, the Hong Kong Retail Technology Industry Association, the Chamber of Hong Kong Computer Industry Co. Ltd., the Hong Kong Electronic Industries Association and the Government Information Technology Professionals Association) as electors. I also requested to have a meeting with the authorities together with the relevant bodies to discuss the proposal, but no meeting was arranged. On the other hand, in March this year, CMAB submitted a paper on legislative amendments regarding the 2016 Legislative Council election to the Panel on Constitutional Affairs of this Council, proposing, among other things, to include "fellows and full members of the Information Security and Forensics Society entitled to vote at general meetings of the Society" as new electors in ITFC. However, some members of ITFC have pointed out that this proposal does not have any obvious effect on expanding ITFC. Regarding the authorities' consultation work in relation to updating the electorate of functional constituencies (FCs), will the Government inform this Council:*

*(1) whether CMAB consulted the nine aforesaid bodies on updating the electorate of ITFC before formulating the aforesaid proposal; if it did, of the dates of the meetings and details of the discussions; the views put forward by these bodies, whether the authorities have accepted such views and the justifications for that;*

*(2) given that at the meeting of the Bills Committee on Electoral Legislation (Miscellaneous Amendments) Bill 2015 of this Council on 18 May this year, the Under Secretary for Constitutional and Mainland Affairs said that the authorities had consulted the relevant bureaux when formulating proposals on updating the electorate of FCs, of the details of the views given by the Commerce and Economic Development Bureau to CMAB; whether the former consulted the nine aforesaid bodies before tendering such views; if it did, of the details and the correspondence exchanged, communications or records of meetings;*

*(3) of the bureaux which CMAB consulted on updating the electorate of FCs, and the FC electorates views on which were offered by each of the bureaux consulted;*

*(4) whether the practice of CMAB consulting the relevant bureaux on updating the electorate of FCs is a long-standing policy of the Government; if so, by whom and when the decision of adopting this practice was first made, and whether this practice was made public at the time; if it was made public, of the details; and*

*(5) whether the authorities, when reviewing the electorate of Legislative Council FCs, liaised with the relevant bodies on the definition of "eligible persons" belonging to the bodies under the FCs specified in Cap. 542, including enquiring whether the membership qualifications of such bodies had undergone any changes after such bodies were included as the bodies under FCs; whether such bodies have any statutory obligation to report such changes to the authorities; if such bodies do, of the details; whether the authorities will review afresh the definitions of "eligible persons" related to such bodies after noting that there have been changes in membership qualifications of such bodies; if they will, of the details; if not, the reasons for that?*

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Chinese): President, the Information Technology Functional Constituency (ITFC) is one of the nine new functional constituencies (FCs) that the Government in July 1997 proposed to be set up for the 1998 Legislative Council Election. At that time, the Government published the "Consultation Document on the Delineation of the Electorate for the New Functional Constituencies and the Election Committee for the First Legislative Council Election of the Hong Kong Special Administrative Region", setting out the proposed delineation of the electorate of the nine new FCs for public consultation and stating that the proposal was drawn up following consultation with the relevant bureaux and departments (B/Ds). After considering the views received, the Government introduced the Legislative Council Bill to the Provisional Legislative Council, and the Legislative Council Ordinance (Cap. 542) (LCO) was passed in September 1997.

Since then, relevant B/Ds are consulted before each Legislative Council general election to review whether the delineation of the electorate of the FCs needs to be adjusted. Requests (for example, from bodies for inclusion into or deletion from FCs, change of names of the bodies, and so on) received since the last review are also considered. After the review, if there is a need for adjustments, proposals will be put to the Legislative Council Panel on Constitutional Affairs for consultation, and then introduced in the form of a Bill to Legislative Council for scrutiny. The consultation and legislative process with Legislative Council provides opportunities for Legislative Council Members and the public to discuss the proposed changes.

The Electoral Legislation (Miscellaneous Amendments) Bill 2015 (the Bill) under the scrutiny by a Legislative Council Bills Committee at present has also gone through the same procedure. We consulted relevant B/Ds before consulting the Panel on Constitutional Affairs in March 2015. When the Bills Committee examines the Bill, it also arranged a meeting on 9 June 2015 to hear views from the public or bodies.

For the proposals in the Bill that concern the ITFC, they were drawn up after consultation with the relevant bureau (that is, the Commerce and Economic Development Bureau) and taking into consideration its comments. The table below sets out the bureaux which have been consulted and the corresponding FC(s) when we conducted the aforementioned review for preparing the Bill.

| *B/D* | *FCs* |
| --- | --- |
| 1. Commerce and Economic Development Bureau | 1. Tourism  2. Commercial (first)  3. Commercial (second)  4. Industrial (first)  5. Industrial (second)  6. Sports, performing arts, culture and publication  7. Import and export  8. Textiles and garment  9. Wholesale and retail  10. Information technology |
| 2. Development Bureau | 1. Engineering  2. Architectural, surveying and planning  3. Real estate and construction |
| 3. Education Bureau | 1. Education |
| 4. Food and Health Bureau | 1. Agriculture and fisheries  2. Medical  3. Health services  4. Catering |
| 5. Financial Services and the Treasury Bureau | 1. Insurance  2. Accountancy  3. Finance  4. Financial services |
| 6. Home Affairs Bureau | 1. Heung Yee Kuk  2. Sports, performing arts, culture and publication  3. District Council (first)  4. District Council (second) |
| 7. Department of Justice | 1. Legal |
| 8. Labour and Welfare Bureau | 1. Labour  2. Social welfare |
| 9. Transport and Housing Bureau | 1. Transport  2. Real estate and construction |

Generally speaking, electors of individual FCs include members of bodies entitled to vote at general meetings of the bodies as provided by the bodies' constitutions. In accordance with section 3(2A) and (2B) of the LCO, amendments to or substitution of the constitutions of these bodies require the approval of the Secretary for Constitutional and Mainland Affairs in writing for the purpose of defining the composition of the relevant FCs under the LCO in so far as the amendments or substitution relate to:

(A) the objects of the body; or

(B) the criteria and conditions of membership of the body; or

(C) the eligibility of members of the body to vote at a general meeting of the body.

The above requirement is to ensure that changes made by the relevant bodies to their constitutions will not alter the electorate or the nature of the relevant FC without the approval of the Government. This requirement is effective in protecting the integrity of the electorate of the relevant FCs.

**MOTIONS**

**PRESIDENT** (in Cantonese):Motions. Proposed resolution under the Security and Guarding Services Ordinance to approve the revised criteria for issuing a security personnel permit.

Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon the Secretary for Security to speak and move the motion.

**Proposed resolution under the Security and Guarding Services Ordinance**

**SECRETARY FOR SECURITY** (in Cantonese):President, I move that the motion, as printed on the Agenda, on the resolution which revises the criteria for issuing a Security Personnel Permit (SPP), be passed.

Section 6(1)(b)(i) of the Security and Guarding Services Ordinance (the Ordinance) stipulates that the Security and Guarding Services Industry Authority (the Authority) may specify, by notice in the Gazette, the criteria that must be satisfied by a person before the Commissioner of Police may issue a permit to that person. Pursuant to section 6(3) of the Ordinance, the notice shall not be published in the Gazette unless and until it has been laid before and approved by this Council.

(THE PRESIDENT'S DEPUTY, MR ANDREW LEUNG, took the Chair)

Security service is one of the few industries in Hong Kong with a statutory age limit. Most of the practitioners are engaged in Category B security work, which is general guarding work not requiring the carrying of arms and ammunition for various types of premises. According to the existing criteria, the upper age limit of Category B security work is 65.

In recent years, there have been suggestions from the trade that the upper age limit for Category B security work should be relaxed. Employers believe that such relaxation would help ease recruitment difficulties, while labour groups consider that the measure would provide more job opportunities for senior citizens who are still physically fit.

The upper age limit was set 20 years ago. Since then, Hong Kong has undergone major demographic changes with life expectancy increased and general health condition improved. In the public consultation on Population Policy, the public expressed broad support for the extension of working life

The policy agenda published in January 2015 announced a number of initiatives to promote a longer working life and unleash the potential of the local labour force. One of them is to suitably relax the upper age limit for Category B security work.

Having considered the Population Policy objectives and the regulatory requirement of the trade, the Authority supported the following proposals: first, the upper age limit for Category B SPP should be revised from 65 to 70; and second, Category B SPP applicants and holders aged 65 or above are required to undergo a medical check every two years. This arrangement is on par with the existing requirement for Category A SPP.

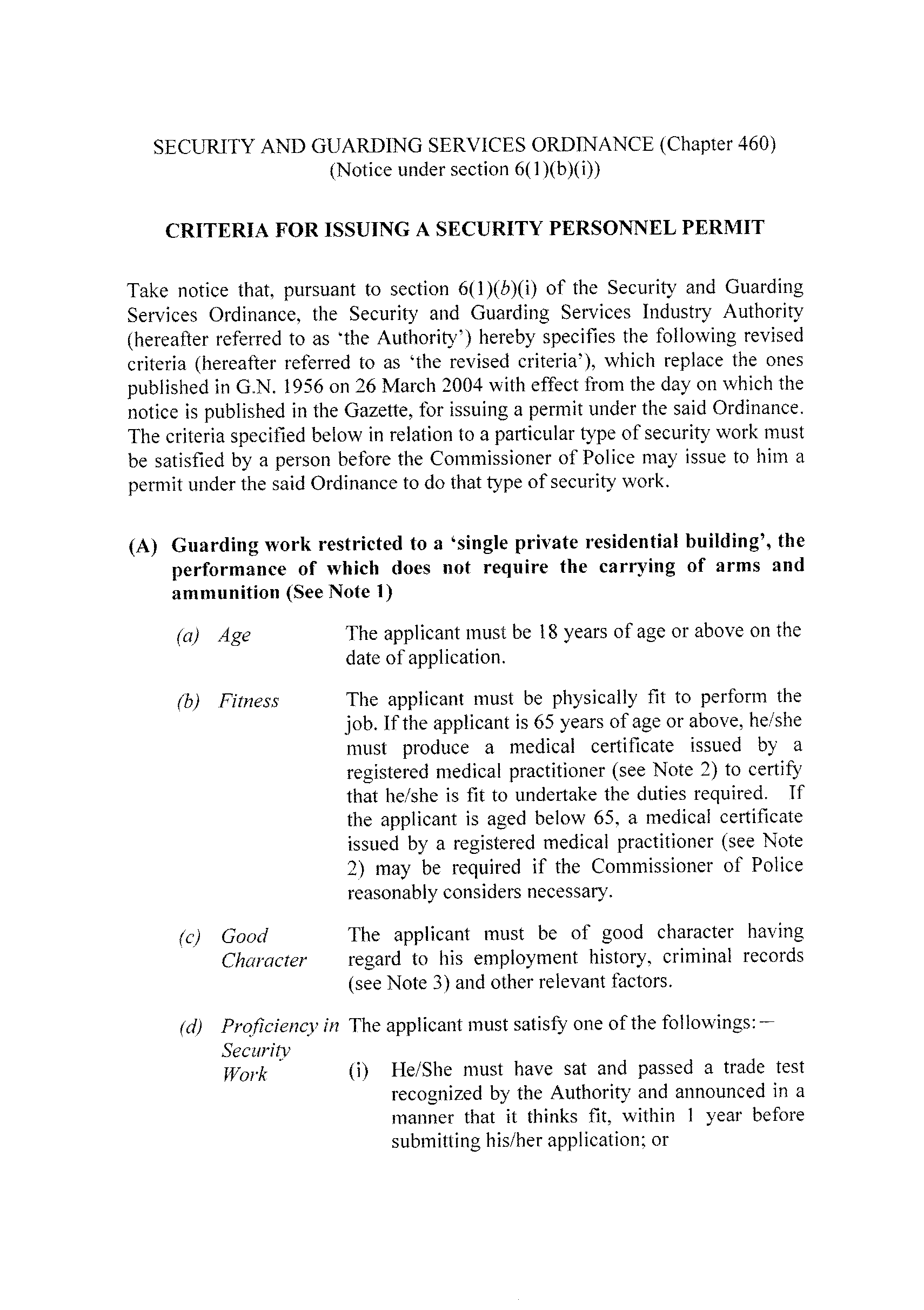
The Authority believes that a five-year extension of the age limit, coupled with a biennial medical check requirement, will strike an appropriate balance between the Population Policy objectives on the one hand, and the need to maintain the quality of security services, and public confidence therein, on the other.

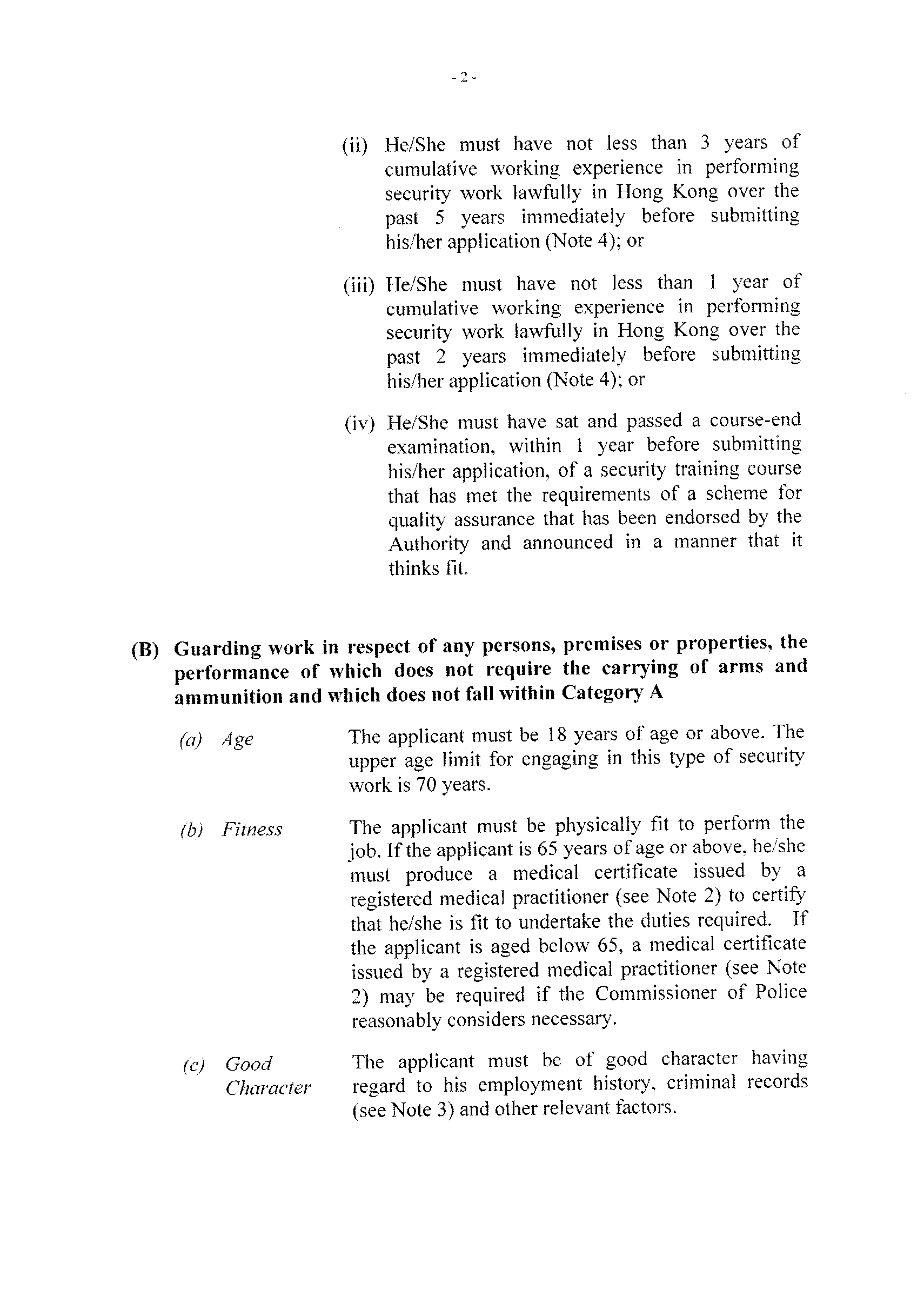
The extension of the age limit from 65 to 70 for Category B SPP and the imposition of a medical check requirement on Category B SPP applicants aged 65 or above require revisions to the permit issuing criteria as specified by the Authority under section 6(1)(b)(i) of the Ordinance. The revised criteria have to be approved by this Council in accordance with section 6(3) of the Ordinance before gazetting and implementation. Since the Hong Kong Police Force is preparing for the implementation of the proposals, including upgrading its computer systems, the exact date of gazetting and implementation will be fixed later. We expect the proposals to be implemented by the end of this year.

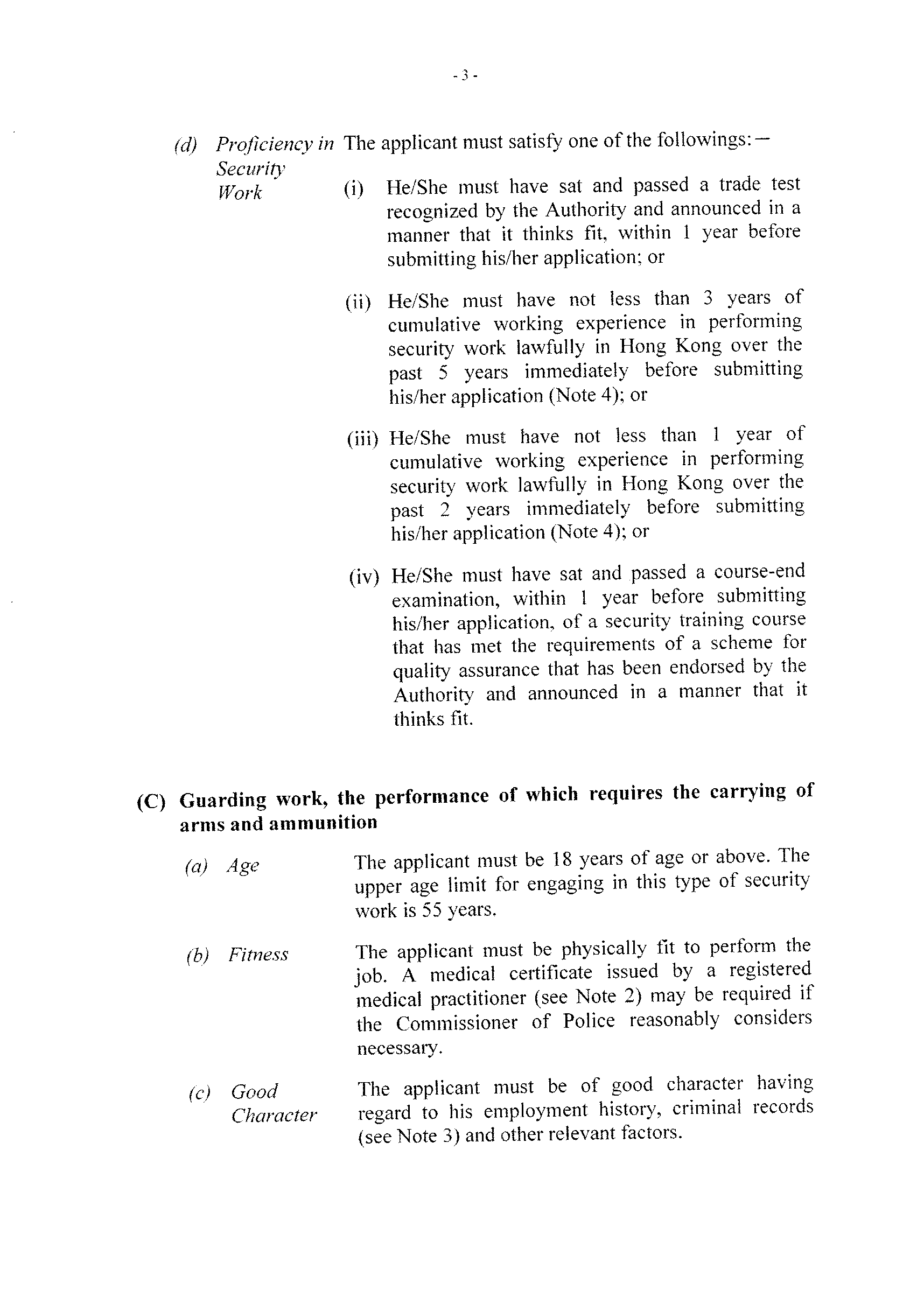
Deputy President, having taken into account the views of the trade and labour groups, and the need for trade regulation, the Authority believes that the proposed revisions would receive wide support, as they would not only benefit businesses and the community, but also maintain the service quality of the security industry. I invite Members to approve the revised criteria. Thank you, Deputy President.

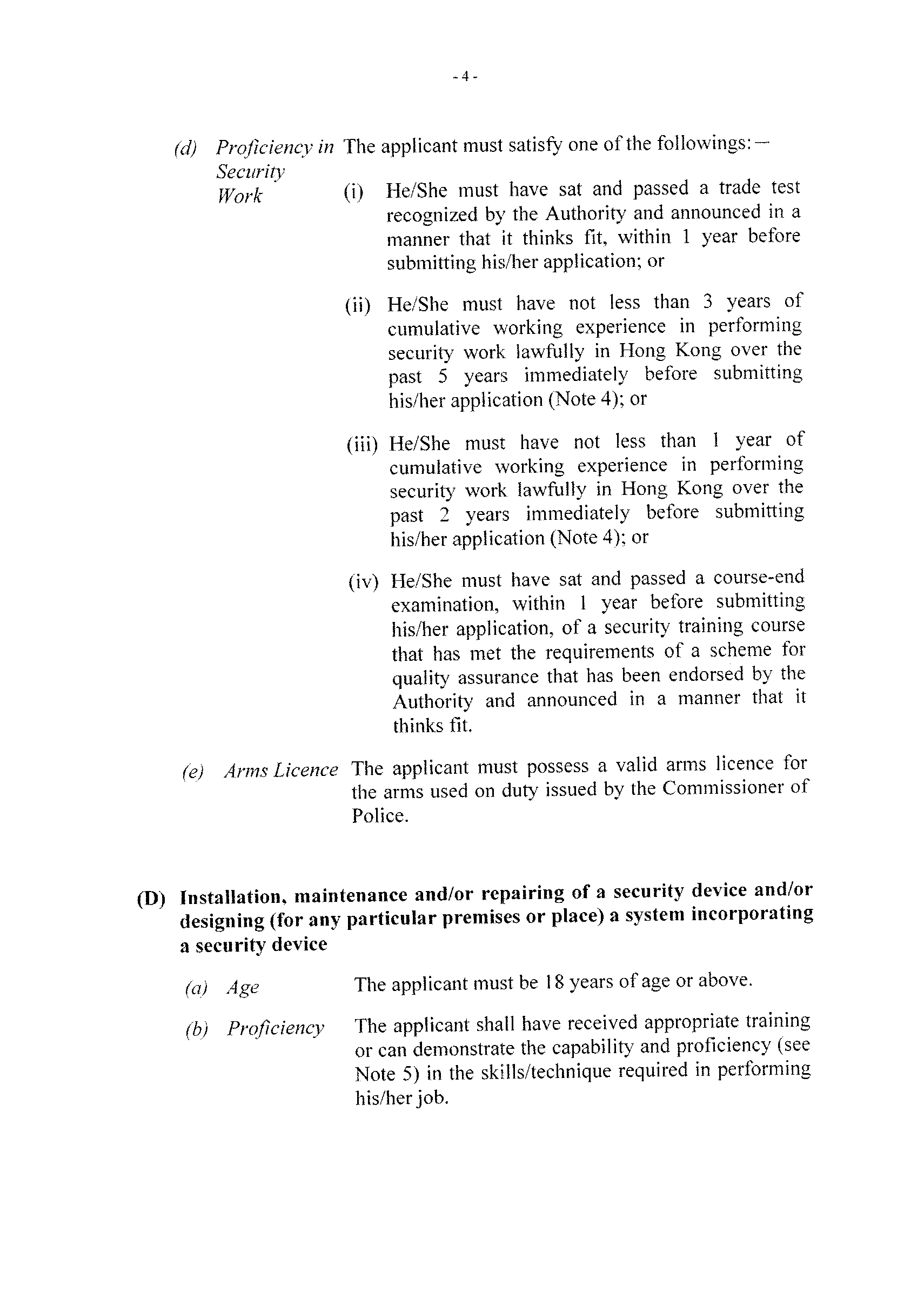
**The Secretary for Security moved the following motion:**

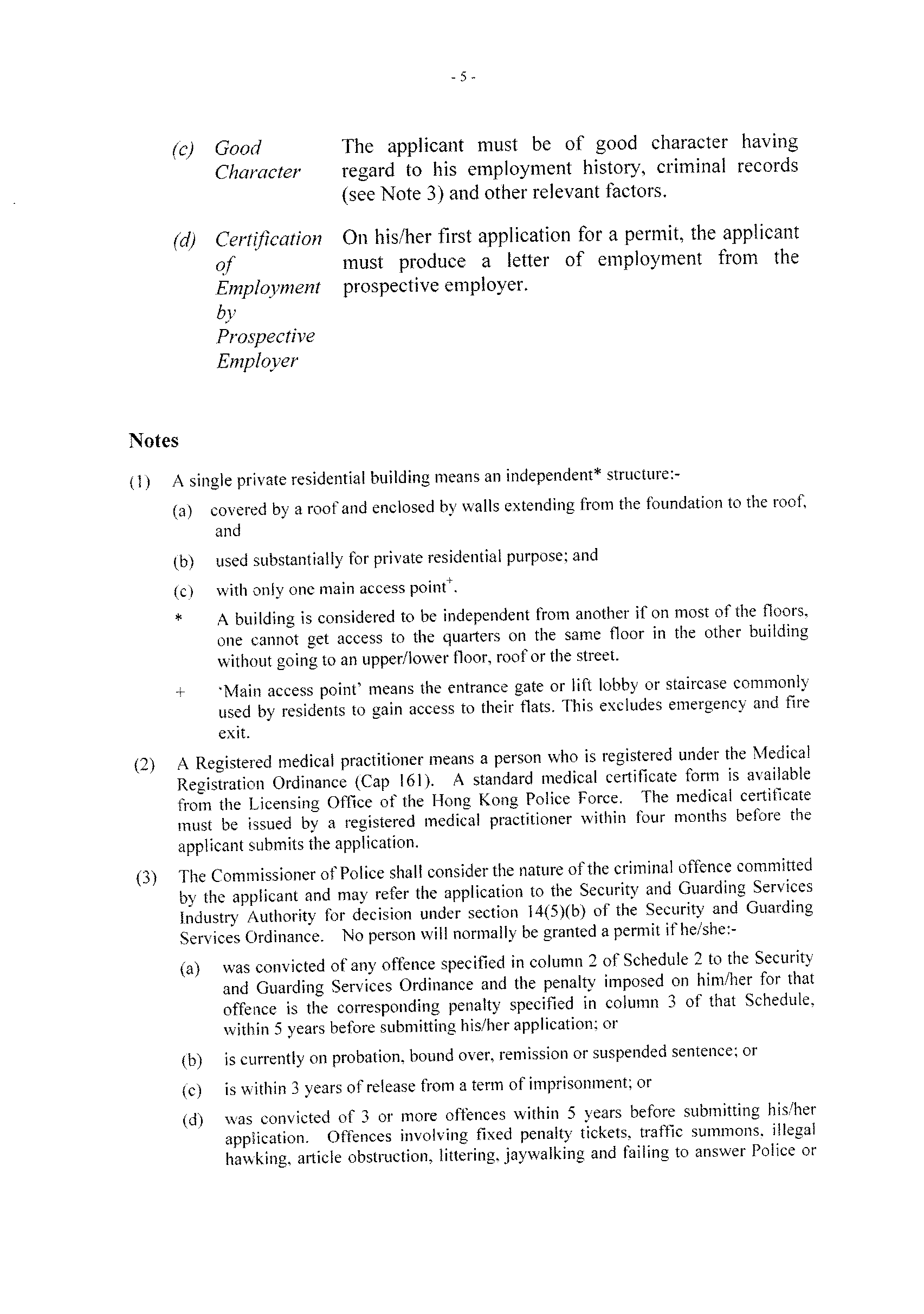
"That the notice, as annexed to this Motion, which specifies the revised criteria that a person must satisfy before the Commissioner of Police may, under the Security and Guarding Services Ordinance, issue to him a security personnel permit, be approved.

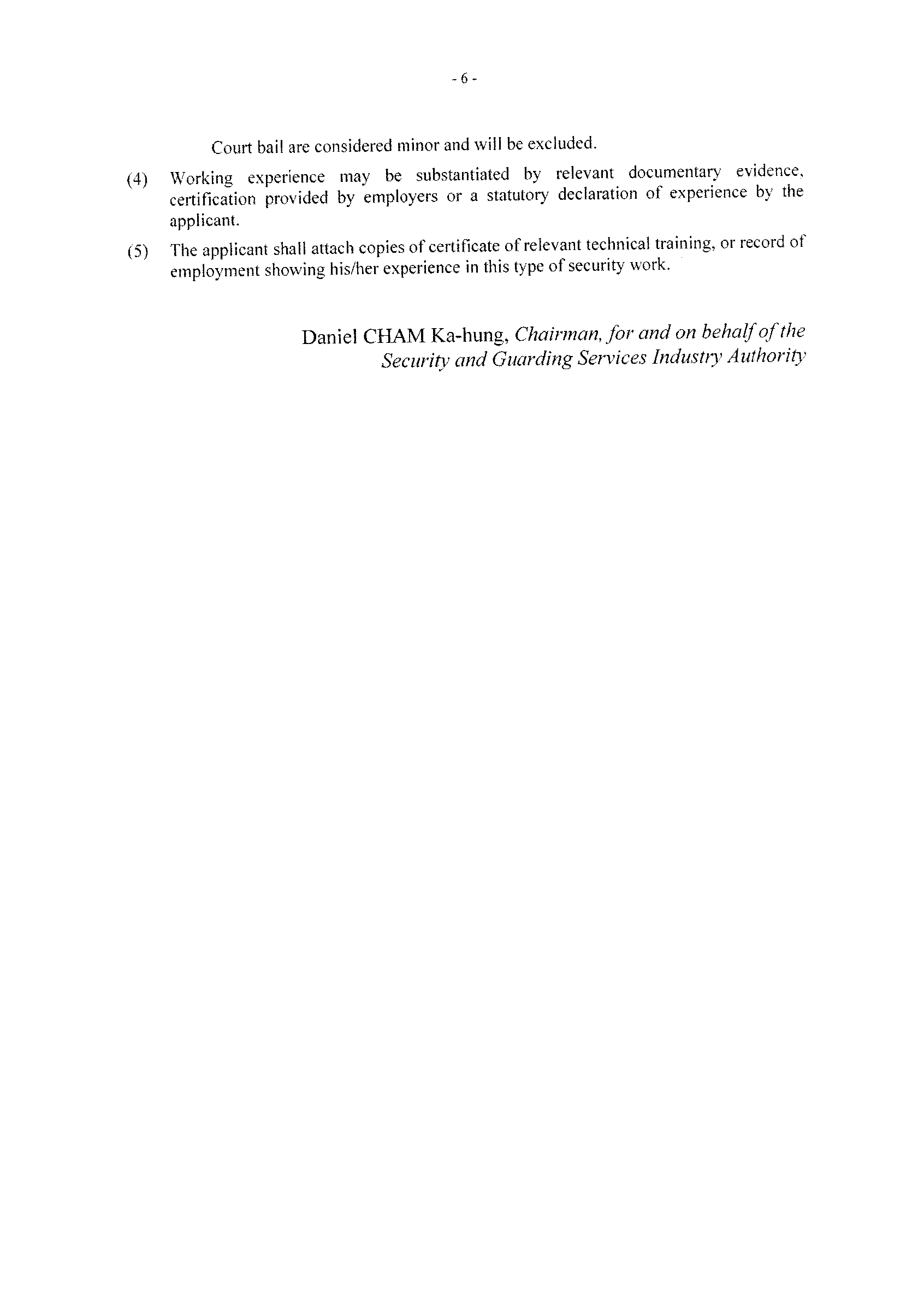












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**DEPUTY PRESIDENT** (in Cantonese):I now propose the question to you and that is: That the motion moved by the Secretary for Security be passed.

**MISS ALICE MAK** (in Cantonese):Deputy President, on behalf of the Hong Kong General Union of Security and Property Management Industry Employees to which I belong, I speak in support of the resolution proposed by the Secretary.

Over the years, The Hong Kong Federation of Trade Unions (FTU) has all along been concerning about the working rights and development of the security guard industry. We find that more and more elderly people between the ages of 55 to 70 are engaging in the security guard industry. One reason why elderly people are actively joining the work force is that the ageing problem of Hong Kong's population is getting more serious, and has thus pushed up the overall age of the total labour force. On the other hand, as Hong Kong does not have in place any retirement protection programme, elderly people cannot simply rely on the $1,180 "fruit grant" or the $2,285 Old Age Living Allowance to meet their daily needs. Many elderly people are still working after the retirement age as they need to work hard to make both ends meet.

During the deliberation process, some people have mentioned that if the elderly people are having economic difficulties, they may apply for Comprehensive Social Security Assistance (CSSA), as it is quite inhumane for them to work at old age. However, I wish to point out that it is not easy for them to apply for the CSSA. When I say "not easy", I do not mean that the application threshold is too difficult to cross; I am referring to the psychological threshold that the elderly people find too difficult to cross. Many of us know a lot of elderly people in our respective constituencies. Most of them consider that as long as they are able bodies, they would rather work as security guards or cleaners instead of receiving CSSA payments. Even if they cannot find a job, they would rather scavenge cardboard boxes, as they do not want to end up living on the CSSA. I think Members should well remember that about two months ago, a 73-year-old man used a forged ID card to find himself a job because he was reluctant to apply for the CSSA. In fact, he only wants to use his own hands to earn his own living. In the end, even though we have visited him to offer him some kind of economic support or help him apply for the CSSA, this old man still holds fast to his wish and refuses our helps. He considers that he is an able bodied person, and hence he hopes that he can find a job. We can see the pride of the elderly people in this case, and we can see their determination in joining the labour force.

Although the Chief Executive has pledged to promote retirement protection in running for the election, it is regrettable that to date, the Government is still procrastinating, as it is going to conduct another consultation again. All the consultation process will not be completed until mid-2016. If things drag on like this, the term of office of the Chief Executive will expire in 2017. By then, the consultation on retirement protection will be suspended. As such, we are concerned when this retirement protection will be implemented and when elderly people will be able to live a decent life after retirement.

Honestly, the last thing the FTU wants to see that is that these elderly people in their 60s and 70s have to work very hard to make ends meet. Nevertheless, for the elderly people who have the capacity and are healthy enough to work, if they wish to make contributions to society, we believe they should be given a chance. Indeed, this is also the reason why the FTU has all along been striving for a relaxation of the upper age limit of the Security Personnel Permit (Category B), commonly known as the Category B Permit.

According to the existing law, holders of the Security Personnel Permit (Category A) or the so-called Category A Permit may only engage in security and guarding work in a single private residential building, and there is no upper age limit for such Category A Permit holders. As for Category B Permit holders, they may engage in security and guarding work in premises other than premises restricted under Category A, such as residential housing estates, industrial or commercial premises. However, there is an upper age limit for Category B Permit holders, as they can work up to the age of 65 only.

The Hong Kong General Union of Security and Property Management Industry Employees under the FTU to which I belong has received a lot of enquiries and request for assistance from members. They are concerned that they could not have their permits renewed by the time they turn 65. They are also gravely concerned that they will be rendered unemployed. Theoretically, they can still apply for the Category A permit as long as they have passed the medical examination, and thus keep on working as security guards in single private residential buildings. However, as I believe, Members all know that in the wake of urban renewal and redevelopment, the number of single private residential buildings is diminishing. Besides, this type of buildings will not employ a large number of security guards. Therefore, it is quite difficult for them to find a job with the Category A Permits.

People engaging in district work may find out what residents in the neighbourhood housing estates have always told us: the security guards working in their housing block perform very well and they are still rather young. Then, why are they not allowed to go on working after 65? The residents also hope that these responsible security guards can keep on serving their housing estates. Some property management companies and owners' corporations also tell us that as there is a shortage of manpower in the security guard industry, and they really hope that they can recruit more security guards with Category B Permits to work in their housing estates. In view of the earnest demand for Category B Permit security guards, we hope that the law will allow security guards to renew their Category B Permits after they have reached 65, providing they have passed the medical examination. That way, the problem of manpower shortage in the industry can be solved on the one hand, and members of the industry can still have a job after reaching 65 on the other, and this will allow them to live on in a decent way.

Actually, Mr WONG Kwok-kin of the FTU has raised a question last year to request the Government to amend the relevant legislation. The Hong Kong General Union of Security and Property Management Industry Employees and I have also met with the Secretary several times last year. We are glad that the Secretary has proposed to relax the upper age limit for Category B permit holders as per our request made back then. Therefore, we welcome the Secretary's motion today, which have incorporated the union's proposal to revise the upper age limit for Category B Permit holders to 70.

This time around, I believe the relaxation of the upper age limit for Category B Permit holders and the introduction of a biennial medical check requirement will help to alleviate the concerns of many residents and employers regarding the health conditions of elderly security guards. As this requirement is the same as that for Category A Permit holders, the trade considers it acceptable. Of course, we also hope that when the Secretary discusses the cost and agencies for conducting the medical checks with the parties concerned, he will not make the employees feel that the authorities are trying to make things difficult for them.

Another point I wish to mention is that when the FTU met with the Secretary last year, we have reflected views concerning the relaxation of the requirement of Category A Permits. As I said just now, the number of single private residential buildings is diminishing, thus it is getting increasingly difficult for Category A Permit holders to find a job. As such, we have also relayed the view which urged the authorities to expand the scope of Category A security work. For example, can Category A permit holders continue to work in parks, playgrounds and schools? This will ease the employment issue of the ageing population on the one hand as I said earlier, and help the industry to resolve the manpower shortage problem on the other. I hope the authorities will keep on considering whether or not the scope of Category A security work can be further expanded.

I have heard the Secretary said just now that even if the resolution was passed, the gazettal date had yet to be decided. I hope the Secretary and the relevant authorities can expedite the administrative work and put the revised criteria on Gazette as soon as practicable, so that the measure to relax the upper age limit for Category B Permit can be implemented as soon as possible. That way, people engaging in the security and guarding industry can really be benefited.

Deputy President, I wish to thank once again the Security Bureau for its co-operation with the trade unions. And I hope that the revision will help the industry to develop in a healthy way and enable members of the trade to have more stable employment opportunities.

With these remarks, I support the motion.

**MR IP KWOK-HIM** (in Cantonese):Deputy President, I speak briefly on behalf of the Democratic Alliance for Betterment of Hong Kong (DAB) to express our views on the amendment to the abovementioned criteria. The DAB supports the amendment in relation to the relaxation of the upper age limit for Category B security personnel permit (SPP).

Many people think that the Japanese have the longest life expectancy, but in reality, Hong Kong people, men and women alike, have the longest average life expectancy across the world. As pointed out in the survey report of Japan's Ministry of Health, Labour and Welfare published last Thursdays, the average life expectancy of males in Hong Kong has become the longest in the world, standing at 80.87 years. According to the Census and Statistics Department's information, in 2013, the expectancy of life at birth for men was 81 years, and that for women was 87 years. Both figures represented an increase of some nine years compared with 30 years ago. These data are suffice to prove and illustrate to us that in view of the continuous advancement in modern medical and health facilities and the persistent improvement of overall health conditions of people, extending the working life of people to release more labour force has become an overwhelming trend. To all countries in the world, the issue of elderly employment has become one of the major study foci relating to population issues.

The existing upper age limit for the SPP was formulated 20 years ago. An appropriate revision is not just a move to keep us abreast of the times; more importantly, it is also a response to the practical social need. In addition to providing more employment opportunities for the elderly people who are healthy and energetic, this will also give them a chance to keep on making their contributions to society. At the same time, this will also increase the supply of general security personnel. Indeed, after the implementation of the statutory minimum wage, it has been difficult for property management companies to recruit qualified security personnel to work in their properties. Hence, it is believed that the revision this time around will help to address the long-term manpower shortage issue of the security guard industry. In fact, many owners' corporations have shown support to the move upon learning that the Government is going to revise the upper age limit of the SPP.

Therefore, two aspects are involved here, and one of them is related to age. Following the improvement in living quality and advancement of medical and healthcare services, the healthy lives of the people  not just a prolongation of age but a deterioration of the quality of living, not in that way. Now, a golden opportunity is before us. Under the present circumstances, and in view of the problems of unemployment and labour supply shortage, people in the industry hope that the proposal can be implemented as soon as possible to help resolve the pragmatic problems. Besides, owners' corporations also hope that the revision can help them ease the trouble of recruiting security personnel.

With these remarks, Deputy President, I support the revision of the relevant criteria on behalf of the DAB. Thank you, Deputy President.

**MR LEE CHEUK-YAN** (in Cantonese): Deputy President, a few years ago, I have already discussed with the Security Bureau to resolve the issue of not allowing people aged over 65 to take up security work in residential estates that are not single private residential buildings. Under the existing regulations, people aged over 65 are allowed to work as security guards of single private residential buildings, but not security guards of residential estates. We have been following up with the Security Bureau on the justifications for imposing the restriction on people aged over 65. I have to admit one thing: I fight for removing this restriction because of the calls from Hong Kong Buildings Management and Security Workers General Union, an affiliate of the Hong Kong Confederation of Trade Unions. Nevertheless, I do feel ashamed and powerless during the process. Why do I have such feelings?

Hong Kong people are indeed very miserable, as no one in the world would fight for a late retirement. What would all the workers in the world fight for? Deputy President, they would fight for an end to any postponement of their retirement age. Nowadays, owing to fiscal difficulties, many countries and places have their statutory retirement age postponed two years, from 60 to 62. It is of course the wish of all trade unions in the world to maintain an earlier retirement age. The reason is that workers will receive pensions after retirement, hence no one want to take a late retirement. Workers are eligible to receive pensions once retired. Just now I said that Hong Kong people felt very powerless and ashamed, why did I say so? I said so because Hong Kong had no pension system. What can Hong Kong people do in the absence of a pension system? They have no choice but to carry on with their days of toil.

Many Hong Kong people keep working for their whole life probably due to long working hours. They feel very much uncomfortable without a job, as they have no personal life. This is in fact another miserable fact. Hong Kong people usually work from day to night. For example, security officers need to work 12 hours a day, and so there is no time for personal life. When they have spare time for personal life, they have no idea what to do because they are not close with their families and friends. When they have time to re-build these relationships, some people may feel out of place. Of course, everyone knows that the biggest concern is financial concern. Many people aged over 65 have told me that they have to keep working anyway because they have no pension, and their children earning low income are unable to support them. As such, the whole problem is derived from the system.

Members may say that we are not supposed to discuss these problems today. I agree that we are not supposed to discuss these structural problems in Hong Kong. Nonetheless, given that standard working hours and universal retirement protection are not available within Hong Kong's structure, we have to do something today to enable those aged 65 to postpone their retirement. Afterall, we will support this resolution, as it is about a freedom of choice, but it would be sad to make such a choice.

In the absence of a pension system, not giving them the freedom to choose in the past is unreasonable. Today, when they are given the freedom to choose, I still hope that workers can genuinely enjoy their retirement instead of choosing to keep on working. However, many workers are already asking me about the exact date when this resolution will be passed. As such, I hope the Secretary will point out in his reply later on when this policy will take effect. As the document provided by him shows that the relevant policy will take effect by year-end, may I ask the Secretary whether he can step up the implementation? As reflected by some workers, they will reach the age of 65 very soon this year. For example, for those who will turn 65 in August, they can carry on with their work if the policy comes into effect in August; otherwise they have to cease working, as they may be dismissed or have to receive their long service payment (if any) first, then resume working a few months later pending the passage of the resolution.

My concern is whether the authority can minimize the inconvenience caused, so that fewer workers would be dismissed or forced to retire and look for jobs several months later. If the authorities can implement the resolution expeditiously, fewer workers would be forced to retire. I hope the Secretary would give us a more proactive response later on, and explain to us what exactly does he mean by year-end? Is it possible for the policy to take effect earlier? The Secretary said the crux of the problem lies in the computer system, is it really impossible to implement the policy until the entire computer system has been upgraded? Can the authority come up with some transitional measures if the implementation of the policy is to commence when the computer system is not yet ready, so that the workers will not be forced to retire and look for another job later? As many anxious workers have asked me this question, I think the authority should do a better job in this respect. After all, this is a freedom of choice for security personnel. But I hope workers can decide whether to continue working at their own will. In fact, postponing the retirement age is not a solution, we want to fight for universal retirement protection for Hong Kong people.

While the retirement age for the security trade is 65, some industries have put down certain outrageous requirements. I have to reiterate that this has nothing to do with the Security Bureau, but rather an issue to be taken care of by the Transport and Housing Bureau. The retirement ages imposed by our local airliners, Dragonair and Cathay Pacific, are 45 and 55 respectively, such age requirements are a kind of job discrimination that makes the flight attendants feel helpless and upset after retirement. However, these two airliners do not really ask the employees to retire, they will hire them again at lower wages due to manpower shortage.

Kowloon Motor Bus plays the same trick. To put it more bluntly, these companies, when they are short of manpower, will hire the retirees again at lower wages. The whole story is about how the big consortiums take advantage of their employees, as these companies are reluctant to give their employees a reasonable pay. As such, we hope that a reasonable retirement age will be stipulated; at the same time, efforts should be made to ensure that the retirees would not receive a lower pay when they work again.

Speaking of this resolution, we hope that it can take effect expeditiously. Thank you, Deputy President.

**DEPUTY PRESIDENT** (in Cantonese):Mr WONG Yuk-man.

(Mr WONG Yuk-man was not in his seat)

**DEPUTY PRESIDENT** (in Cantonese):Mr WONG Yuk-man is not in his seat. 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 Secretary for Security to reply. The debate will come to a close after the Secretary has replied.

**SECRETARY FOR SECURITY** (in Cantonese):Deputy President, I wish to thank Members for speaking in support of the resolution and putting forward their further views just now.

The proposed amendment this time around is a measure which will benefit both the people as well as the industry. It can strike an appropriate balance between the relaxation of the upper age limit for security guards and maintaining the service quality of the security industry. It is also the result of numerous discussions between the industry and the Security and Guarding Services Industry Authority. I wish to thank the Legislative Council and the industry for providing a lot of valuable views on this matter in the past.

(THE PRESIDENT resumed the Chair)

After this motion is passed by Members, we will try our best to complete all the relevant preparation work as soon as practicable, so as to have it gazetted and implemented as early as possible. Thank You, President.

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

**PRESIDENT** (in Cantonese):Proposed resolution under the Buildings Ordinance.

Members who wish to speak on the motion will please press the "Request to speak" button.

I now call upon the Secretary for Development to speak and move the motion.

**Proposed resolution under the Buildings Ordinance**

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, I move that the motion under my name on the Agenda be passed.

The motion seeks to amend Schedule 5 to the Buildings Ordinance (BO) (Cap. 123) to update the railway protection areas specified in that schedule.

Railway protection areas refer to the areas as shown on a set of plans prescribed under Area Number 3 in Schedule 5 to the BO, the boundary of which is generally 30 m from the edge of the railways lines or premises. Under sections 41(3) and 41(3C)(f) of the BO, ground investigation and underground drainage works carried out in railway protection areas require prior approval of plans and consent to the commencement of works by the Building Authority. This is to ensure the safety of the railway structure and hence the normal operation of the railway system.

With the opening of the West Island Line in December 2014, we propose to amend Schedule 5 to the BO and incorporate the areas along the West Island Line as railway protection areas. Details are set out in the resolution. We have prepared a set of new plans for the proposed revision of the railway protection areas. The plans have been deposited in the Land Registry for public inspection.

With these remarks, President, I move the motion and invite Members to support this motion.

**The Secretary for Development moved the following motion:**

"RESOLVED that the Buildings Ordinance (Cap. 123) be amended as set out in the Schedule.

**Schedule**

**Amendments to Buildings Ordinance**

1. **Schedule 5 amended (scheduled areas)**

(1) Schedule 5, area number 3(1)(a) ―

**Repeal**

"MTR/G/1, ".

(2) Schedule 5, area number 3(1)(a) ―

**Repeal**

"MTR/RP/50"

**Substitute**

"MTR/RP/51".

(3) Schedule 5, area number 3(1)(b) ―

**Repeal**

"; and"

**Substitute a semicolon.**

(4) Schedule 5, area number 3(1)(c) ―

**Repeal**

"Registry."

**Substitute**

"Registry; and".

(5) Schedule 5, after area number 3(1)(c) ―

**Add**

"(d) the areas delineated and shown edged black on the plans numbered MTR/G/1 Rev. A and MTR/RP/401 to 410, dated 2 March 2015, signed by the Secretary for Development and deposited in the Land Registry."."

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

**MR WU CHI-WAI** (in Cantonese): President, the motion today is mainly about the boundaries of railway protection areas (RPAs), a less controversial issue. In our view, the coverage of RPA is certainly not a controversial issue, we just hope the Administration can consider ways to enhance the uses of the nearby lands in dealing with any RPA-related issues, so that our lands can be put to the best use.

At present, the MTR railway network stretches 220.9 km, and it will even increase extended to 271.6 km in the future. Many sections of the railway network are located outdoors, but the development of such outdoor sections is rather limited at present. This has led to the under-utilization of our lands. If the authorities can use such lands properly, land supply can be increased. This is conducive to Hong Kong's long-term development, as such outdoor sections are also part of our land resources. There are many developments along MTR lines, but such developments are mainly found above MTR stations and depots (such as the New Town Plaza above Sha Tin Station and the Grand Century Place above Mong Kok East Station). Their development modes are rather homogeneous, and such developments are only confined to the areas near MTR stations. This is of course understandable, as the developments are designed to cater for people's needs.

There are relatively few developments in the spaces above rail tracks (the areas outside railway stations), as the spaces are mainly used to install road facilities such as flyovers and noise barriers. Such an arrangement is a huge waste of the land resources. At present, the spaces above some outdoor sections of the railway network are only used to install cable lines. However, some examples have shown that development is possible in the spaces above such outdoor sections. Therefore, I believe the technology used for handling the relevant works is indeed rather mature. The question merely hinges on whether the Government will consider the idea of developing such spaces. Or, does the Government regard the erection of noise barriers as the proper use of our lands?

Besides, the outdoor sections of the MTR lines are mainly located in new towns. And, as the rail tracks of Ma On Shan Station and also the various stations along the West Rail Line are elevated, it may be relatively difficult to develop the outdoor sections of these rail lines. But since the rail tracks of the East Rail Line, the Light Rail, the Tung Chung Line and also the Airport Express are installed on the ground, it will be comparatively easier to develop their outdoor sections. At present, the standard gauge of a rail track falls in the approximate range between 143.2 cm and 143.5 cm. That means two rail tracks will be around 2.9 m in width. In fact, many lands can be produced by utilizing the areas adjacent to rail tracks and also the lands extending therefrom. Lands smaller in size can be used to build small parks, whereas those sizeable ones can be used for other purposes. The question of whether this can be materialized depends on the Development Bureau's willingness to consider putting the spaces above rail tracks to proper uses.

As for other areas in the New Territories (such as areas along the West Rail Line and those near Sunny Bay along the Tung Chung Line), there are actually many lateral lands which are relatively sizeable. Such lands stand a greater chance for development. While it is true to say that developing the spaces above rail tracks may not be as expedient as developing the spaces above railway stations, this can still be a desirable development direction if the Government can make proper planning. Besides, the structures erected in the spaces above rail tracks can also serve as substitutes for noise barriers. So, why should the Government refuse to consider this idea? I think the Government should study the relevant proposal and identify feasible locations along the various MTR lines. Moreover, the Government may also take into consideration the relevant views in planning the alignment of rail lines in the future. This can enable the Government to equip Hong Kong with satisfactory railway infrastructure and open up new land resources in the course of drawing up railway infrastructure planning. Hong Kong is a densely populated place where land resources are tight. Apart from mountain removal and reclamation, this is another way of using our land resources properly to alleviate the problem concerned.

President, I have just briefly put forth my views on the feasibility of expanding the uses of the spaces above RPAs, and I hope the Government can commence studies for this purpose. Anyway, we support the relevant legislative amendment.

I so submit. Thank you, President.

**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 Development to reply.

**SECRETARY FOR DEVELOPMENT** (in Cantonese): President, I wish to thank Mr WU Chi-wai for his views. We will look into his views further when we are back in our office. In fact, the room for development along railways lines has been an issue of great concern to us all along. When we are back in our office, we will look into the specific issues he has just raised, including technicality and other aspects.

President, I implore Members to support the passage of this motion.

Thank you, President.

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

**MEMBERS' MOTIONS**

**PRESIDENT** (in Cantonese):Members' motions.

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

**PRESIDENT** (in Cantonese):First motion: To extend the period for amending the Road Traffic Ordinance (Amendment of Schedule 10) Order 2015, which was laid on the table of this Council on 20 May 2015.

I now call upon Mr Frankie YICK to speak and move the motion.

**Proposed resolution under section 34(4) of the Interpretation and General Clauses Ordinance**

**MR FRANKIE YICK** (in Cantonese):President, I move the motion under my name, as printed on the Agenda, be passed.

At the House Committee meeting on 22 May 2015, Members decided to form a subcommittee to scrutinize the Road Traffic Ordinance (Amendment of Schedule 10) Order 2015.

In order to allow the Subcommittee more time for deliberation, I move, in my capacity as Chairman of the relevant Subcommittee, that the scrutiny period of the subsidiary legislation be extended to 8 July 2015.

President, I urge Members to support this motion.

**Mr Frankie YICK moved the following motion:**

"RESOLVED that in relation to the Road Traffic Ordinance (Amendment of Schedule 10) Order 2015, published in the Gazette as Legal Notice No. 90 of 2015, and laid on the table of the Legislative Council on 20 May 2015, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 8 July 2015."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese):Second motion: To extend the period for amending three items of subsidiary legislation in relation to the Securities and Futures Ordinance, which were laid on the table of this Council on 20 May 2015.

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

**Proposed resolution under section 34(4) of the Interpretation and General Clauses Ordinance**

**MR ANDREW LEUNG** (in Cantonese):President, at the House Committee meeting on 5 June 2015, Members decided to form a subcommittee to scrutinize three items of subsidiary legislation as set out in the motion.

Members also agreed that I, in my capacity as Chairman of the House Committee, move a motion to extend the scrutiny period of these three items of subsidiary legislation to the Council meeting of 8 July 2015, so as to allow the relevant Subcommittee sufficient time for deliberation.

I urge Members to support the motion.

**Mr Andrew LEUNG moved the following motion:**

"RESOLVED that in relation to the ―

(a) Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2015, published in the Gazette as Legal Notice No. 95 of 2015;

(b) Securities and Futures (OTC Derivative Transactions ― Reporting and Record Keeping Obligations) Rules, published in the Gazette as Legal Notice No. 96 of 2015; and

(c) Securities and Futures (Stock Markets, Futures Markets and Clearing Houses) Notice, published in the Gazette as Legal Notice No. 97 of 2015,

and laid on the table of the Legislative Council on 20 May 2015, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 8 July 2015."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese):Debates on motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of motions each may speak, including making a reply, for up to 15 minutes, and have another five minutes to speak on the amendments; the movers of amendments each may speak for up to 10 minutes; and other Members each may speak for up to seven minutes. I am obliged to direct any Member speaking in excess of the specified time to discontinue.

**PRESIDENT** (in Cantonese): The motion debate on "Stepping up regulation on the repair and maintenance works of private buildings".

Members who wish to speak in the motion debate will please press the "Request to speak" button.

I now call upon Mr Tony TSE to speak and move the motion.

**Stepping up regulation on the repair and maintenance works of private buildings**

**MR TONY TSE** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, I applied for a debate slot way back in early May last year, but due to the filibustering staged by some Members, the discussion and approval of numerous motions and funding applications were held up. As the functioning of the Council has been disrupted, the motion can only be moved today, which is over one year later. I feel helpless about this, and I have to condemn some Members again as their filibustering has seriously affected the normal functioning of the Council.

President, the motion I am moving today is "Stepping up regulation on the repair and maintenance works of private buildings". It is an indisputable fact that there are more and more old buildings in Hong Kong, and both the Government and the property owners have an responsibility to repair, maintain and manage the buildings well. According to the Hong Kong Property Review 2015, as of the end of 2014, the total stockpile of private residential units for the whole of Hong Kong stood at 1 136 400, of which 15.9%, or roughly more than 180 000 units were 45 years old or above. It is estimated that a decade later, residential units of 45 years or older will increase from 190 000 to over 370 000, representing an average annual increase of about 18 000. Therefore, on top of an ageing population which Hong Kong has to face up to in the future, the ageing of buildings is another pressing issue confronting us.

(THE PRESIDENT'S DEPUTY, MR ANDREW LEUNG, took the Chair)

As many existing private buildings in Hong Kong were built in the 1960s and 1970s, the ageing and disrepair state of most of them is getting more serious due to a lack of proper management and maintenance over a long period of time. Apart from affecting hygiene and the territory's appearance, they also pose a threat to people's safety. After the collapse of an old building on Ma Tau Wai Road at Hung Hom on 29 January 2010, Hong Kong has become concerned about the maintenance of old buildings. Of course, if we are to tackle the problem at root, the buildings should be demolished and redeveloped. However, since the Government may not be able to tie in resources with the demolishing and redevelopment in the short term, and it is also difficult to identify land to build homes to resettle the households who have to move out of the old buildings, there really is a pressing need to enhance the maintenance and repair of old buildings so as to prolong the useful life of residential homes in old buildings. Moreover, at the moment, since Hong Kong has an inadequate supply of developable land and newly constructed residential housing, many people are subjected to heavy housing pressure. In addition to the need to expeditiously increase the supply of land and residential housing by the Government, developers and other public or non-profit-making organizations, the Government should also encourage people to step up the repair, maintenance and management of buildings. Not only will proper building maintenance and management help to bring about a positive effect on environmental protection, the territory's appearance, building safety and living environment, it will also slow down the wastage of residential units from the market.

As the number of old buildings in Hong Kong is on the rise, the pace of urban redevelopment may not catch up with the ageing of buildings. As a result, many people still have to reside in rundown and dilapidated old building units which are not managed. Moreover, in recent years, the Urban Renewal Authority (URA) has tightened the threshold for the redevelopment of old buildings under the demand-led projects. It is estimated that there will be a decrease in the number of old buildings to be included in future redevelopment projects. Yet, many such old buildings are badly in need of repair works to improve the living environment of the residents and to safeguard their safety. In recent years, the Government has launched various building repair measures and schemes, including the Building Management and Maintenance Scheme, the Integrated Building Maintenance Assistance Scheme, the Building Maintenance Grant Scheme for Elderly Owners, and the Operation Building Bright. While these measures can help to promote the repair of old buildings to a certain extent, the URA has also announced yesterday that the Building Management and Maintenance Scheme would be extended to cover all districts across Hong Kong, with the qualified age of buildings to be raised from 20 years or above to 30 years or above. Nevertheless, the magnitude with which such measures are implemented and the amount of resources being committed are still inadequate in general.

Since June 2012, the Government has been implementing the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme, which aim at compelling property owners to properly repair and maintain their buildings. However, as it has pressed on too quickly and in an over-aggressive manner in the beginning, resources have failed to match nicely. In the absence of pertinent expertise, government assistance in co-ordination and suitable government support, many problems have cropped up, thereby causing some of the affected residents to gripe. So, in 2014, the Buildings Department (BD) reduced the annual number of selected target buildings for the two Schemes. Although the BD has slowed down the pace for the implementation of the Schemes, a large quantity of works has accumulated. With new works keep pouring in, the amount of repair works for buildings in Hong Kong has seen a drastic increase within a short time. There have been successive media reports on substantial increase in repair costs, shoddy repair works and poor quality of works. It is even suspected that corruption and bid-rigging are involved in repair works, and professional consultants have been threatened and attacked.

Deputy President, I have consulted the professional sectors of architecture, surveying, planning, landscaping and property management on today's motion. They all agree that the reason for the ongoing problems in recent years pertaining to building repair works is that the Government has failed to properly monitor repair works. It also lacks the professionalism and strength in law enforcement. This has seriously undermined the desire of the industry to engage in building repair works. In summing up the opinions of the several professional sectors, the following are the three main reasons causing the frequent occurrence of building repair problems in recent years.

First, the Government has not put in place policies and measures for comprehensive monitoring of building repair works. Deputy President, in recent years, problems such as sub-standard building repair and bid-rigging have aroused extensive social concern. After all, this is to a large extent attributable to the Government's failure to establish a comprehensive monitoring mechanism to enhance the monitoring of building repair service providers, including construction consultancies and contractors. As a result, undesirable elements within the industry can take advantage of the loopholes, thereby dealing a heavy blow to the genuine professional consultants of the industry who otherwise may wish to engage in repair works. Therefore, in my opinion, the Government should formulate short, middle and long-term measures to crack down on bid-rigging. In addition, it should also properly address other problems pertaining to repair works so as to improve the current situation where repair service providers are of varying standards, and to enhance protection for property owners lest they may suffer unnecessary losses.

As regards short and middle-term measures, the Government should establish inter-departmental task forces under the Development Bureau to monitor the conduct of building repair works and related matters. Apart from the Development Bureau which is responsible for monitoring repair works, the Home Affairs Department which is responsible for liaising with property owners, the Police and the Independent Commission Against Corruption, as well as professionals relating to construction works and representatives of pertinent professional societies should also be engaged. Meanwhile, the Government should establish a registration system and compile a related list of construction consultants and contractors to affirm that the service level and quality of registered consultants and contractors are up to a certain standard. Those registered should also display in public some of their information, including the scale of their companies and past works projects which they have engaged in, for property owners to refer to when choosing the appropriate consultant and contractor. In addition, the Government should also draw up standard provisions for repair works and consultancy service contracts to avoid the current situation where some unscrupulous contractors can easily manipulate the terms and conditions of contracts, which will result in persistent occurrence of the problem of unfair conditions.

Nonetheless, the establishment of inter-departmental task forces to address the problem pertaining to building repair can only be a transitional arrangement. In the long run, I think the Government should establish an independent monitoring authority. Last September, the Hong Kong Institute of Surveyors proposed that a "building repair works authority" be established by the Government to monitor service providers of the building repair works industry from various fronts. Through purging the bidding activity for repair works and encouraging more construction consultants to engage in building repair, I believe it will help boost the professional service level and works quality of building repair projects. The property management industry also acknowledges that there is a handful of undesirable elements within the industry. Thus, they hope that with the establishment of the monitoring authority, monitoring can be enhanced and the property management industry can have a healthier development.

Second, at present, Hong Kong lacks a comprehensive building repair database. Deputy President, existing information on building repair works is available in a very piecemeal manner, far from being comprehensive. Many property owners wish to have pertinent information to refer to when building repair is in progress. For instance, how much does it cost buildings with similar condition for the repair works? What kinds of works will be included? How big is the difference between the bidding contract price for repair works and the ultimate price tag? Therefore, I propose that a database on building repair throughout the territory be established by the Government. Through analysing the repair works projects and unit prices, and whether the changes in the price tags of works projects are reasonable as compared with the original estimated prices, the database can serve as a reference for the Hong Kong public and the property owners.

Third, the Government's failure to commit adequate resources to promote building repair has caused the frequent occurrence of repair works problems. Deputy President, according to some people from the property management industry, in the past, upon issuing a repair order to a building, about 40% to 50% of the cases were not followed up by officials of the BD for a long time, and buildings with no owners' corporations made up the bulk. They think that this is because the Government has not committed adequate resources. Thus, they hope that the Government can allocate additional resources and step up efforts to assist small property owners of old buildings to set up owners' corporations. This will facilitate the hiring of property management companies to take up building management and repair. The professional service of property management companies is very important when it comes to assisting small property owners to hire contractors and construction consultants of repair works and promoting building repair. The Legislative Council is scrutinizing the Property Management Services Bill which proposes that property management companies be licensed and requires the services of those companies to reach a certain level. These proposed measures will serve to guarantee the quality of property management companies.

Deputy President, apart from the above proposals, which include the establishment of a repair works monitoring authority, the establishment of inter-departmental task forces under the Development Bureau in the short and middle-term, the establishment of a database on territory-wide building repair, allocation of additional resources to building repair, and the establishment of an independent monitoring authority in the long run, there are two more proposals as follows. Under the monitoring of the independent monitoring authority, a registration and de-registration system should be set up for professional consultants and contractors to penalize the undesirable elements of the industry and those who perform badly. Moreover, the Government should step up law enforcement to wipe out all illegal activities pertaining to building repair works. As such illegal activities are mostly conducted by syndicates, professionals should be engaged during investigation and prosecution. I believe that such a move is conducive to enhancing the prosecution of illegal building repair works, and can play a more effective role in putting the entire professional service of building repair on the right course.

Deputy President, I wish colleagues will support the motion which I am moving today, which urges the Government to step up regulation on the repair and maintenance works of private buildings, and to adopt effective measures to provide appropriate assistance to property owners, owners' corporations and the building repair and maintenance sector, so that the public can receive professional building repair and maintenance services which are of good quality and value-for-money. Thank you, Deputy President. I so submit.

**Mr Tony TSE moved the following motion: (Translation)**

"That at present, the inadequate supply of developable land and newly constructed residential housing in Hong Kong has subjected many people to heavy housing pressure, and the situation is expected to persist in the near future; in addition to the need to expeditiously increase the supply of land and residential housing by the Government, developers and other public or non-profit-making organizations, the Government should encourage people to step up the repair, maintenance and management of buildings to prolong their useful life; the various building maintenance programmes introduced by the Government in recent years, including the Mandatory Building Inspection Scheme, have led to a significant increase in the amount of building repair and maintenance works; yet, the varying standards of building repair and maintenance service providers at present have rendered some property owners suffering monetary and other unnecessary losses; in this connection, this Council urges the Government to step up regulation on the repair and maintenance works of private buildings, including adopting effective measures to provide appropriate assistance to property owners, owners' corporations and the building repair and maintenance sector, so that the public can receive professional building repair and maintenance services which are of good quality and value-for-money."

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

**DEPUTY PRESIDENT** (in Cantonese): Five Members will move amendments to this motion. This Council will now proceed to a joint debate on the motion and the five amendments.

I will call upon Members who move the amendments to speak in the following order: Mr KWOK Wai-keung, Mr CHAN Hak-kan, Mr Ronny TONG, Mr WU Chi-wai and Mr LEE Cheuk-yan; but they may not move the amendments at this stage.

**MR KWOK WAI-KEUNG** (in Cantonese): To begin with, I wish to thank Mr‍ Tony TSE for moving the motion today.

In fact, the housing problem in Hong Kong has remained in a bottleneck for quite some time, as reflected by the prolonged waiting time for public housing, the rocketing of property prices and rents every day to the point of exceeding the affordability of ordinary people, and also the emergence of "snail homes" such as "sub-divided units" and "coffin-sized units" in various districts. The housing problem is directly affecting the basic living conditions of the grassroots and the sandwiched class, and hindering the young generation's efforts to raise their own families. While requesting the SAR Government to act more quickly to increase land supply and the housing construction volume, we also agree that it should step up its work on the repair, maintenance and management of buildings, especially those older private buildings. This will help to prolong the life of such buildings. And, more importantly, this can ensure the safety of people's homes.

I still remember how a building on Ma Tau Wai Road collapsed several years ago. The incident was very shocking and saddening. After this building collapse incident, a fatal Number 3 alarm fire occurred in a tenement building. Some residents were killed by the fire as they were unable to escape. Such incidents have fully exposed the structural safety risks and fire safety risks of buildings. According to the information provided by the Development Bureau, there are tens of thousands of private buildings aged 40 years or above with more than three storeys. And the Buildings Department has likewise projected that over the next 10 years, the number of buildings aged 40 years will increase by 600 year after year in Hong Kong. Many of these buildings are facing the problem of dilapidation.

The successive implementation of various schemes such as the Mandatory Window Inspection Scheme, the Mandatory Building Inspection Scheme, and also the Operation Building Bright is undoubtedly good news to the industry. And the relevant schemes can also help to improve the living conditions and structural safety of old buildings. But such schemes have also posed new challenges to occupational safety in the industry. According to the figures provided by the Administration, during the period between 2011 and the first three quarters of 2014, there were totally 4 510 industrial accidents involving renovation and repair works. Such accidents accounted for 37% of the industrial accidents in the construction industry during the same period. Besides, there were 25 fatal industrial accidents involving workers falling from height. Of these cases, 11 involved workers falling from bamboo scaffolds, five involved workers falling from working platforms or falseworks, three involved workers falling from ladders, and five involved workers falling from 3 m or less above ground.

The Hong Kong Federation of Trade Unions is very concerned about the occupational safety of construction workers in the process of carrying out works projects. Over the years, we have expressed our concern about this in the Legislative Council and also through other channels (such as meeting with Development Bureau officials and other relevant officials). We are especially concerned about the safety measures taken by workers in the course of conducting repair works on the external walls of buildings. We must note that repair works projects will be launched one after another in the time ahead. In case of inadequate support and undesirable building design at the outset, more safety crises will be triggered.

Renovation, repair and maintenance are certainly necessary for old buildings. But new buildings actually also require all these efforts. The reason is that with the passage of time, new buildings will likewise turn into old buildings someday. Apart from the careful use of mechanical devices, enhancing workers' safety awareness and also stepping up law enforcement against violation of the law we have always talked about, building design actually also plays an important role in repair and maintenance works. The parties involved must make corresponding support arrangements, so as to ensure the safety of workers at work. Otherwise, even if the tools or mechanical devices used are up to requirement, and workers are conscious about their safety, the risk of accidents can hardly be reduced if building designs fail to dovetail with the works requirements. An example is that certain commonly used safety devices, such as angle brackets, cannot be installed on external walls of some buildings.

Sadly, for the purposes of exhausting the plot ratio and pursuing aesthetic and simple designs for their units, some property developers have installed certain fixtures on the external walls of buildings, or even at places which cannot be reached safely. An example is the installation of condenser units of split-type air conditioners, water heaters or gas furnaces in concealed places. As a result, repair workers can hardly repair such fixtures under safe and practicable circumstances. Or, they may need to make a great deal of efforts in order to remove and replace these fixtures. Workers will tend to risk their lives so as to avoid displeasing the residents concerned. This will greatly increase their risk of falling from buildings. Therefore, I have added a few words about building design in my amendment and also urged the Government to face up to the issue of erecting safety installations for repair and maintenance works on external walls of buildings, so as to strengthen protection for construction workers' occupational safety.

What is more, the guidance notes issued by the Labour Department on the conduct of works on external walls of buildings are already outdated, as no appropriate adjustments have ever been made to the guidance notes in light of new building's designs. As a result, workers are at a loss as to how they should comply with the guidance notes as the designs of new buildings are in conflict with the outdated guidance notes. This shows that the guidance notes have failed to provide true and adequate protection for workers.

Moreover, I am also concerned about work injury compensation and rehabilitation. One work accident is already way too many. And, every work accident will necessarily involve the breadwinner of a family. If a worker is injured at work due to his failure to stay alert, he can only blame himself for his lapse of attention. However, if a worker sustains injuries as a result of certain inherent inadequacies, such as unsafe building designs or inadequate protective devices, I hold that the contractor and the government departments enforcing the law must be held responsible. In an industrial accident, the injured worker is definitely the one who suffers the greatest pain and distress, let alone his family. Although the Employees' Compensation Ordinance (the Ordinance) is already in force in Hong Kong to offer certain compensation to workers for their work injuries, the protection it offers is far from extensive and comprehensive.

The Ordinance was enacted in as early as 1953, and it has been amended many times since then. But there is still much room for improvement. Besides, the Ordinance lays too much emphasis on monetary compensation while lacking any concern about work injury rehabilitation. As a result, an injured worker can hardly recover as soon as possible or develop any new skills. Without any new skills, how can such workers possibly join the workforce again? Or, how can they continue to be the breadwinner of their families? All this is our concern.

In addition, the contracting-out system has also made it difficult for many injured construction workers to pursue work injury compensation. The Hong Kong Construction Industry Employees General Union has found that many works projects are executed under subcontracts. In case of a work injury case, the second- or the third-tier subcontractor must report it to the authorities through the main contractor. But very often, the main contractor will ask for "astronomical" administrative fees, thus deterring the second- or the third-tier subcontractor from reporting the case. Besides, some main contractors may demand an administrative fee of as much as several tens of thousands of dollars from the second-tier subcontractors. So, the latter are scared away and dare not report the work injury cases for the workers concerned. Worse still, some employers may even claim that the injured workers are actually under self-employment. The existing penalties on main contractors do not have sufficient deterrent effect. Apart from stipulating that contractors should be held responsible for any work injury cases, the Government should also enact legislation to stipulate criminal liabilities of main contractors and streamline the accountability system for work injury cases, so as to avoid the shirking of responsibilities by various sides.

Deputy President, in view of the increasing number of repair projects involving old buildings and the corresponding growth in the number of related practitioners, the issues of occupational safety and the relevant protection must not be neglected. The Government must address these issues seriously and deal with them proactively.

Thank you, Deputy President.

**MR CHAN HAK-KAN** (in Cantonese):Deputy President, many people describe Hong Kong as a "concrete jungle" made up of tens of thousands of buildings. However, unlike ordinary jungles, the buildings in which we reside have limited durability dates and it is necessary for us to properly maintain them and repair them at the right time. At present, about 20 000 private residential buildings of four storeys or more stand in Hong Kong, and roughly 11 400 among them are more than 30 years old. Owing to dilapidation, some of these buildings are suffering various ageing problems, such as spalling and cracked concrete, exposed bar tendons, damaged pipes, unauthorized building works, water seepage, failure of fire service and electrical installation systems to comply with the current safety standards, and so on.

It is true that properly maintaining and repairing buildings is the responsibility of every property owner, but since the ownerships of many Hong Kong buildings are multiple and diverse, and large-scale maintenance works involve highly complicated and professional knowledge, such a responsibility cannot be easily handled by common people. Hence, from organizing property owners for maintenance, to identifying a qualified professional service provider, to getting quality engineering services, the active participation and provision of relevant assistance by government departments are needed most of the time. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) agrees with the general direction of Mr Tony TSE's original motion, which urges the Government to step up regulation on the repair and maintenance works of private buildings. Nonetheless, we find the original motion stopping short of making recommendations with regard to encouraging and assisting property owners. Thus, we put forward some revisions to make up for its shortcomings.

Deputy President, in order to carry out a large-scale maintenance project, we first have to organize the property owners, and then vote on resolutions and raise capital before launching the maintenance works. However, to a large number of "N have-nots" buildings, organizing property owners for meetings is probably more difficult than carrying out the works *per se*. In order to break the deadlock in organization with regard to the "N have-nots" buildings, the authorities launched the Operation Building Bright in 2011 and proactively helped the "N have-nots" buildings carry out maintenance works. It is regrettable that the Operation Building Bright has ceased to be active after two rounds of implementation. If owners of old buildings remain unorganized, maintenance of these buildings will only be a non-starter. Even though good recommendations are put forth in today's original motion or amendments, they can only become castles in the air.

Hence, the amendment put forward by the DAB urges the Administration to actively assist property owners in organizing owners' corporations, and to create a commissioner for management of old buildings to co-ordinate the efforts of various departments in providing relevant support services for property owners, so that owners can enjoy "one-stop" support in organizing owners' corporations, in arranging large-scale maintenance projects, and in applying for government assistance. Of course, if the authorities can launch the third round of Operation Building Bright, the maintenance of "N have-nots" buildings can be aptly done with minimal effort.

Deputy President, speaking about large-scale maintenance, apart from the concern over making financial contributions, many property owners also worry that the project may be bid-rigged, and thus lead to price extortion, services not living up to their promises and even project incompletion. At present, works consultants play a highly crucial role in large-scale maintenance projects, as property owners or owners' corporations must rely on them throughout the process: from the initial inspections of buildings, to drafting of tender provisions, to supervising and accepting the works. If by any chance the works consultants participate in bid-rigging, property owners will be placed at the mercy of the contractors. The Hong Kong Housing Society (HKHS) and the Urban Renewal Authority (URA) have gained plenty of experience in assisting property owners with building maintenance and they have also participated in the two rounds of Operation Building Bright. Therefore, we believe that they are able to make more contributions in combating bid-rigging.

We suggest the authorities allocate additional resources to the HKHS and the URA, to help strengthen their support to property owners and owners' corporation. According to our plan, we propose these two organizations consider providing works consultant service on a self-financing basis, so as to give small property owners one more option and foster greater competition in the market. We believe that so long as the property owners are able to appoint suitable and credible works consultants, and have large-scale maintenance projects co-ordinated and supervised by professional consultants, the risk of meeting with bid-rigging will be minimized.

Currently, bid-rigging is basically unregulated unless corruption or threat of violence is involved. This Council passed, before the end of the previous term, the competition law which explicitly targets bid-rigging activities. However, the date for the full implementation of the Ordinance has yet to be fixed. According to the timetable of the Competition Commission, in the first half of this year, that is, before the end of June, the guidelines under the Ordinance should be put in place and a date for the Ordinance's implementation will be recommended to the Government. With only two or three weeks left before the end of June, we hope that the Competition Commission can manage to overcome all obstacles and difficulties and let the competition law be implemented as early as possible, so that the increasingly rampant bid-rigging activities are not going to persist flagrantly.

Deputy President, the Government often indicates that it is the responsibility of property owners to maintain their buildings in good shape. However, even when property owners work together with one mind and are able to identify suitable consultants and contractors, they may yet be able to protect the safety of the buildings. The problem of unauthorized signboards is one of the biggest headaches and sources of helplessness to property owners in old districts. While property owners are unaware or disapprove of such works, so long as the building is located in a busy district and at an eye-catching site, chances are that people will overhang signboards to it without authorization, so much so that one or more large-scale illegal building works will be attached to the building in just one or two days. Such illegal activities frequently happen to old buildings in busy districts and cause much trouble to building owners. However, the authorities have apparently been indifferent to the phenomenon.

Nine out of ten of such kind of signboards are illegal building works which are put up to the buildings without getting consent from the property owners or approval from the Buildings Department. As unauthorized erection of signboards does not constitute any criminal offence, even if the property owners report to the Police immediately after finding it out, the Police will only refer the case to the Buildings Department for follow-up actions. And when the Buildings Department comes to inspect the building, they will only routinely classify the signboard as illegal building works and put it on waiting list for removal. It may take eight to 10 years before the signboard is finally removed. During the period, if any problem arises from the signboard and causes harm to passers-by, the building owners may have to assume the relevant civil and criminal liabilities. The DAB believes that if the authorities would like to encourage property owners to keep proper maintenance of the buildings, they have to face up to this problem squarely, consider making the unauthorized erection of signboard without building owners' consent a criminal offence to achieve a deterrent effect; besides, they should also empower the Police to stop the relevant activities on the spot. I have frequently raised this issue to the Secretary and his colleagues concerned, hoping that he can seriously consider it.

Deputy President, the other contents of the amendment under my name are listed in the amendment in detail. Owing to the time constraint, I am going to leave the elucidation of them to other DAB colleagues. Next, I will briefly talk about the DAB's views on the other amendments.

First, we recognize the need to protect the occupational safety of building maintenance workers and therefore are going to support Mr KWOK Wai-keung's amendment. Second, though we have yet to hear Mr WU Chi-wai talk in detail about the establishment of a building maintenance authority, we agree that the service rendered by overseers of building repair and maintenance works should be upgraded. Thus, we are going to support Mr WU Chi-wai's amendment. Finally, the DAB supports in principle increasing the quorum of the meeting for voting resolutions on large-scale maintenance projects but has reservation with regard to raising the threshold for passing resolutions. In some sizable housing estates, if the threshold for passing resolutions is set too high, it would mean no projects can be carried out. We hold that the current threshold of over 50% for passing resolutions is high enough to protect the interests of the majority of property owners. If we raise the threshold further, or even to 75% of ownership, it may bring about adverse effects, preventing the necessary maintenance works from rolling out in time and eventually undermining the interests of the majority of property owners. Therefore, we are not going to support the relevant amendments.

Deputy President, I so submit.

**MR RONNY TONG** (in Cantonese):Deputy President, it is certainly out of good intentions that a policy on the repair and maintenance of private buildings is laid down. If we look at the issue from the fact that Hong Kong has so many buildings constructed many years ago, it is paramount to lay down this policy.

However, similar to the way many other policies were proposed, when proposing the policy, the SAR Government totally has not considered whether pertinent ordinances that can sufficiently support the policy are available. In particular, has the Government considered whether the Building Management Ordinance and the Competition Ordinance can dovetail with the launch of the policy, so as to prevent members of the public from suffering losses in this regard? The answer is obviously in the negative. In fact, the Building Management Ordinance has long been castigated by the people of Hong Kong. In these many years serving as a Member of this Council, I have put numerous questions and made numerous suggestions, yet all of them have been brushed aside by the Government.

In fact, the biggest problem brought out by this policy has revealed a major symptom that the policy on private building management has seriously lagged behind the development of society. We need to be aware that the fees for repairing and maintaining residential estates and large buildings can cost as much as hundreds of millions or even billions of dollars. Property owners in general, whom I will not describe as small property owners, may have to pay hundreds of thousands of dollars, on a per household basis, so as to share out the astronomical repair and maintenance costs. How are we going to prevent the launch of the building repair and maintenance policy from putting people in a helpless situation which may facilitate lawbreakers to reap profits? Apparently, the Government has never considered this question.

Let me cite a very simple example. In order to endorse a major repair works project for a building, the owners' corporation of the building will have to do a prior research to find out the credibility of different contractors, whether their prices are reasonable and value-for-money, and whether genuine competition exists among different contractors. To begin with, it is unfair to ask property owners to handle these issues because they are not building management professionals. They obviously need to rely on professionals to do these things. However, how professional are those professionals? Will they provide advices that are in favour of certain contractors due to conflict of interests, thereby enabling some business operators or property owners to make ill-gotten gains? These are issues worth consideration. When the agenda item on a building repair works project is put to vote, how many owners clearly know what they are voting for? Are their different views fully reflected in the owners' meeting?

Deputy President, let me cite a simple example. We all know that only 10% of the owners of a building are required to meet the quorum for the owners' corporation to convene an owners' meeting, and a resolution can be passed at the meeting as long as a majority of the owners present vote for it. In other words, theoretically speaking, only 5% of the owners can decide for the other 95% of the owners to endorse a works project costing hundreds of thousands or even billions of dollars. Setting aside the question of whether this is fair handling approach, at the very least, this may possibly be a big loophole which invites exploitation by unscrupulous business operators? They only need to convince 5% of the owners and then they can do whatever they wish. The Competition Ordinance is not fully available to combat such bid-rigging activities. This has become a cause of great concern to the people of Hong Kong. Hence, we must face these problems squarely if we are to tackle the issue and to enable property owners to know how much they will have to share financially and what benefits can be brought to the housing estates where their home is situated in.

I have proposed in my amendment that a legislative amendment relating to the costs of works projects be introduced to protect property owners. For example, when the cost of a works project exceeds 30% of the owners' corporation's annual budget, when so much money is involved, should we not introduce special procedures to handle such projects? Deputy President, in my view, it is appropriate to set a higher threshold if the problem under discussion worsens increasingly and brings about increasingly far-reaching impacts, and Members will not question such an arrangement. Deputy President, for the constitutional reform proposal to be passed, it also requires a two-thirds majority vote of the Members. Right? If the maintenance project involves billions of dollars, requiring property owners to shoulder tens of thousands of dollars each, why can we not ask for the adoption of a more stringent procedure? Even if we raise the quorum of the meeting to 20%, theoretically and legally speaking, the maintenance projects, which costs billions of dollars, can be endorsed with the support of as little as 10% of the owners. This is already a relatively conservative request.

I heard Mr CHAN Hak-kan said just now that if the threshold for passing a resolution was to be raised to 75% of the owners present at the owners' meeting, it might be difficult for resolutions to be passed. True, and this is precisely our intention, which is to make resolutions not so easy to be passed. Otherwise, many property owners will be trapped in an ordeal. We have received many complaints in the past few years and the complainants were precisely stuck in the same situation. In such cases, resolutions for carrying out maintenance projects were passed in owners' meeting without their knowing. By the time they realized what had happened, they had to contribute hundreds of thousands of dollars to the projects, while similar works projects done in neighbouring buildings would only cost half of their price. Can you imagine how they feel?

Hence, if a more stringent procedure for endorsing resolutions is adopted, property owners, not unscrupulous business operators, will be the ultimate beneficiaries. Thus, I beg to differ with the views raised by Mr CHAN just now. May be the interests of the contractors were in his mind just now, and so he found it unacceptable to stand by the property owners and demand for a more stringent but reasonable procedure for them.

Deputy President, another point I have to raise concerns the law-enforcement matter of the building management system as a whole. I have asked Home Affairs Department more than once in this Chamber whether it can do more in this respect. It is because the tribunal on building affairs exists only in name. Why is it so? If individual property owners wish to initiate litigation against the owners' corporation, the former will have to do so with their own money. Who is willing to do that? If they lose the case in the end, they will have to bear the legal cost. What will happen to them? They may even lose their flat because of this. As a result, owners' corporations have become very powerful and their position is unshakable. Is this conducive to the building management policy? Not helpful at all. Hence, one of the requests I have made in my amendment is that the practices of the Small Claims Tribunal can be applied to these cases, so that property owners have to represent themselves in these dispute cases without the presence of lawyers and professionals. Only by so doing can the original purpose of building management be truly realized. Thank you, Deputy President.

**MR WU CHI-WAI** (in Cantonese):Deputy President, many people would associate building repair works with bid-rigging. Indeed, most of the disputes over building management in recent years are related to costs of building repair works. Moreover, after the passage of the legislation on mandatory building and window inspection, building repair works have even become a piece of "fat meat" in the eyes of illegal groups. I believe that many colleagues have received requests for assistance from property owners regarding problems involving syndicated bid-rigging in building repair works or exaggerated work costs through illegal means, all of which will eventually cause property owners to suffer monetary loss.

As I have just mentioned now, the legislation on mandatory building and window inspection was passed a few years ago; however, support given by the Government to property owners has not improved consequentially. For example, while property owners lack access to adequate information on work projects, reference on costs of repair works is not covered under the assistance provided for property owners by the Government and public organizations such as the Hong Kong Housing Society and the Urban Renewal Authority (URA).

Moreover, in enforcing the Building Management Ordinance (Cap. 344), the Home Affairs Bureau and Home Affairs Department have failed to exercise their power vested by the legislation to protect property owners' rights and benefits. For instance, if the owners' corporation (OC) deliberately let the post remain vacant after the chairman of the building's management committee resigns and the management committee refuses to fill the vacancy in compliance with the by-election mechanism stated in the Ordinance, when the owners have collected enough percentage of shares in accordance with the Ordinance to convene a meeting of owners, they are still unable to convene such a meeting to overturn the repair works contracts originally passed by the OC.

The Home Affairs Department always recommends owners to seek legal assistance from the Lands Tribunal in cases of such disputes, so that the issues can be resolved and handled through arbitration. However, in a recent litigation case conducted at the Lands Tribunal, even though the owners have successfully applied for the dissolution of the management committee, the property owner still have to pay the litigation costs because the management committee has used the operating fund of the OC to engage in the lawsuits.

From the various situations mentioned above we can see that the Government has, on the one hand, driven the property owners into the slaughterhouse as prey through legislation, and shirked off its responsibilities on the other. It just keeps repeating its golden rule that "it is the owners' responsibility to manage their buildings". This is indeed a deeply-implanted impression. The Government has already conducted public consultation on the proposal to amend the Building Management Ordinance some time ago, yet we consider the legislative amendment process too lengthy. Indeed, the Government has a responsibility to and must implement short-term measures expeditiously to reduce the risks of property owners being subject to bid-rigging.

Apart from bid-rigging, another reason why we urge the Government to strengthen support for building repair is that building repair is one way to achieve urban renewal. Through encouraging and enhancing building repair, we can reduce our reliance on redevelopment as a way to deal with old buildings. That way, the harm caused by the rebuilding projects to the entire community network and atmosphere can be alleviated, thereby minimizing one of the problems that the URA has long been criticized for. Moreover, the community can benefit from effective building repair and maintenance works, as the integrity of community can be maintained while building safety will also be safeguarded.

Relying solely on building redevelopment as an urban renewal strategy would lead to very serious moral risk. Some buildings could actually have their useful life extended by repair works, but some of the property owners may decline to bear such responsibility in the hope that the URA would offer to purchase their buildings. As a result, some buildings which previously did not need to be redeveloped are now in need of redevelopment, while the quality of some other buildings deteriorates drastically. One typical example is the Kwun Tong Town Centre redevelopment project which is actually implemented 20 years after its announcement. I eagerly wish that the Government can examine the case. During those years, the quality of buildings in the district deteriorated rapidly. For this reason, the Government cannot turn a blind eye to the building repair problems simply because this is the responsibility of property owners. Indeed, such an attitude of the Government has caused many owners to believe that the ultimate solution is redevelopment, and have thus shifted all the pressure and responsibility to the URA. This is detrimental to our cohesiveness in society.

Deputy President, the Government must provide support on all fronts to assist property owners in repairing their buildings. Firstly, the Building Management Ordinance should be amended and loopholes be plugged; secondly, the Home Affairs Bureau should exercise its power vested by the law to assist owners in dealing with issues involving building management; thirdly, credible public institutions such as the URA and the Hong Kong Housing Society should offer professional services like those provided by authorized persons, including supervision of works and provision of information on costs estimation, and so on.

The first measure is to tackle the fact that some people have exploited the loopholes in the Building Management Ordinance. The original intent of the Building Management Ordinance is to encourage property owners to participate actively in the management of their own buildings. As such, the Ordinance is extremely lenient with OC members who have not fulfilled their responsibilities. However, the core of the legislative intent has indeed changed with social development. Disputes involving building management in recent years have indicated that the existing legislation is no longer capable of resolving the various conflicts. In some cases, some have even made use of the various requirements under the Ordinance to restrain the rights and benefits of property owners, thereby further deepening and escalating the conflicts. For example, as I have mentioned just now, some management committees vacant their chairman posts without arranging for by-election to make it impossible for property owners to overturn decisions made by the management committees. Moreover, as at present, it requires a quorum of only 10% of the total number of property owners to pass a major resolution, including tender for building repair works; besides, only a majority of the votes of those owners present at the meeting is required to pass a resolution with binding effect on the whole building. This arrangement has been criticized as the reason why the relevant resolution on repair works lacks legitimacy. Besides, this has also given rise to repeated conflicts over many building repair projects, and the repair works are left on hold for a long time because the parties are unable to convince each other.

The second measure is directed at the Home Affairs Bureau and Home Affairs Department, as they have long been adopting an evasive attitude and neglecting the building management problems caused by bid-rigging. For example, Liaison Officers from District Offices never provide legal advice, as they just advise property owners or OCs to seek professional legal advice by themselves if problems arise, or refer the problems to the Lands Tribunal. Is this a proper way to handle the issues? Is this the right way to assist owners in handling building management works?

Thirdly, from the bid-rigging cases, we can see that property owners most likely have to suffer monetary loss due to asymmetrical access to information. It is no doubt that property owners lack the expertise and reference to market price, yet the assistance offered by the Government in the past was mainly confined to consultation, and no key technical support has ever been provided. What makes the matters worse is that, as some practitioners in the trade have relayed to us, given the considerable benefits involved in such building works, some authorized persons not participating in bid-rigging dare not provide technical support for such building works under worries of retaliation or being expelled from the trade. This has led to a situation in which bad money drives out good. Under such circumstances, we consider that things can only be improved if the Government or public institutions can get involved to arrange technical support through authorized persons. In fact, building repair works rely heavily on assistance and support given by authorized persons with integrity, and this is the only way that the rights and interests of minority property owners can be protected. However, what is the Government going to do to help property owners identify repair service providers with peace of mind? What should be done to make the property owners rest assured that the repair works will commence properly and the results will be of good quality? I consider that it is the responsibility of the Government to deal with these issues, because the ageing problem of buildings facing will continue to exist. Shall we stick with the old strategy and address the problem through redevelopment? Or, shall we explore a new way forward for urban renewal through enhancing our support for building repair and maintenance works?

In April this year, some senior officers of the management company of a housing estate in Sha Tin were arrested for alleged participation in bid-rigging. However, judging from the number of complaints received over the years, we believe that many black sheep of the trade are still out of the law's reach. Therefore, the Government should provide further support for property owners. On the other hand, the Democratic Party hopes to see stronger law-enforcement actions by the Hong Kong Police Force and the Independent Commission Against Corruption, so as to combat the illegal bid-rigging activities. Otherwise, the rights and benefits of property owners will be left unprotected, and conditions of buildings will further deteriorate and pose a threat to public safety.

Thank you, Deputy President.

**MR LEE CHEUK-YAN** (in Cantonese):Deputy President, I think the aim of proposing this motion debate today is to arouse community concern, which will then push the Government to plug the loopholes to protect the rights and interests of property owners. First of all, on behalf of the Labour Party, I would like to pay tribute to the Property Owners Anti-Bid Rigging Alliance, because the property owners concerned are really very miserable. They are victims of bid-rigging activities. At first they did not know what to do, and then they decided to organize themselves and voice out jointly for themselves. Their voices have indeed achieved an effect, as all property owners in Hong Kong are now aware of what is actually going on. Their deplorable stories will actually make every listener feel like hugging them and crying aloud. They have organized processions and convened press conferences to give personal accounts of their own deplorable stories and experiences. Such efforts have successfully alerted a lot of property owners, who eventually refuse to accept the whopping high quotations for the repair and maintenance services of bid-rigging syndicates which would then reap exorbitant profits. Therefore, we can say that their deplorable stories have saved a lot of property owners in Hong Kong.

Today, I would like to recount the whole process. I would ask Members to take a look at a diagram which is called "the lucrative bid-rigging activities". The Government requests that repairs and maintenance works should be done on old buildings. For instance, spalling concrete falling off the external wall of a building is a very serious matter and will trigger the problem of safety. I believe no one will object that. However, the problem is why "the lucrative bid-rigging activities" do emerge at present. This is because there are too many loopholes in the whole process. These loopholes are derived from the Building Management Ordinance. Besides, the laws governing the owners' corporations (OCs) also have loopholes. As a result, some people are able to reap profits from the loopholes, and the sums of money involved are not small at all, amounting to thousand millions of dollars.

Sometimes, we are proud of the diligence of Hong Kong people; and at other times, we also say that we are proud of the wittiness of Hong Kong people. However, if some people are excessively witty, they may make use of the legal loopholes to reap ill-gotten gains. We do not need this kind of wittiness. We need to be witty so as to develop businesses. However, we do not hope that these businesses will tread upon the hard-earned savings of other people. We do not hope that these businesses will build up our own lucrative profits from other people's misery.

How do these people conduct the lucrative activities? From the diagram, the bid-rigging alliance is in white characters with black background, while the OCs  sometimes there are even no OCs at all, as some buildings only have owners' committees, and owners' committees do not have the right to make decisions. Finally, there are the management companies. However, please remember that these are not normal management companies. In fact, they all belong to the consortia. Hence, please do not say that they are normal businessmen, because the management companies of many consortia are also involved. From the diagram, we can see that the management company is here, the project consultant is here, while the contractor is here. There are four parties together, and they form a bid-rigging alliance to engage in lucrative activities.

How do they collude among themselves? First of all, the main character that comes out first is the project consultant. They need to select a project consultant. In fact, there is already collusion in the process. This project consultant will then act as the core character and make this lucrative activity possible. For the management company and the OC, the most important task is to ensure that this project consultant will be selected. Then, how can he be selected? According to the wisdom of the business sector, the most important means is competition. Hence, the bids should be selected on the basis of price. However, on the other hand, they are actually very willing to offer low prices. They will bid the tender with very low quotation. Why do they have to do that? It is because when they bid the tender, they actually do not mind even if it is free service, and they settle for a few ten thousand dollars as consultant fee. Any price is acceptable to them. Mr Paul CHAN may be very familiar with this practice. He should know this occupation very well. Any price is fine with them.

After this project consultant has got the project with a very low quotation, people will then ask ― I remember there was a question on this subject in the Legislative Council in the past, and he was still a Member then ― with such a low quotation, how can he make any profit? This is not feasible. There is no reason why he will be willing to take up this project. Nevertheless, the reason why he is willing is that they can really do it with an exclusively low bid. This, of course, needs the consent of the property owners through a general meeting. However, when the general meeting sees the exclusively low bid, it also does not care much. Since it is the lowest bid, according to traditional wisdom ― this also proves that traditional wisdom does not really work ― since the contract will be given to the lowest bidder, it will then be given to it. Afterwards, it will find a contractor. At present, there is a group of contractors engaging in bid-rigging activities. There is a list of them engaging in such activities everywhere. If A gets the contract this time, it will be B's turn next time. A group of people are involved. No matter who gets the contract, actually the money will be paid to these three parties at the end, namely, the project consultant, the management company and the OC.

Then, upon forming a bid-rigging alliance, some non-bid-rigging people will come forth, and the alliance will then seek to get rid of the competitors by means of intimidation, bribery or violence. This may involve the triad society. Hence, the whole issue is not that simple. If the contract is really awarded to the lowest bidder, when there are also other proper bidders participating in the process, theoretically the alliance's bids will still be selected. However, the situation is not like this. The proper bidders will be got rid of, so that all contracts will be given to the bid-riggers in the absence of other competitors.

However, if all the contractors are bid-riggers, how can the resolution be passed at the general meeting? Of course, there is actually another loophole, and that is the use of proxy instruments. Proxy instruments can be purchased. The biggest problem is that purchasing and selling of proxy instruments are not illegal. Thus, one of our amendments asks to criminalize such acts. The Government should not let people purchase and sell proxy instruments. After the proxy instruments are being purchased or sold, the OC and the management company will exhibit their functions because only a very limited number of people are involved at this stage. They are responsible for obtaining the proxy instruments and giving consent to the exorbitant repair and maintenance costs. I would like to quote an example to Members. The repair and maintenance costs of Garden Vista were $260 million, and every household has to pay $240,000 to $300,000. These property owners found a surveyor and asked him how much the repair and maintenance works for spalling concrete would cost, and they subsequently found that the price of $260 million was two times the normal price. In fact, they only need to pay half of that price for the works.

There is another shortcoming in the process, which is the lack of assistance from the Government. Basically, no one will know the normal price for such kind of works. However, the Government is unwilling to provide a price list for the normal pricing of such works. The Government is unwilling to provide this service. Therefore, the property owners can only listen to the project consultant who will say that he has already found a certain company which is the best and offers the best price. Nonetheless, the property owners forget that they have long gotten rid of other competitors. Hence, the price offered by the only one company left will, of course, be the lowest. Finally, it turns out that the property owners are the people who suffer losses, as they have to pool in a lot of money. Therefore, the property owners will eventually become the lamb at the top of the diagram. They will become a lamb to be slaughtered by the whole syndicate. This is the most miserable part.

Hence, Members can imagine how miserable the whole syndicate has rendered the residents. Of course, there are many other loopholes in the process. As such, the Labour Party hereby proposes a few methods to block the loopholes. For the first loophole, since the whole issue starts with the general meeting, how could we block the loophole? Should we increase the quorum for voting resolutions on large-scale maintenance projects, and raise the threshold for passing the relevant resolutions? At present, a resolution can be passed by only 10% of property owners. Should we increase the quorum to, say, 30% of property owners?

Secondly, as I have mentioned earlier on, the proxy instruments can be purchased and sold at present. Hence, we propose to invoke the Elections (Corrupt and Illegal Conduct) Ordinance to regulate the voting and electioneering activities of general meetings, thereby combating such transaction activities. In fact, under the existing practice, one cannot ask people to vote during an election. Can this practice apply to the present case to the effect that proxy instruments cannot be purchased or sold? This is another proposal.

Besides, there is another approach which is the so-called piecemeal approach. At present, they will break down some large-scale maintenance projects into various small projects. It is thus not easy for people to notice that there are so many projects altogether. That being the case, do we need to eradicate the adoption of piecemeal approach by, say, prescribing standard forms for maintenance projects tenders so that people can easily see all the relevant papers and property owners can make reference to them easily? The above proposals can prevent property owners from turning into lambs to be slaughtered by the syndicates. Of course, the Competition Ordinance has already been submitted to the Legislative Council, and this will serve as one more ordinance to regulate bid-rigging activities. However, regarding the Building Management Ordinance, the thresholds for voting and passing resolutions in the general meeting *(The buzzer sounded)*  should also be raised. I hope that 

**DEPUTY PRESIDENT** (in Cantonese):Mr LEE, your speaking time is up. Please sit down.

**MR LEE CHEUK-YAN** (in Cantonese):  these measures can eradicate bid-rigging activities.

**DEPUTY PRESIDENT** (in Cantonese):Mr LEE, please sit down.

**SECRETARY FOR DEVELOPMENT** (in Cantonese): Deputy President, buildings are places where we live, work and conduct various activities every day. And they are also the most precious assets to many people. Building management, repair and maintenance are closely related to people's living, and they are also areas of great concern to the Government. For these reasons, I wish to thank Mr Tony TSE for moving the motion and the five Members for proposing their amendments. This debate has given us an opportunity to discuss the relevant issues with Honourable Members here.

Before I explain the Government's efforts in building management, repair and maintenance, I wish to give a brief reply to the issues of land and housing supply mentioned by Mr Tony TSE in his motion.

The Government is fully aware of the serious discrepancy between land supply and social demand in Hong Kong over the past few years. Inadequate supply has led to the present high property prices and rents, prolonged waiting time for public housing, and also shortage of lands for building various community and welfare facilities. In this connection, the Government has put forth a series of proposals on increasing the number of subsidized sale flats through the Hong Kong Housing Authority, the Hong Kong Housing Society (HKHS) and also the Urban Renewal Authority (URA), so as to address people's housing demand and provide medium- and low-income families with more home acquisition choices and opportunities.

(THE PRESIDENT resumed the Chair)

The Government will continue to make vigorous efforts to increase land supply. In particular, in the face of people's huge demand for housing, we will increase and strive to expedite housing land supply in the short and medium run. As I have already given an account of the specific measures to Honourable Members at other meetings and on other occasions, I am not prepared to repeat them here. I hope to communicate and exchange views with Honourable Members and other stakeholders on an ongoing basis, so that we can join hands to expedite and increase land supply and in turn address people's demand.

President, I wish to point out that although the Government has been striving to increase land and housing supply, it has not neglected the issues of building management, repair and maintenance. As everybody knows, Hong Kong is now facing the problem of building ageing. At present, there are around 5 900 buildings aged 50 years or above in Hong Kong, and this number will increase by around 580 every year. There are even as many as 20 000 buildings aged 30 years or above, and the number will increase to around 30 000 in 10 years. In the absence of proper management, repair and maintenance, these old buildings will pose threats to public safety. Therefore, the Government has introduced various measures for raising the standard of building management, repair and maintenance.

Speaking of building management, I think everybody knows that Hong Kong is one of the most densely populated places with literally countless multi-storey buildings in the world. This is also the reason why complicated building management problems have arisen. At present, as many buildings still have not set up any owners' corporations (OCs) or management bodies, property owners can hardly manage their buildings effectively. Even in the case of those buildings with OCs, disputes over building management and also other related matters have still occurred from time to time between OCs and property owners and also among property owners themselves. In this regard, the Home Affairs Department (HAD) under the Home Affairs Bureau has been playing the role as a facilitator over all these years. It has launched various measures to encourage property owners of buildings without any OCs to form suitable owners' organizations and to provide them with necessary support, along with assisting property owners in dealing with their disputes, with a view to enabling them to discharge their building management responsibilities more effectively.

The HAD has introduced various measures in recent years to provide comprehensive support focusing specifically on the needs of property owners of old buildings, especially those buildings in "three-nil" situation (that is, no OCs, no residents' organizations and no property management company), and also the needs of OCs.

In order to enhance support to owners of old buildings with low rateable values to improve their building management, the HAD has launched a programme called the Subsidy for Owners' Corporations of Old Buildings (the Subsidy Programme) under the Community Care Fund to provide OCs of these buildings with financial subsidies to foster better building management and encourage more property owners of "three-nil" buildings to form OCs. The Subsidy Programme launched in October 2012 will be implemented for three years. During the implementation of the Subsidy Programme, eligible OCs may apply for subsidy on an accountable basis in respect of their expenses on the procurement of third party risks insurance, the regular inspection of fire services and electrical equipment, and also the clearance of fire escapes.

Speaking of assisting property owners in handling disputes, the programmes implemented by the HAD on an ongoing basis include the Building Management Professional Advisory Service Scheme, the Resident Liaison Ambassador Scheme and also the "AP Easy" Building Maintenance Advisory Service Scheme. The authorities are aware that many building management issues invariably involve title and deeds. For this reason, in January this year, the HAD launched a free legal consultation service on any legal matters associated with building management for property owners and OCs with the support of The Law Society of Hong Kong.

At the same time, as building management issues may lead to disputes, the HAD has joined hands with the Hong Kong Mediation Council and the Hong Kong Mediation Centre since March this year to make referral for the two sides of a dispute to the Free Mediation Service Pilot Scheme for Building Management after obtaining their consent, so that both sides can reach a settlement through mediation.

On the other hand, the HAD is now conducting a review of the Building Management Ordinance (the Ordinance). The Ordinance provides a legal framework for owners to organize themselves to discharge their building management responsibilities. To cope with the changing needs and circumstances of building management, the Government has established the Review Committee on Building Management Ordinance (the Review Committee) to conduct a comprehensive review of the Ordinance. Having considered the recommendations of the Review Committee, the HAD conducted public consultation on a number of legislative and administrative proposals during the period from the end of last year to early this year, in the hope that the proposed measures might help to address certain major issues of concern to people in recent years, such as the disputes arising from large-scale maintenance projects, the use of proxies at OC meetings, and also the appointment and remuneration of deed of mutual covenant managers. The HAD is now collating the views gauged during the public consultation period, and it will conduct detailed and in-depth analysis of the views. Afterwards, it will formulate the final proposals. The authorities will seek to complete the collation and analysis of the views as soon as possible, and then report the progress to the Legislative Council later on.

As for building repair and maintenance, President, I must emphasize one thing first. Timely repair and maintenance of buildings is a responsibility rested on property owners. The Government mainly plays the role of requesting and encouraging property owners to discharge their responsibilities, and assisting them in doing so. For this purpose, the Government has adopted various measures under a multi-pronged approach covering different areas such as the enactment of legislation, law enforcement, the provision of support for property owners, publicity, and also public education.

Speaking of enacting legislation and enforcing the law, the Government introduced the relevant legislative amendments and fully launched the Mandatory Building Inspection Scheme (MBIS) and the Mandatory Window Inspection Scheme (MWIS) in 2012 based on the rationale of "prevention is better than cure". Property owners of buildings aged over 30 years are required to conduct inspection of their buildings, and property owners of buildings aged over 10 years must conduct inspection of the windows in their buildings. Under the MBIS, property owners are required, within a specified time frame, to appoint a registered inspector to carry out a prescribed inspection and to appoint a registered contractor to carry out a prescribed repair found necessary of the common parts, external walls, projections and signboards of the building once every 10 years.

Under the MWIS, building owners are required, within a specified time frame, to appoint a qualified person to carry out a prescribed inspection and to appoint a registered contractor to carry out a prescribed repair found necessary of the windows in the building once every five years.

Since the implementation of the two schemes in 2012, the Buildings Department (BD) has selected around 3 500 buildings to undergo mandatory building and window inspection. Besides, the BD has also selected 4 300 buildings to undergo window inspection only. If any property owners refuse to discharge their responsibilities as required by the law, the BD will take law-enforcement actions.

As for providing support for property owners, I wish to point out that since the implementation of the Operation Building Bright in 2009, the Development Bureau has co-operated closely with the BD, the HKHS and also the URA and launched various assistance schemes for property owners. Such schemes include the Integrated Building Maintenance Assistance Scheme with the aim of providing property owners with "one-stop" comprehensive financial and technical support, the Building Maintenance Grant Scheme for Elderly Owners focusing on the needs of elderly property owners, and also the Mandatory Building Inspection Subsidy Scheme with the objective of assisting property owners in discharging their building inspection responsibilities. Over the past few years, thousands of buildings and property owners have received the necessary assistance under these schemes.

In the long run, the timely repair and maintenance of buildings must rely on property owners' self-initiated actions. Only this can achieve twice the result with half the effort. Through publicity and public education, we hope to foster a culture of attaching importance to building safety in Hong Kong. Apart from conventional publicity and educational activities (such as television advertisements and posters), we have also adopted certain tailor-made publicity strategies. Some examples are seminars and thematic activities targeting at property owners and students respectively.

In order to enhance the young generation's understanding about the importance of timely building repair and maintenance and also general building safety, we have compiled a teaching kit and incorporated the associated issues into the Liberal Studies curriculum for schools. Besides, the HAD has also organized educational and publicity activities on a regular basis, in a bid to encourage property owners to actively participate in building repair and to understand the details of repair works as early as possible. We will continue to conduct publicity and public education, so as to encourage property owners to undertake timely repair and maintenance works for their buildings.

President, I have just briefly explained the Government's efforts of promoting building management, repair and maintenance at various levels. I am aware that Honourable Members have many views and improvement proposals on related issues. Some specific proposals have already been set out in Mr Tony TSE's motion and the amendments proposed by other Honourable Members. I believe Honourable Members will put forth other views and proposals in their speeches later on. I will give a consolidated reply after listening to Honourable Members' speeches in detail.

Thank you, President.

**MR WONG KWOK-HING** (in Cantonese): President, I thank Mr Tony TSE for putting forward this motion. I speak to support the original motion and Mr‍ KWOK Wai-keung's amendment. In respect of today's debate, I find it most regrettable that there is no representative from the Home Affairs Bureau in attendance. In fact, many of the contents of the original motion and the amendments are directly related to the Home Affairs Bureau. Even though Secretary CHAN can help relay my message, I still find the debate incomplete without the participation of the Home Affairs Bureau.

The authorities have already rolled out a number of schemes to regulate the repair and maintenance works of private buildings, yet these schemes fail to generate effective outcome. Let me cite two examples to elaborate the severity of the problem. The first example is the Mandatory Building Inspection Scheme, under which statutory notices on building inspection are served. The Buildings Department launched the Scheme in 2013, and as at the end of 2014, 31 896 statutory notices have been served, of which 2 997 or 9% have carried out inspection; and among these 2 997 statutory notices, only 1 526 (or 4.8% of the total 31 896 statutory notices served) have set out prescribed repair works. These two figures show the undeniable fact that the implementation of the Scheme has met with huge obstacles and difficulties. Here let me cite the second example, which is about the Fire Safety (Buildings) Ordinance that came into effect on 1 July 2007. After the disastrous fire in Fa Yuen Street, the authorities have strictly enforced the Ordinance which requires all buildings completed before 1 March 1987 to have fire service equipment and installations in compliance with the fire safety laws. Although this requirement is well intended, it can hardly achieve any practical effect. The Fire Services Department carries out inspection for 12 000 buildings in two phases ― its target is to inspect 9 000 buildings in the first phase, and 3 000 buildings in the second phase. Up to January 2015, the Fire Services Department has issued Fire Safety Directions to some 4 500 tenement buildings, yet only 71 buildings have complied with the Directions. From this low compliance rate of only 1.5%, we can see that this measure is by no means effective. Why is that so? There are indeed a myriad of subjective and objective factors.

First of all, the Building Management Ordinance needs to be amended urgently as it is full of loopholes and defects. I am of course pleased to see the consultation conducted by the Home Affairs Bureau currently, but there is seemingly a need to step up the pace in a bid to generate effective and glaring results; otherwise, the regulation of the repair works of many buildings, the operation of owners' corporations and the control on management companies would be hampered. As regards the second problem, for many years, I have been repeatedly urging the Home Affairs Bureau to create more liaison officer positions for the various District Offices, as Liaison officers are specialized personnel tasked to handle the liaison work with private buildings. Regrettably, however, the manpower in this respect has not been substantially increased over the years. During my visits to the districts, I still met some part-time community officers who have been carrying out this type of duties for years. I find this deeply regrettable that the Government has not allocated more resources to recruit additional manpower to give proactive instructions and assistance to owners' corporations or the management personnel of the buildings or premises concerned. Thirdly, as I mentioned just now, the enforcement of the Ordinance in an "across the board" manner is not practicable. Regarding the rooftops of many nine-storey single buildings which are under private ownership, there is no room for the installation of fire services water tank, yet it is a mandatory requirement under the Ordinance that a water tank should be installed to work with the automatic sprinkler system. Given that it is practically impossible for such buildings to install the water tanks, why do the authorities still insist on enforcing the requirement in an "across the board" manner? Eventually, many of these buildings just find it hard to comply with the Ordinance. Lastly, I have to talk about the "three-nil buildings". The biggest problem of this type of buildings is that they do not have in place any owners' corporation or property management company. Moreover, many of the property owners are elderly people who hardly know anything about building management. And from this we can see that the support provided by the District Offices is totally inadequate. Despite the numerous schemes mentioned by the authority and the Secretary, it seems that the authorities have failed to provide concrete assistance and adequate support to meet the urgent needs of the residents. Hence, I urge Secretary CHAN to face these problems squarely and relay my message to Secretary TSANG if he is unable to deal with the issue.

**MISS ALICE MAK** (in Cantonese): President, The Hong Kong Federation of Trade Unions supports Mr Tony TSE's original motion and Mr KWOK Wai-keung's amendment. In our view, the buildings repair schemes launched by the Government in recent years to protect the property, life and safety of the public are worthy of society's support. Given that the Government has rolled out a number of repair schemes almost at the same time, such as the Mandatory Building Inspection Scheme, the Mandatory Window Inspection Scheme, Operation Building Bright, and so on, we can see a sudden and substantial increase in both the relevant projects and working opportunities for workers. However, in some cases, the repair process and quality of works may not be up to standards. The authorities concerned must perform the gate-keeping function properly to protect the property of the public. Hence, this motion is an opportunity for us to discuss the ways to improve the relevant measures and situations.

I would like to take this opportunity to raise the manpower problem of the Buildings Department (BD), which is mainly responsible for inspection and monitoring work. In my opinion, the BD is currently short of manpower, bearing in mind that it is responsible for carrying out in tandem the monitoring and inspection duties concerning a number of critical building issues, including the actions taken recently to eradicate illegal "sub-divided units" in industrial buildings. All these duties would impose heavy pressure on the front-line staff of the BD.

In fact, concerning the collapse of a building on Ma Tau Wai Road five years ago, it was subsequently discovered that even though the staff of the BD had inspected the building in question twice before the incident, they just failed to identify any problem. The incident showed that loopholes obviously existed in the monitoring of building safety, and this had aroused strong criticism by society. I believe the reason behind is that the BD is short of manpower to carry out the inspection duties. Let us think about this: to address the problem of illegal structures of village houses several years ago, the BD had to carry out massive inspection work; then it had to deal with the collapse of a building on Ma Tau Wai Road five years ago; and in recent years, the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme were launched at the same time. All these have imposed infinite work pressure on the front-line staff.

As such, regarding this year's Budget, my particular concern is that the relevant staffing should be increased. We have received complaints from the front-line staff from time to time, and they all hope that the authorities can recruit more manpower to help reduce their workload. Nonetheless, the authorities' pointed out to me in reply that in the new fiscal year, the two buildings-related departments would only add 18 non-civil service contract technical positions to support the departments' enforcement work in connection with buildings safety and repair works, including the enforcement actions against the illegal construction works relating to sub-divided units. As for the field of building structure, only nine professional positions, including building surveyor, structural engineer, and so on, will be added in the new fiscal year. As I mentioned just now, the authority needs to deal with the illegal structures of village houses, take actions to eradicate illegal "sub-divided units" in industrial buildings, implement the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme; and on top of that, the BD also needs to take other actions like conducting safety inspection of tenement buildings. I doubt whether the addition of 18 non-civil service contract technical positions as mentioned by the authority would be adequate to address the issues.

The workload of BD's front-line staff is not limited to performing the above duties, as they will become increasingly busy and their workload will continue to grow. According to the statistics provided by the authorities, as at the end of last year, over 6 000 buildings in Hong Kong were aged 50 years or above, a sharp increase of 2 000 buildings when compared with the figure in 2012. The old buildings are mainly found in districts such as Kowloon City, Sham Shui Po and Kwai Ching. Given the sharp increase in the number of old buildings, the repair and structural inspection workload will become increasingly heavy. Should we not prepare well in advance by increasing the manpower responsible for carrying out the inspection work?

In addition to the problem of manpower shortage, some front-line staff members have relayed to us the difficulties in taking enforcement actions. As reported in the press earlier on, the BD will identify potential dangerous buildings during its regular inspections and issue repair orders to the owners concerned. While over 3 000 repair orders have been issued since 2004, how many owners would carry out repair works immediately upon receiving the repair order? In fact, only some 2 000 owners have carried out repair works in compliance with the repair orders. Over 1 000 buildings have defied the repair orders, as no repair works have been carried out so far. While some owners are uncooperative, some owners just cannot afford the cost for even the basic repair works. Regarding some buildings that have not formed any owners' corporation, as the residents there have hardly any information about building repair and maintenance, how are they supposed to carry out the repair works? As a result, the repair works would be postponed incessantly.

President, we frequently hear some owners say that the term "building repair" would immediately remind them of how much money they need to spend on or contribute to the works. They find the names of the existing schemes, such as the Mandatory Window Inspection Scheme and Operation Building Bright, very solemn and distant. What criteria are used to define a repair project as a large-scale one or small-scale one? What measures are used to determine the size of the area affected by the works? How much would be the fees? Would the fees be calculated by job items or work areas, or be calculated by other methods? All these are the residents' concern. If the Government and the owners' corporations can explain to the residents the details of the repair works and the way the repair fees will be spent, it would help to resolve many of the problems facing the residents.

Recently, the owners' corporation of a residential estate told me that the balance of their account has been reduced from over $1 million to tens of thousand dollars. They have pursued the management company for an explanation, but it fails to give them a convincing answer. This shows that as the owners' corporations are formed by a group of inexperienced residents, some persons with professional knowledge are required to provide them with some guidance. If they rely solely on the management company, these owners' corporations would very often be misled or poorly informed. As Members are all aware, the majority of private residential units in Hong Kong are inside the small-scale single buildings, and the management fees of these buildings are higher than the large residential estates. Hence, if the property owners of these buildings have to shoulder the expenditure on large-scale repair works, the burden on them would be extremely heavy. We hope to prolong the life of these buildings through repair and refurbishment works, but the relevant expenditures should be more transparent, so that all residents can know about *(The buzzer sounded) *

**MR LEUNG YIU-CHUNG** (in Cantonese): President, even though many large-scale repair projects are carried out in private buildings every day, we can also see that quite many private buildings in dire need of repair keep postponing their necessary repair works. This phenomenon is exactly the important issue that we are discussing today.

In discussing the repair of private buildings just now, many Members have referred to a very important issue, which is the cost of building repair works. In recent years, we have frequently heard from owners' corporations (OCs) complaining about contractors engaging in bid-rigging activities in bidding for the works contracts, thereby driving up prices to an unreasonably high level. Moreover, in many cases, the limited competition so resulted will lead to frequent occurrence of quality and management problems in the repair works. What is more, cases of delay in delivery or services not correspond to description are not uncommon. In some even more serious cases, some of the property owners suspect that certain Owners' Corporation members (OC members) have special connections with the contractor, so much so that even though the repair costs of the building was endorsed through a range of seemingly justifiable, reasonable and legitimate procedures, the contractor's interests are still safeguarded behind the scene. As a result, the incredibly high repair costs have aroused many disputes at the OC meetings or general meeting of owners, which may give rise to quarrels or even fights. As such, it is quite common that the OC meeting or general meeting of some buildings need to call the Police for assistance. These are very serious cases, as it would be impossible for the meetings to proceed without the assistance from the police officers on site. In my opinion, these problems are partly attributable to the existing Building Management Ordinance (Cap. 344), which is full of defects and incapable of performing its function. However, a more important factor is serious dereliction of duties on the part of the District Offices, as they have failed to assist in the operation of the OCs. Hence, if we are to resolve the problems of building repair, some of the provisions in Cap. 344 have to be thoroughly reviewed and revised. What is more, I believe these problems will remain unresolved until the role played by the District Offices is improved.

However, President, even if Cap. 344 is amended and the role played by the District Offices has been improved, will it necessarily mean that the building repair problems are resolved? I do not think so. This is because illegal structures is another problem that causes serious hindrance to building repair. As Members are all aware, many buildings have illegal structures on their podiums. These structures will cause serious obstruction to the repair works because many pipelines have to run through such podiums, and it is utterly impossible to carry out any repair works if there are illegal structures on the podiums. On the other hand, if repair works must be carried out there, the additional obstacles created by the illegal structures will naturally push up the repair costs. If these problems remain unresolved, they will hinder the implementation of building repair works.

Regrettably, however, both the Lands Department and the Buildings Department are uneager to tackle these illegal or unauthorized structures. Even though they are now required to tackle these problems, they just act at a snail-like pace, and are thus unable to deal with the ageing problem and repair needs of buildings. As such, I believe it is even more important for the Lands Department and the Buildings Department to strictly enforce the laws against illegal structures; otherwise, nothing can be done to help address the repair problems of private buildings.

President, it is the consensus of our society that the ageing private buildings are in need of repair. Nonetheless, given that the repair costs are usually rather huge and many professional issues are involved, members of the general public or OC members may find it very difficult to handle the matter, and disputes and confusions may easily be resulted. As such, the Government has a responsibility to provide assistance in this respect. Speaking of building repair, it is the wish of many property owners that the Government can offer them assistance. Apart from the removal of illegal structures mentioned just now, the authorities should also help them to handle a lot of issues, including providing them with professional knowledge and advice, helping them to examine the tender documents to guard against bid-rigging activities or sub-standard works.

The second step is to tighten the provisions in Cap. 344 that may lead to confusions, so that the provisions of Cap. 344 can help property owners or even OCs to carry out repair works.

As regard the third step, the District Offices should abandon its indifferent attitude, which is not of help to the property owners. Just now Secretary Paul CHAN said that the District Offices under the Home Affairs Bureau had been proactively helping the OCs or property owners to deal with building repair matters. Those are indeed pleasing words prevalent among government officials. If Secretary CHAN has ever attended any OC meetings, he would realize that the staff members of the District Offices are in fact paid to be scolded. At the meetings, they only listen and remain silent, they would not say or do anything to assist, nor would they provide any professional advice or legal opinion. As such, in many cases, they are incapable of resolving disputes or help OC members or property owners to settle the problems on site. Under these circumstances, if the staff members of the District Offices fail to perform their role effectively or give any concrete advice, their mere presence cannot help property owners to resolve the various problems.

In my view, today's discussion should focus on finding solutions to the problems from these perspectives. Otherwise, the building repair problems will remain outstanding in the future. On the surface, it sees that the repair works have been completed, but there are still some hidden problems, and property owners may have to suffer considerable losses or bear unnecessary liabilities. As such, I hope the Government can pay heed to this respect.

**MR ALBERT HO** (in Cantonese): President, after acquiring their properties and fully repaying the mortgage loans, many property owners thought that they could spend the rest of their lives living peacefully in their apartments. To their dismay, buildings age with time and therefore have to undergo full-scale maintenance. This is a great anxiety to a lot of people. In addition to shouldering the heavy financial burden so arise, they also need to acquire enough knowledge of the relevant issues in order to make the right choice. All these serve to leave them at a complete loss.

This motion today definitely has widespread and profound impacts onto people's livelihood. Indeed, it is hard for many general citizens to have a comprehensive knowledge and understanding with regard to the full-scale maintenance of a building. They really have no clue to handle the various procedures of the project, such as drafting tender document on the maintenance needs of the building, reflecting the choice of design in the tender document, selecting a contractor, supervising the works and assessing the suitability of price after receiving the tender. Very often, property owners have to bring in the service of a consultant engineer. But then, this move may lead to even more problems. Why? President, as commented by many colleagues today, we see the emergence of a recent phenomenon ― I believe it may not be quite recent but it is getting increasingly rampant in the last eight or 10 years ― and that is the so-called bid-rigging. What exactly is bid-rigging? It involves a syndicate colluding on the price of service and driving away competition in project bidding by evil forces. As mandatory building inspection and maintenance schemes are now in place, the construction works concerned entail as much as $10 billion every year. Consequently, a lot of information and statistics now show that evil forces are indeed marking their territories in different districts or engaging in syndicated sharing of the monopolized market. These evil forces may plant consultant engineers in their targets, befriend members of the management committees (MC), or even acquire car-parking spaces in the buildings to become property owners of the buildings, so as to operate as insiders. What are they going to do? First, if they successfully join or establish liaison with the MC, they will try their best to eliminate other contractors who are interested in submitting tender, asking them not to submit. Of course, they do have a lot of underworld operating rules, but as far as I know, some districts are indeed controlled by certain syndicates and trespassers attempting to encroach will be warned, eliminated or dealt with in other ways.

Internally, they may first tackle the MC with a carrot-and-stick approach, enticing it with money or intimidating it with threats. If, unfortunately, a consulting engineer joins the collusion, he will mislead the MC and other participating owners, so that they will incline to choose the tender conspiratorially prepared by the syndicate. The evil force will at the same time cheat the property owners, telling them that the tender submitted by the syndicate is a good option. For these property owners who are ill-informed about these issues, an even greater problem is that there is zero external support, and hence very often they are unable to make a comparison among different tenders.

Another serious problem is that, when the general meeting is convened, it is dominated by one kind of opinion, as the MC may have been enticed, threatened or influenced by other misinformation to become biased. Additionally, while the management company may also work with the syndicate in the collection of voting proxies, there may even be fake proxies. I have seen some very unfortunate building owners, as the maintenance fee that they have to pay exceeds the market median by 100% or more in comparison. Hence, the problem is indeed very serious. How can it be solved? We have held a number of meetings with an anti-bid-rigging community group and we all agree that the Independent Commission Against Corruption and the Police should step up law enforcement. They have to initiate investigation and even send undercover agents to seek out the truth. However, as we all know, such information is hard to collect and hence it is extremely important to monitor the capital flow of the suspects with the power conferred by law. Nevertheless, it remains the biggest problem whether the Independent Commission Against Corruption and the Police are willing to enforce the law this way.

Second, the Building Management Ordinance should be revamped. I hold no objection against raising the ownership threshold for granting authorization when voting on the conduct of large-scale works, and I agree that a penalty system should be formulated to deal with those owners' corporations which are functioning poorly and are irresponsible to the extent that they are unwilling to produce audit reports. When meetings cannot be called or when meetings see major problems, the Home Affairs Department should intervene in accordance with law, as it holds the power to intervene.

Furthermore, proxies should be subjected to a verification system or random verification. I believe that this will call for a thorough study and revision of the ordinances. Separately, there should be a mechanism under the law to eliminate unfair provisions in the deed of mutual covenant.

President, all these are what we need to do in future. I also agree very much with the Hong Kong Institute of Surveyors' suggestion for setting up a statutory mechanism to help regulate these maintenance works. On top of this, publicity and education should be conducted and criteria for examination could even be provided. I believe the Government should proactively consider the relevant issues and not relying fully upon the community for suggestions.

**MR FRANKIE YICK** (in Cantonese): President, demand for housing is very keen in Hong Kong. According to the projection made by the Long Term Housing Strategy Steering Committee, the gross total housing demand in Hong Kong for the period 2013-2014 to 2022-2023 will be 450 000 units. Among the four major factors used in preparing the projection, two are related to old buildings. In this connection, residents affected by redevelopment projects and households suffering poor living environment altogether make up about 30% of the gross total housing demand. From such a perspective, stepping up the repair, maintenance and management of buildings to prolong their useful life may ease the society's demand for newly constructed buildings to a certain extent and help relieve the tight supply of housing in Hong Kong.

Dilapidated buildings pose a threat to the safety of residents and passers-by. As buildings in urban areas are ageing, more than 10 000 of them are now over 40 years old. Therefore, stepping up the repair and maintenance of buildings is of paramount importance. During recent years, the Government has rolled out the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme one after the other. While the authorities are asking property owners to repair and maintain their buildings, they have failed to provide adequate support and monitoring services. As a result, disputes arising from building maintenance and complaints involving corruption are both soaring in numbers during recent years.

All along the years, the Government has encouraged the setting up of an owners' corporation (OC) as the management unit of a building. In order to facilitate the establishment of OCs, the Government lowered in 2000 the threshold of consenting ownership shares from the then 50% to the current 30%, and stipulated that if the quantity of consenting ownership shares did not reach the 30% requirement, they could apply to the Secretary for Home Affairs for convening a meeting to organize an OC with the consent of 20% ownership shares. In addition, the Lands Tribunal can order that a meeting of owners be called to organize an OC, at the request of 10% ownership shares. For the purpose of increasing the ratio of buildings with OCs, the Government went as far as proposing in the recently concluded consultation on the review of the Building Management Ordinance that the proportion of ownership shares required for setting up an OC be further lowered from 30% as of now to 20%. The Government blindly encourages the establishment of OCs to the neglect of the fact that property owners making up the OCs are just common citizens. They voluntarily help with the management of the building but are ill-equipped with expertise in building management. The Government has failed all along to provide assistance or guidance in terms of legal or professional expertise for these OCs, so much so that property owners and OCs are tied up with an enormous amount of administrative and management work when dealing with the building's maintenance and management. When owners hold divergent views, disputes may often arise due to a lack of professional guidance; and more seriously, they may fall into the traps of illegal works companies or management companies and thus suffer tremendous loss.

Investigations conducted by the Independent Commission Against Corruption show that lawbreakers will use bid-rigging to reap maintenance contracts for building renovation projects. To fulfil their purpose, they may even infiltrate into the target OC and become members, so that the consultants and contractors shortlisted by the OC for owners' selection are very often associated with the same group. Under such circumstances, the theoretical role of the consultant as an independent overseer is consequently lost. As the building renovation contract is under manipulation, property owners are going to suffer great loss as they have to put up with poor quality works and bear exorbitant fees. For instance, it was revealed in 2013 that the cost of maintenance works in Garden Vista in Sha Tin stood at $260 million, with each resident household asked to contribute a jaw-dropping sum of $200,000 to $300,000 on average.

In order to combat bid-rigging, the Government should enhance the support provided for property owners, for instance, by offering legal, accounting and professional property management consultation as well as by regularly organizing relevant seminars and courses. Meanwhile, the Government should strengthen the binding force of the Building Management Ordinance and enforce it vigorously. In view of the rampant abuse of proxy instrument at present ― some Members have also given explanations in this regard a moment ago ― the Government has suggested in the recently concluded consultation on the review of the Building Management Ordinance a number of provisions for regulating the use of proxy instrument, including the appointment of a third party to monitor the collection and verification of proxy instruments, keeping the collection boxes under locks and keys, and so on. However, as these measures are not legally binding, even if the amendments are passed, they can hardly achieve the intended results. The authorities should turn the relevant measures into mandatory requirements and formulate penalty system for effective regulation of the OCs' operation, so as to prevent lawbreakers from exploiting the loopholes, and thus protect the interests of property owners.

Just now I heard Mr Tony TSE referred to in his speech a basket of suggestions for enhancing the Government's intervention and regulation. We do understand that the Hong Kong Government's emphasis on the free operation of market, and that it will actively intervene only when market operation is unbalanced. I believe that now is the time for the Government to give concrete consideration to the next step forward. I hope to hear positive response from the Secretary later.

Thank you, President.

**IR DR LO WAI-KWOK** (in Cantonese):President, first of all, I have to thank Mr Tony TSE for moving the original motion so that Members can come together to discuss this social livelihood issue which has aroused extensive public concern in recent years.

It is an indisputable fact that many buildings in Hong Kong are getting old. According to the authorities, at present, around 5 900 buildings are aged 50 years or above, and the number will increase by 580 annually. As regards buildings aged 30 years or above, the number stands at 20 000-plus, and will increase to 30 000 in a decade. These figures show that there is a pressing need for us to bring together all forces in society to enhance the promotion of building repair and maintenance.

The Government introduced the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme in mid-2012, targeting buildings aged 30 years and 10 years respectively. Several buildings will be selected annually for mandatory inspection and necessary repair to ensure safety of the buildings and the community. In addition to spurring social awareness towards building safety, these two Schemes can also bring job opportunities to the works, construction and surveying sectors and serve the community. As such, the Schemes are worthy of our recognition and support.

Nonetheless, we should not neglect the fact that since the introduction of the above Schemes, many cases of disputes regarding building repair and maintenance have appeared. Very often, property owners have to shoulder a substantial amount of money due to building repair and maintenance works; besides, there are frequent differences among the various stakeholders, and some cases even have to end up in the Lands Tribunal or the Courts, thereby bringing distress for the parties concerned.

Moreover, many discussions in society are about alleged bid-rigging which happens in the process of repair of old buildings, and causes property owners to incur unreasonable expenditure. Actually, the amount involved in repair works for old buildings is colossal, and it is therefore not surprising that criminals find them tempting. However, there are only a handful of black sheep. I believe the Competition Commission will follow up the situation and the offenders will be subject to legal sanction. The issue of building repair is complicated. I am afraid it is an over-generalization to simply single out bid-rigging for works as the source of problems, and such an approach can hardly address the various pertaining disputes fundamentally.

President, more often than not, building repair involves many stakeholders, including property owners, owners' committees or owners' corporations (OCs), property management companies, works consultancies and works contractors. When we look for a solution, we should be specific. Not only should we enhance monitoring to safeguard the interests of property owners, but should also maintain suitable flexibility so that pertaining professionals, works consultancies and works contractors can enjoy a level playing field for their business.

One of the cruxes of the problem lies with the existing system under which property owners, owners' committees and OCs do not receive adequate support. First, although the Government claims that it encourages the establishment of OCs, to old buildings in individual old districts, the "three-nil" situation (that is, no OCs, no hiring of property management companies, no appropriate repair and maintenance) can be said to be very common. In the public consultation on the review of the Building Management Ordinance which was completed early this year, the authorities proposed that the shares threshold required for the establishment of OCs be lowered. In this regard, the Business and Professionals Alliance for Hong Kong considers that the issue should be handled carefully, and a balance must be struck between maintaining the representativeness of OCs and facilitating actual operation. Also, the Government should not purely focus on the establishment of OCs and neglects providing small property owners with actual support on other levels of operation. In my opinion, regarding the proposal to increase the quorum for voting on large-scale repair works at the general meeting for property owners and to raise the threshold for passing the relevant resolutions, if the threshold is set at too high a level, it may render many old buildings unable to go ahead with repair works. As it is difficult for some OCs to secure the consensus of property owners, they may rather let the dilapidated state of buildings linger. Before generating any benefits, the proposals will only spell problems.

Second, members of owners' committees or OCs very often lack in-depth understanding of repair works for buildings and the bidding procedure. They find it difficult to judge precisely the technicalities of the various items and whether the related expenditures are reasonable or not. In general, they can only commission works consultancies to carry out assessment. When disputes crop up, it is very easy for works consultancies to be caught in the middle between property owners and works contractors. As a result, many qualified professionals are reluctant to take up such jobs.

Even if property owners are willing to play an active role in the monitoring of building repair and maintenance, under the existing Building Management Ordinance, there is a lack of adequate transparency for the procurement and bidding procedures, and the regulation criteria under the procedures concerned are also very ambiguous. The binding effect is thus questionable, and property owners just find themselves at a loss.

To encourage the public to be engaged in building repair and maintenance, the Government, the Hong Kong Housing Society and the Urban Renewal Authority (URA) have introduced many support schemes in recent years, for instance, the Integrated Building Maintenance Assistance Scheme and the Building Safety Loan Scheme. Yesterday, the URA announced that it would consolidate and refine the Integrated Building Maintenance Assistance Scheme to extend its scope of service to the entire territory. Nonetheless, as the Scheme mainly provides financial subsidies, it does not assist property owners much in addressing the difficulties involved in monitoring works and auditing expenses.

On the other hand, having garnered the support of The Hong Kong Institution of Engineers, The Hong Kong Institute of Architects and The Hong Kong Institute of Surveyors, the Home Affairs Department introduced the "AP Easy" Building Maintenance Advisory Service Scheme in April 2014 to provide tailor-made professional consultation service to OCs which intend to carry out building repair works. The Scheme has been extended to March 2016. I find similar schemes worth refining and promoting, and hope that the Government will actively co-operate with the pertaining sectors to enhance the skills and professional support required for building repair and maintenance, so that small property owners and the public can really have their home-sweet-home.

President, I so submit.

**DR PRISCILLA LEUNG** (in Cantonese):President, I speak in support of Mr‍ Tony TSE's motion on "Stepping up regulation on the repair and maintenance works of private buildings". Ever since I have entered politics, I have always thought that the issue of maintenance and management of buildings has been bothering a lot of people. As the sayings go, ruling a large country is like cooking a small fish, and for those who want to govern well the state, they first have to harmonize their own clans. If a housing estate is filled with arguments, the people living there can never greet their neighbours properly when they go to work in the morning. This is not a cheerful community, and will only serve to intensify the sense of hostility in our society.

I believe Members who have handled issues concerning the owners' corporation (OC) of a building will have this experience. If the owners' representatives in the OC fail to maintain a good relationship among themselves, police intervention will be required shortly after the OC is set up. If a question is put to the Police about the number of dispute cases involving OC members insisting on reporting their disputes to the Police, the answer we get may be most astonishing. The situation may become very extreme sometimes. As OC members wish to have a third party in attendance, a group of sturdy men in black clothes may be invited to the scene to support owners of a particular faction, thus making the atmosphere really scary. Hence, OCs are something "tasteless to take but wasteful to discard" for me sometimes.

I have moved a motion on "Improving property management and operation of owners' corporations" in March 2013. This is because in dealing with dispute cases involving property owners and OCs, I have seen property owners accusing OCs of poor management and the two parties eventually ending up suing each other for defamation. In some other cases, OCs were accused by property owners of engaging in corruption, bribery or defalcation and the cases were eventually brought to court. Property owners are often faced with the problem of insufficient financial means because they are not allowed to use the money kept by OCs, and some Members have already elaborated on the issue just now. I do sympathize very much with those property owners involving in lawsuits with OCs. I have handled a case in which the HOS flat owner concerned had to sell his property; and worse still, he bickered with his wife, went bankrupt, got a divorce, lost the lawsuit due to his inability to cope with the pressure and eventually lost his job as well. Such cases are not uncommon; rather, they take place quite frequently and the situation involving buildings of "three-nil" buildings is even more pathetic.

President, the concept of individual owners dates back to the 1950s. With the sale of individual flats becoming the mainstream, in order to protect the interests of property owners and define the respective roles of property owners, developers and managers, the Government enacted the Multi-storey Buildings (Owners Incorporation) Ordinance in June 1970 to provide a preliminary legal framework for the formation of OCs and stipulate the rights and responsibilities of various parties. The Lands Department also issued the Guidelines for drafting of deeds of mutual covenant (DMCs) in 1987, requiring property developers to draft DMCs accordingly. Subsequently, the Multi-storey Buildings (Owners Incorporation) Ordinance evolved into the Building Management Ordinance (BMO) which was passed in 1993. As mentioned by Ir‍ Dr LO Wai-kwok just now, comprehensive reviews of the BMO have been conducted respectively in 1998, 2000, 2007 as well as 2014. However, such reviews only covered a small number of recommendations. Given that we have been urging for improvements over the years, some minor amendments have also been made.

Nevertheless, some core issues still linger like rheumatoid arthritis pain and the larger the housing estates are, the more worrisome they will be, as the problems are difficult to handle irrespective of whether an OC has been set up or not. For properties with OCs, residents would scramble to serve as members of OCs because the Operation Building Bright is such a piece of succulent "fat meat". Hence, while those who have no evil intention will not take up the voluntary work to serve in OCs because the workload involved is heavier than a full-time job, those who have an ulterior motive will deliberately purchase a parking space or a housing unit in the housing estates or even arrange young property owners to infiltrate into the OCs so as to set their hands on that piece of "fat meat".

Therefore, an astronomical amount of maintenance cost may be involved for even a few blocks of tenement buildings, let alone housing estates comprising tens of housing blocks. The situation would become even more terrible if all buildings in a housing estate are covered by only one DMC, as the use of a large sum of money could be decided by a group of people who are not representative enough. Hence, many elderly property owners has specifically pointed out that since they are neither auditors nor engineers, it is not feasible for them to exercise close supervision in this regard. Moreover, they are also afraid of the liability that may be imposed on them if they serve as OC members, for they may be sued by property owners and even subject to criminal liability. Therefore, when fundings were allocated by the authorities to implement the Operation Building Bright some time back, a large number of owners' representatives chose to withdraw from the OCs, and thus pushed the number of "three-nil" buildings.

Judging from the cases we have come across, it is sometimes necessary to join our efforts with the Police because some people would really resort to every means. They will stay for a long time, arrange buyers to purchase small units in large housing estates and then participate in the work of OCs. When their ulterior moves finally draw the attention of other residents, the cases would either be handled with police intervention or settled by arrest actions taken by the Police, but an even larger number of such cases will be brought to courts as mentioned just now. With regard to court settlement, some colleagues have suggested the establishment of a special tribunal to resolve the problem. However, I personally think that a more thorough way to deal with the issue is to make reference to the practice adopted in the American State of Florida and appoint a commissioner to be vested with the necessary power and responsibility to handle the problem. As for the arbitration mechanism used in New South Wales, Australia, it should be noted that unlike mediation, the approach does have binding effect but will not operate like a tribunal. Actually, in most cases, a tribunal is not the place where the final settlement is obtained. This is because while the party with the financial means can always pursue further lawsuits, property owners will lose the case due to lack of funds or inability to pay the litigation costs.

I suggest that special arrangements should be made on the front of arbitration, so that certain issues could be handled through some simple procedures at specified places, and a list of responsible personnel with credibility should be made available for choice by the parties involved. That way, the problem can be resolved once and for all at a cost that everyone can afford, thus avoiding the very undesirable situation in which the party with the financial means may keep on appealing against the decision until the case is brought to the Court of Final Appeal. I therefore consider that when it comes to the ways to resolve disputes, the Government has to face the issue squarely; and it is my hope that such a pain in the neck for so many common people in Hong Kong can be addressed in a bold and open-minded manner.

President, I so submit.

**MR CHEUNG KWOK-CHE** (in Cantonese):President, the motion moved by Mr Tony TSE today is the same tune played on a different musical instrument as compared with the motion moved two years ago on "Improving property management and operation of owners' corporations". After the passage of the motion moved two years ago, the Government stated in its progress report that a review of the Building Management Ordinance (BMO) was underway and final recommendations would be made, but it also indicated objection to the proposal of setting up a "building affairs tribunal", claiming that building management was the responsibility of property owners and the Government should only play the role of a facilitator. In my view, the SAR Government is just muddling through its responsibility. The property management problem of private buildings is becoming increasingly serious over the past two years, compelling colleagues to urge the Government again today to address seriously the repair and maintenance issues of private buildings.

In his original motion, Mr Tony TSE urges the Government to "encourage people to step up the repair, maintenance and management of buildings to prolong their useful life". Indeed, nobody would like to live in a dangerous building and so maintenance works should be undertaken. However, the existing repair and maintenance problems of private buildings across the various districts actually stem from the mandatory building inspection measures implemented by the Government. According to my understanding, as at the end of 2014, over 30 000 statutory notices for building inspection have been issued by the Buildings Department to 2 575 target buildings. The building inspection policy adopted by the Government has created a market for syndicates engaging in building maintenance works to reap profits. However, as the Government only focused its efforts on ensuring that compulsory maintenance works would be carried out by property owners, it did not take any measure to step up the monitoring over the building maintenance industry. As a result, quite a number of syndicates engaging in building maintenance works have secured major maintenance contracts from a number of housing estates by means of bid-rigging, bribing and intimidating to reap huge profits, thus giving rise to many suspected cases of corruption or foul play.

The most typical example is the case of Garden Vista in Sha Tin. After forming a concern group to follow up on the exorbitant maintenance costs of $260 million, the property owners concerned were subject to harassment of stalking. In addition, their photos and addresses were disclosed on flyers posted in the community, leaflets were distributed to smear them, threatening letters were sent to them. What is more, charges for defamation, applications for injunction orders and claims for compensation were even lodged against them. In the end, 10 people including representatives of the site manager and the property management company of Garden Vista were arrested by the Independent Commission Against Corruption earlier this year. A survey was conducted by the Property Owners Anti-Bid Rigging Alliance in December last year by phone, and among the 943 respondents, almost 51% agreed or highly agreed that the problem of bid-rigging was really serious. The Government has also pointed out in its reply that during the period between 1 July 2012 to 30 March this year, the Home Affairs Department (HAD) have received a total of 458 cases involving disputes over the operation and election of owners' corporations (OCs), among which 142 were building maintenance disputes and 114 were financial management disputes. From these figures we can see that the incident concerning Garden Vista is by no means an isolated case but a pattern which keeps on repeating itself in the various districts across Hong Kong. The exorbitant maintenance costs have imposed heavy financial burdens on many property owners, while maintenance contracts have even turned into hotbeds of bid-rigging and corruption. Members of the public even consider it necessary for the Government to promptly amend the BMO.

It is my belief that the Government is well aware of the problems mentioned above, yet it chooses to turn a blind eye to the problems and keeps postponing the introduction of legislative amendments. Excuses have even been made to argue that the advice of the Panel of Advisors on Building Management Disputes set up by the HAD was useful, and that the District Building Management Liaison Teams would encourage owners of buildings to form OCs, so on and so forth. However, in the case of Mayfair Gardens in Tsing Yi, although part of the ownership as reflected on the title deed is obviously in the hands of the Government, residents seeking to set up an OC have been refused assistance and were forced to file an application with the Lands Tribunal on their own for the issuance of an order to set up an OC. Is it true that the Government has "knelt down" before big consortia and big developers and dares not displease these wealthy businessmen, so much so that it is unwilling to amend the BMO and execute its duty to encourage property owners to form OCs?

In the debate on "Improving property management and operation of owners' corporations" held two years ago in this Council, I supported amending the legislation to the effect that more than one OC should be allowed to set up under one deed of mutual covenant. As for the motion moved this time, the proposal to set up a "building affairs tribunal" to resolve building management disputes is put forward again by Mr CHAN Hak-kan and Mr Ronny TONG. Mr‍ LEE Cheuk-yan, Mr WU Chi-wai and Mr Ronny TONG also express concern about the problem associated with bid-rigging syndicates. On top of the proposals to increase the quorum of a general meeting for voting resolutions on large-scale maintenance projects and to raise the threshold for passing the relevant resolutions, the latter two Members echo the views of the Hong Kong Institute of Surveyors and suggest that the Government should set up a "building repair works authority" to regulate building repair and maintenance service so as to enhance the service quality of service providers. These recommendations actually seek to take precautions before it is too late, so as to strengthen protection for the people's interests and safeguard them against serious losses arising from exaggerated project costs charged by bid-rigging syndicates. The Government should accept the recommendations with an open mind, examine ways to implement the proposals and enhance the relevant legislation.

Apart from expressing concern about maintenance projects currently handled by OCs, I have also suggested that the Government should, as far as the renewal and redevelopment projects in old districts are concerned, promote anew the co-operation between community development teams and social workers to assist local residents in setting up OCs and mutual aid committees. Furthermore, in encouraging property owners to carrying out building maintenance works, efforts should be made to help residents retain their lifestyle in old districts and enhance the community engagement of local residents. Regrettably, it seems that nothing has been done by the Government in this respect over the past two years.

As the saying goes, "lessons learned from the past can guide one in the future". The Government should promptly respond to public concerns, keep an open mind to suggestions put forward and amend the BMO as early as possible.

President, I so submit.

**MR LEUNG KWOK-HUNG** (in Cantonese):President, the people of Hong Kong are so pitiful. While those who are not property owners are concerned that they might never be able to achieve home ownership, a burden is imposed on property owners because they have to bear much risk when the buildings they live in have become dilapidated and maintenance works have to be carried out. Should there be bid-rigging activities or a few black sheep in owners' corporations (OCs), property owners will have to pay a huge sum of money for no reason, leaving many property owners in grave distress.

As a matter of fact, the ability of a government hinges on its capacity to implement planned initiatives. In the face of this motion moved by Mr Tony TSE today, Members of this unique Council of ours are responding with one voice. This is because everything has resumed normal in this Council, and Members are free to indulge in idle talk, playing things with good wishes and good intentions. The crux of the issue lies in the fact that each government department tends to work on its own but has neither the ability to implement the many planned initiatives nor the additional manpower required to meet the operational needs. For example, Secretary Paul CHAN, who is now at the Chamber, has once proposed to revitalize industrial buildings and provide an enhanced version of "sub-divided units". But then, he has failed to do so because he lacks the ability to implement the initiative.

First of all, in the eyes of the property owners, after so many years of implementation, the provisions on the composition, constitution, authority and responsibilities of OCs as stipulated in the Building Management Ordinance (BMO) are basically aimed at catching rather than letting go the wrongly accused. People have along been criticizing that since legislative amendments have not been introduced to the Ordinance, calamities have been brought about by the imbalance in information, power and financial means. What should we do if no action will be taken by the Government to rectify the problem? The good intentions of the Government have turned into something bad and one of the examples is the implementation of mandatory building inspection measures, which seek solely to prevent the recurrence of building collapse incidents. It is really not a bad thing to implement mandatory building inspection measures, but a problem have arisen when the measures are put into practice: what counter-measures the Government has in place in the event that property owners refuse to carry out building inspection despite the statutory notices issued? This is a good example showing the lack of execution ability on the part of the authorities.

In other words, when responding to some unforeseen crises or foreseeable emergency cases it dares not deal with, or when it is required to address some crises arising from unforeseen incidents, the Government often acts without proper planning. As such, the mandatory building inspection requirement is confined to the level of "inspection" only; and if property owners refuse to do what is required in the statutory notices issued, the Government would have no alternative but to "impose an encumbrance" on properties for which no building inspection has been carried out. However, if the owners concerned have no intention to sell the properties, the Government can do nothing about them. After all, is there any other alternative available, or shall we simply have these property owners killed?

Another issue is the provision of a grant of $40,000 to elderly owners for carrying out window inspection. This measure, when put into practice, would likewise give OCs an excuse to convince elderly owners that window inspection work has to be carried out immediately or any unused grant would be confiscated. This is tantamount to creating incentives for elderly owners to accept the grant but knowing nothing about the hidden nature of the whole thing, it may bring more harm than good to them. Indeed, I have encountered many cases like this.

In this connection, President, the Buildings Department is one of the key executive bodies. Being tasked with so many new responsibilities, it is only natural that the Department would be faced with manpower shortage. According to the Government, manpower relief in the form of "The Eighteen Lohans", as 18 additional staff members will be recruited. Does the Government really think that these newly recruited staff members are as mighty as "The Eighteen Lohans"? In deploying 18 additional staff members to handle the aforementioned new tasks such as taking enforcement actions against the unauthorized "sub-divided units" in industrial buildings, monitoring building safety, implementing mandatory building inspection and window inspection measures, and so on, the Government is actually making a window-dressing move, as it is definitely impossible to accomplish the tasks with such a staff establishment.

That being the case, vulnerable groups would be the first to be treated high-handedly. Although it has been made very clear that enforcement actions would be taken against "sub-divided units" in village houses, there are still a lot of such units out there, while "sub-divided units" and illegal rooftop structures in industrial buildings are in an under-privileged position and would be dealt with first. The Government has no logic at all. It cannot explain why "sub-divided units" in village houses are considered safer than those provided illegally in industrial buildings, and neither can it justify itself when illegal rooftop structures in village houses are said to be not necessarily more dangerous than other unauthorized structures. It is all because indigenous villagers are in a more privileged position with the votes they have in their hands, and this is the only reason behind.

President, the conclusion to this problem is actually very simple. The Government should first of all amend the BMO to disallow the use of proxy votes, so that the rights and interests of property owners could be thoroughly protected. Proxy votes should only be allowed in cases where shop premises in shopping arcades have been monopolized by large consortia or the owners are absolutely free to handle the lease of their commercial properties, as it would be meaningless to require the passing of a resolution by a specified percentage of shares of votes under such circumstances. The current problem is that even though a resolution is supported by a large number of residents living in a building, they only constitute a small percentage of shares of votes. It would only be a waste of time if I should try to explain their case.

One of the most crucial questions I would like to put to the Government is: when the authority is urged by all officials to take a particular action, can the job be done? Speaking of the allegation made repeatedly by Mr WONG Kwok-hing against me of wasting the meeting time of this Council and causing suffering to Hong Kong by obstructing the passage of motions with no binding effect, the situation today is actually the same. When all officials are swearing at a fatuous ruler, will the evil covetous officials of the ruler be made to do something about it? Hence, what time have I exactly wasted?

**MR WONG YUK-MAN** (in Cantonese):President, in short, the motion moved by Mr Tony TSE today can be summed up with these few words: "combating bid-rigging activities", and the amendments proposed respectively by Mr CHAN Hak-kan, Mr WU Chi-wai and Mr LEE Cheuk-yan also seek to address the problem of bid-rigging. In the next 10 years, over 280 000 private residential units across Hong Kong will have to comply with the requirement of conducting inspection for buildings aged 30 years or above. As such, the demand for repair and maintenance works arising from private buildings will definitely be on the increase, thus creating a huge business opportunity. An underground industrial chain involving triad societies, owners' corporations (OCs) and even District Council members has emerged in Hong Kong over the past 10 years to secure through various means contracts of maintenance projects large and small. It would simply be impossible for ordinary people who have no power and influence to stay away from all sorts of intimidations, and people can but accept reluctantly the unreasonably high maintenance costs.

Apart from the old single-block buildings in urban areas, large housing estates in various districts are also faced with bid-rigging issues. While less blatant measures are used in such cases, the money extorted is of a much greater amount. Legal and institutional loopholes have been exploited to a fuller extent, so much so that it is very difficult for property owners to evict persons engaging in bid-rigging activities even though they have united themselves on the same front. In some cases, although the property owners had succeeded in dissolving the OCs formed previously, they had fended off one danger only to fall prey to another, as the newly established OCs were also found engaging in bid-rigging activities later, thereby rendering property owners the ultimate victim of such activities. The problem of bid-rigging, as in the case of the corruption problem of the communist Chinese regime and the SAR Government, is actually a structural issue.

At present, about 18 000 buildings in Hong Kong have formed an OC, another 12 000 buildings or so have set up other forms of residents' organization, and about 4 000 buildings with no residents' organizations have engaged property management companies to provide management services. In addition, various forms of measures have been adopted by the Home Affairs Department (HAD) to provide assistance for approximately 6 000 so-called "three-nil" buildings, that is, buildings without OCs, residents' organizations or property management companies. Last year, the SAR Government proposed to undertake a review of the Building Management Ordinance and put forward a number of recommendations, including raising the quorum of the OC meeting at which voting of resolutions on large-scale maintenance projects will take place from 10% to 20% of the total number of owners; raising the required percentage of shares of votes for the passage of resolutions on large-scale maintenance projects from 50% to 75% of the shares of votes at the meeting; lowering the threshold for terminating the appointment of property management companies by owners from 50% to 30% of shares in aggregate, and so on. The premise of such improvement measures is that property owners should be encouraged to actively participate in the affairs of OCs. Regrettably, however, this is not the case in reality. As pointed out by Mr Vincent HO, Senior Vice President of the Hong Kong Institute of Surveyors, the indifferent attitude adopted by property owners towards the affairs of OCs is the main reason why opportunities have been created for bid-rigging and "making money" activities, and it is impossible to have the problem resolved simply by raising the various required percentages mentioned above. He has really hit the nail on the head.

Many property owners are very busy at work and when they return home, they just do not want to take the trouble to deal with the tedious work of OCs. As for the elderly property owners with low educational attainment, it is just impossible for them to have a good grasp of the affairs of OCs, thus giving scoundrels the opportunity to take advantage. Proxy forms are often handed over lightly by these property owners to other people such as neighbours, watchmen, and so on, with little regard given to how such proxy forms would be used by those authorized. Property owners who are concerned about the affairs of OCs would be pushed into a tight corner because they would either be subject to violent intimidation by triad societies and gangsters or be challenged and frustrated at an OC meeting by members holding a large number of proxy forms. This is exactly the same as what happens in district elections of Hong Kong, where voters who are politically indifferent would, out of fellowship with and trust in their neighbours and friends as well as some petty favours, vote for candidates who often act against the interests of the people, thus incurring losses which outweigh the gains. Indeed, what happens in the election of members of OCs can also be found in the election of District Council members as well as Legislative Council Members. Hence, Hong Kong still has a long way to go as far as civic education is concerned.

Publicity initiatives targeting at OCs and property owners have all along been taken by the Independent Commission Against Corruption (ICAC), the Hong Kong Police Force (the Police), the HAD, the Urban Renewal Authority (URA), the Hong Kong Housing Society, and so on. Such initiatives include the Building Maintenance Toolkit published by the ICAC, the URA's "Building Rehab Info Net", and the information booklet provided by the Police on the RenoSafe Scheme. However, as a mighty dragon is no match for the native serpent, these efforts are far from adequate to combat the evil forces in the local community because such elements are so familiar with what has been going on there. Although a dedicated working group has been set up under the Organized Crime and Triad Bureau of the Police to combat bid-rigging activities, it seems that the working group does not work in co-ordination with the ICAC. Facing with such an organized crime which keeps bothering all property owners in the territory, why does the SAR Government not set up an inter-departmental task force to fight a war of resistance against offenders by way of both law enactment and law enforcement?

I know it is most naive for me to say so, as the Government has never thought of doing such things. It is the Government's belief that legislation has been enacted to deal with the issue, and the HAD and the ICAC are tasked with the enforcing actions. If anyone is suspected of committing a corruption offence, the case may be reported to the ICAC; as such, the Government has never thought of doing anything. Although proposals have been put forward to amend the relevant legislation, they only seek to raise the required percentage of shares of votes, which would be of no use because the threshold is still on the low side and the whole thing would still be easily open to manipulation. The Government has never tried to face the problem squarely.

Mr Ronny TONG, Mr CHAN Hak-kan and Mr WU Chi-wai have proposed in their amendments the setting up of organizations such as a "building affairs tribunal" and a "building repair works authority". I believe that by referring to the setting up of a "building repair works authority", what Mr Ronny TONG and Mr WU Chi-wai have in mind should be a body of a similar nature as the existing Minimum Wage Commission, which is primarily responsible for determining a suitable level of the minimum wage and the standard of service required. Nevertheless, I think the proposed authority should also be given similar statutory powers as the Communications Authority. Only through this would a certain degree of pressure be exerted on crime syndicates, which are so good at exploiting legal loopholes.

As for the proposed "building affairs tribunal", it is in fact an extension of the Small Claims Tribunal. In my opinion, attempts made by property owners to seek justice are often hampered by intimidations from crime syndicates and it may not be feasible to have the cases properly dealt with through judicial channels. Thus, the setting up of such a tribunal would have little effect.

It would be almost impossible to eliminate the problem of bid-rigging since "the greater the degree of illumination, the greater the temptation to stray from the right track". In addition, it would be impossible for the Government to safeguard the rights and interests of small property owners if it is not determined to dovetail law enactment and law-enforcement actions with the times by undertaking a review of the relevant legislation every two or three years after enactment.

President, I so submit.

**MR CHAN HAN-PAN** (in Cantonese):President, the Government has launched numerous schemes in recent years, causing a nuisance to the public. These schemes, such as mandatory window inspection, mandatory insurance procurement and mandatory fire installation inspection, have tainted the sky of maintenance works. The Government is fastidious but inept. As a result, front-line officers toil and the public grumble, but help is nowhere to be found. The sky of maintenance works is clouded. The contractors who bid with reasonable prices for monitoring and implementation of maintenance works have left the playing field on their own initiative. The biggest problem with bid-rigging is that people pay more than required for a botch. They are thus very dissatisfied. How come such things happen?

At present, people are required to engage a consultant to assist them to complete their buildings' maintenance works. This requirement is no different from "putting a rat in the rice container". Some consultant only charges as low as $15,000 for one-year consultancy service per building. If we break down the fees by hour, the hourly rate is less than $10. One can imagine that such consultancy service can easily become a breeding ground for crimes. The problem is that the entire tender process has to be handled by the consultant, thus enabling him to rig the process. Why? It is because he can collude with the maintenance works tenderers. The "maintenance rat" can thus take advantage of the maintenance works.

Actually, I note that the Government is also aware of this problem. Many public officers, be they from the Home Affairs Department or the Buildings Department, have witnessed and are aware of these problems. Regrettably, they dare not interfere. They know that if they do, they will be in big trouble. The situation had persisted until the Operation Building Bright (OBB) scheme was taken over by the Urban Renewal Authority (URA). The URA has come up with a solution to tackle this malpractice. What is it? The OBB has adopted a new tender process. The consultancy company, which prepares the repair details for tender, will not be in direct contact with the details of the tenders received. The returned tenders are submitted to an independent third party, such as an independent accountancy firm, which will collate the information set out in the tenders received. A host of prices and detailed information will then be passed to the consultancy company for consideration. Given that the repair details are the same and the tender prices have been compared by the independent third party, the tender prices offered for recent building repair works are much lower than those submitted before the launch of the new tender process. Besides, unlike the situation in the past where repair works contractors did not dare to submit a tender because of those contractors involved in bid-rigging, more repair works contractors now dare to bid for tenders. This shows that the new tender process is effective.

However, the Government has indicated that this new tender process will only be applied to schemes similar to the OBB but not to other repair works. Why? The Government has been resistant to adopting new measures. It has been very conservative to new measures. As a result, some new and effective approaches have not been adopted or used. I thus hope that the Government will make short-, medium- and long-term planning, so as to take in ideas to brighten up the sky of maintenance works.

First, the Government should adopt the new tender process as a short-term plan. Regarding medium-term planning, I hold that the Government should strengthen the manpower concerned because the Buildings Department does not have adequate front-line officers. If the Department can deploy more officers to carry out inspections and random checks during the course of repair works, the quality of the repair works can be better guaranteed and people will not be so angry even if bid-rigging is involved. The biggest problem is that the Buildings Department seldom carries out random checks, making it possible for the consultancy company to collude with the repair works contractor to do whatever they want.

Besides, in providing support to building-related matter, the URA  It was reported in the television yesterday that the URA would take over from the Housing Authority (HA) all service centres in different districts, so as to provide support to people living in old buildings. Yet, we also know that the URA has indicated recently that its resources are very tight. The URA has not been given additional manpower although it will later take over an extensive area originally managed under the HA. One can imagine that the issue of building repair support will become an "abandoned child". The well-earned reputation of the URA, which has been built up with hard work over the years, will be tarnished because of insufficient manpower. Hence, I hope that the Development Bureau will pay more attention to the resources and manpower allocated to the URA in respect of support to building-related matters. This is my medium-term proposal.

As for the long-term proposal, I hold that the existing building-related practices should be comprehensively reviewed. First of all, as we have repeatedly pointed out in the past, many property owners have tried in vain to get in touch with other property owners in their building because the existing practice adopted by the Land Registry does not require property owners to update their latest address and contacts. Some property owners lived in that building 50 years ago, but they have already moved their home for many times since then. As a result, when maintenance works needs to be conducted for the building, these property owners are nowhere to be found. Not even Members of the Legislative Council, the relevant District Office or the Government can trace these property owners. In the end, the Court has to issue penalty tickets to these owners. I am thus of the view that the Land Registration Ordinance should be updated.

Besides, the Government should consider setting up an inter-departmental task force. For instance, the Government should assign, by means of ballots, consultants to assist buildings in preparing the maintenance details for tender, so as to separate the consultant responsible for drafting tender details from the one responsible for monitoring the maintenance works of the building. This will ensure that the two consultants will have their different duties; otherwise, they will easily collude with each other and render the public the ultimate victims.

Regarding the work of building maintenance, I hold that there are many things the Government has to do. I hope that the Government will learn a lesson from the rampant bid-rigging activities in the past, and properly renovate, revitalize and maintain buildings as soon as practicable. President, I so submit.

**DR KWOK KA-KI** (in Cantonese):President, no one wants to have a dilapidated home. Everyone wants their building to be properly maintained. The Operation Building Bright (OBB) scheme and window inspection scheme of the Government are certainly well-intentioned measures in the first place, but to date the Government has not yet discharged its most important duty, which is to carry out monitoring and enforcement. Bid-rigging activities are common. There are about 17 000 buildings aged over 30 years in Hong Kong. The Government has pledged to tackle 2 000 such buildings a year. Assuming that maintaining one building costs $20 million, the annual cost will be $20 billion. President, $20 billion is some "big business". That is why contractors have tried every means to conduct bid-rigging. As referred to by Members just now, consultants can provide assistance in building maintenance, yet very often the consultants can collude with the contractors to cover the entire service supply chain. The consultant and the recommended contractor are actually from the same syndicate. Hence, no matter what tender price is offered to the property owners, the company is able to get its share of profit.

The enforcement actions taken by the Government are too weak, as can be seen in the Garden Vista incident which has shocked the public. Upon learning that the tender price cost over $200 million ― or $270 million as reported by the press ― the property owners of Garden Vista realized that the price was unjustified and they had been tricked. They thus voiced their objection. In the end, those property owners who had objected the tender price received a threatening letter containing some white powder together with a news article about the attack of Mr LAU Chun-to. Lawbreakers have openly threatened the property owners and despised the law. President, Secretary Paul CHAN is here today. If the Secretary can tackle the problem, then everything will be fine. Unfortunately, this is not the case.

The Home Affairs Bureau has been providing weak support for property owners and the operation of owners' corporations (OCs). The Bureau has shirked the responsibility to OCs and does not offer any assistance to them. The OCs have thus become the target for making easy money. Property owners who genuinely wish to help have backed out from OCs due to the legal liabilities that may arise; on the contrary, those with ulterior motives take the opportunity to join the OC when the building is about to carry out repair works. This is nothing new and has existed since a long time. But then, what has the Government done about this?

The Government has launched to no avail the "AP Easy" scheme as a means to tackle the problem. It is because the consultants under the scheme are really easy to be found, but they are also found to have colluded with the contractors to cover the entire service chain, and they are involved in many parts of the works to make profits. The Government will definitely not succeed with the present approach. There is indeed a solution to the problem, as the Government can tackle the issue through the OBB of the Urban Renewal Authority (URA). However, the URA has recently experienced some changes, or a "big earthquake". Its former Managing Director has resigned. One of the reasons for her resignation is that she reckons that the mission of the URA has changed to maintaining a certain income level. The new Managing Director, a "LEUNG's fans" hand-picked by the Government, said that URA's priority task is recovering its costs rather than building redevelopment in urban areas. He then started criticizing the policies that seek to help property owners in different districts, including offering unnecessarily handsome wages, employing too many professionals, launching projects that suffer losses, spending lavishly, and so on.

The Government lacks foresight. Its original pledge is to redevelop 17 000 building in the urban area. It is duty-bound to meet this target, but if it fails to do so, it is no different from a property developer. We all know that the URA, or even the Housing Society, is very much like those unscrupulous property developers. The residential buildings it constructed are sold at the same expensive prices. They will exhaust every means to acquire old buildings with very low prices, and sell newly developed ones at very expensive prices. They have played a part in pushing up property prices to $20,000 or $30,000 per square feet. The URA has the opportunity to do a good job, but it has now changed its direction. Just imagine what problems property owners will have to face if they live in a building aged over 30 years. They cannot find any help while assistance provided by the Government and protection accorded by the law are inadequate. We used to place our hopes on the Independent Commission Against Corruption (ICAC), but our hopes are dashed. Let us look at the few recent examples, including the incidents concerning Mayfair Gardens and Garden Vista. What has the ICAC done? The owners' corporations concerned almost had to make a petition and beg the ICAC for assistance before the ICAC was willing to do something.

Government departments each perform their duties in their own way. The Development Bureau, the Home Affairs Bureau and the ICAC each only do their part. How could they achieve any result? Property owners will continue to be sacrificed. Will triad society be frightened? Will bid-rigging activities become less rampant? No, they will not. Lawbreakers will continue to try whatever means to engage in bid-rigging. What is most tragic is that Hong Kong used to be a law-abiding and corruption-free place. At this critical moment, an issue of people's livelihood is at stake. It concerns tens of thousands of buildings in old districts where many old people have lived for decades, and they have neither the bargaining power nor the knowledge to handle this complicated issue. The Government has ignored this issue and let this cancer continue to grow. It will only give a small dose of painkiller to treat the cancer when the pain has become unbearable. In fact, all the schemes now are sort of a painkiller, but the main problems are the cancer of bid-rigging and collusion in building repair works. This vicious tumour has not been eradicated. Unless the Government is willing to tackle this painful problem and the several pertinent Policy Bureaux will work together with the ICAC, these activities will continue to take place.

I so submit. Thank you, President.

**MR CHAN KIN-POR** (in Cantonese): President, the urban development of Hong Kong has been proceeding rapidly. Thus, problems involving property management, repair and maintenance have become matters of concern to the local community in recent years. There are many different causes to these problems, including loopholes in the present system. In order to plug the loopholes, the Government is planning to amend the Building Management Ordinance (BMO). I have actively participated in the related discussion. As I have participated in the work of the owners' committee of my residential estate, I know very well that many issues need to be tackled.

The problem of building maintenance and repair will worsen as time goes by. Old residential buildings require many repair works and new residential buildings constructed in recent years are suitable for living for more than 50 years due to improved construction techniques and building materials. Hence, property owners of new buildings, for the sake of their property's value, will pay more attention to maintenance and repair as compared to property owners of old buildings. Besides, the longer a property exists, the more repair works it will require. Hence, more and more building maintenance and repair works will be required in the future. The motion moved by Mr Tony TSE is thus an appropriate and timely one. If we can carry out building maintenance and repair works promptly and properly, many problems can be avoided.

Different aspects of work are involved if one wishes to properly monitor and take forward repair and maintenance works of a building. First of all, a general meeting needs to be convened. The present requirement on the quorum of general meetings is 10% of the property owners. However, a building works project can be endorsed if the property owners representing 50% of the shares in aggregate at the meeting support the resolution concerned. The 10% quorum is indeed too low. When the 10% threshold was laid down in the past, the Government meant to set a lower threshold, so as to enable building repair resolutions to be endorsed more easily. But it is now proven that the low threshold has led to many problems because the large sums of money involved in these building repair projects have attracted many lawbreakers. They first make use of the loophole of the system to set up owners' corporations (OCs), and then take advantage of the low threshold to commit acts of corruption and fraud, including colluding with contractors to make huge profits. Moreover, OCs only need to secure the support of property owners representing 10% of the shares in aggregate to endorse a resolution. In reality, many property owners have never been consulted on the resolution or may not even know about the details. Disputes thus arise when OCs ask property owners to share the cost of the repair works.

Hence, the Government intends to amend the BMO and has already completed the relevant consultation earlier. I agree with the Government's proposal in setting a higher quorum, increasing it from 10% to 20% of the property owners of a building, so as to encourage more property owners to support and take part in OC meetings and to better consult the views of all property owners to forge a consensus. However, the quorum cannot be set too high; otherwise, it will be difficult for OCs to successfully convene meetings and in turn carry out repair works for the buildings. I thus find 20% an appropriate threshold. Besides, regarding resolutions to be endorsed at a meeting, the Government has proposed to increase the supporting votes required to owners representing 75% of the shares in aggregate at the meeting. I hold that 60% will be a more appropriate threshold because it may be difficult for resolutions to be endorsed if the threshold is set too high.

Moreover, we need to plug the loophole that exists in the system of the instrument of authorization. We commonly call this instrument a proxy. Given that repair works projects are a piece of "fat meat", lawbreakers who wish to get this "fat meat" do not scruple to forge these instruments in order to get an OC established. They may also make use of the forged instruments to have a resolution on repair works project endorsed. In this connection, the Government has already proposed to lay down a series of measures to tighten the arrangement concerning proxies.

I basically agree with the Government's proposal, but I hold that punishment and penalties should be meted out on the regulations concerned, such as prescribing a maximum penalty of three months' imprisonment or a certain amount of fines. Given that building management may involve the handling of a large sum of funding, or even hundreds of millions of dollars in some residential estates, it is a great temptation for corruption activities. Hence, this issue must be handled with rigour, so as to stamp out the possibility of corruption. That said, my aforesaid proposal is more applicable to large residential estates. As for small residential estates or single residential buildings, exemption may be granted in order not to cause complications to them.

Besides, I hold that a third-party verification mechanism should be put in place to verify the proxies. For instance, mediators, auditors or lawyers can act as a third party to verify one third of the proxies received by means of, say, random telephone verification, so as to stamp out the possibility of forged proxies. Moreover, if the convenor declares that certain proxy is void, sufficient time should be made available for informing the property owner concerned and for appealing against the decision.

At present, the Property Management Services Bill is under scrutiny by the Legislative Council. The Bill seeks to strengthen monitoring of property management companies and introduce a mechanism for disciplinary actions, so as to standardize the service quality of property management companies. I thus believe that property management companies should play a more vital role in monitoring the work of building maintenance in the future. I so submit.

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

**MR MICHAEL TIEN** (in Cantonese):President, I thank Mr Tony TSE very much for moving this motion today. The Government has introduced a number of building maintenance programmes in recent years. In Hong Kong, quite a number of large-scale private housing estates are nearly 20 to 30 years of age, and they earnestly need to undergo large-scale repair and maintenance works. At the same time, disputes among property owners derived from large-scale repair and maintenance works are getting common. Since very large sums of fees are involved in large-scale repair and maintenance works, when disputes of interests arise, we can always hear people mentioning about serious problems like bid-rigging and falsification of proxy instruments. I believe that residents of private buildings are very concerned about ways to safeguard their own interests in regard to the repair and maintenance works, so as not to be misled or suffer any loss. I hope that the Government can face squarely the loopholes and absurdities of the existing system.

The Secretary is now sitting in this Chamber. I have talked to his colleagues about the loopholes that we saw. I would like to share with the Secretary some of my personal experiences. One housing estate in Tsuen Wan, the electoral district to which I belong, has set up an owners' corporation (OC) earlier and convened a general meeting. At that time, I received many opinions and heard many voices. Many residents did not fully understand the purpose, usage and effect of signing the proxy instruments when the OC was set up. A number of residents also reflected to me that some people visited them and told them that if the OC was set up, when the building needed to undergo large-scale repair and maintenance works in future, each household could save a few hundred thousand dollars of maintenance fees. Secretary, they were saying that this amount of money could be saved by each household. Some of the property owners have already signed the proxy instruments before they found any channel to understand what such things were. They thus have given these people the rights to vote. When they learned more information later and asked to get back the proxy instruments, they met a lot of difficulties. For instance, they could not find those people. Some residents also reflected to me that in a lot of cases, after an OC was set up for the building and a general meeting was needed to be convened to discuss about the large-scale repair and maintenance works, the meeting time was chosen at 3 pm on a weekday. Since most of property owners were still at work at that time, they would need to sign the proxy instruments. Although only a small number of people attended the general meeting, they were holding the proxy instruments of 70% to 80% of property owners and the resolution was then passed. At present, the proxy instruments have gone to a stage of no supervision and are being abused. The above example has shown that there is a very big loophole in proxy instruments.

First of all, voting is not included in the instructions of the proxy instruments specified in the existing Building Management Ordinance. The proxy holder can vote according to his own will without regard to the will of the proxy owner. Therefore, I think we really have to review the ratio of the number of votes casted by proxy to the number of votes casted personally by the property owners attending the general meeting  I am sorry, as I do not know how to wear that microphone today. It seems to be different from before  Should there be a ratio like 1:1 or otherwise? If it is not 1:1, should it be 2:1 or 3:1? At present, it could be 100:1. Hence, we have to consider this issue seriously.

Besides, the Home Affairs Department (HAD) also does not have very specific guidelines concerning the proxy instruments. The Building Management Ordinance has pointed out the meaning of valid votes. The practice that only the convenor can decide the validity of proxy instruments when opening the collection box of proxy instruments is open to suspicion, as it is not necessary for the convenor to openly show the invalid proxy instruments to the attendants of the meeting. Therefore, anyone can be the convenor of the general meeting. One can convene the meeting if he succeeds in obtaining support from owners holding enough shares in aggregate. He does not need to openly show whether the proxy instruments are valid or not. What he needs to do is to obtain the proxy instruments. Hence, I suggest that an official from the HAD should be present to scrutinize balloting on site. At present, the HAD is not vested with the role of a scrutineer to confirm the validity of these proxy instruments.

Moreover, since the existing proxy instrument does not require detailed information such as the identity card number of the property owner and the name of the third witness, the verification party basically has no means to verify the authenticity of the signature. In my opinion, a witness should be required to assist verifying the validity of the proxy instrument. At present, the receipt issued by the convenor to the property owner who has signed the proxy instrument does not provide the information that can enable the property owner to clearly know who he has finally authorized. I have received a complaint in the local district. A property owner said that he has not authorized anyone to vote for him, but he got a receipt in that regard. On the day the general meeting was convened, someone told this property owner that he had already authorized another person and thus he has lost his right to vote. These situations sound unbelievable. Therefore, I think that although this review involves a lot of issues, the most important question is whether we should start considering the regulation and restrictions on proxy instruments in regard to major issues like building management, convening of the general meetings or implementation of large-scale repair and maintenance works. Or should we say that the ratio of the number of proxy instruments to the number of attendants of the meeting can still be 100:1 or even 1 000:1?

Finally, President, I hope that this motion moved by Mr Tony TSE can trigger wide discussion in the community on proxy instruments, so that when voting is involved, regardless of whether they are setting up an OC or conducting any repair and maintenance works, property owners can be more concerned about what they are doing before signing a proxy instrument for someone, so as to safeguard their own interests.

I so submit.

**DR KENNETH CHAN** (in Cantonese): President, this motion debate is both important and meaningful, as we have received quite a number of cases asking for assistance when we serve in the local district. To many property owners, regardless of whether they are from large-scale housing estates or housing estates with better quality and better management, some single private residential buildings, or old blocks commonly known as "three-nil" buildings in the old districts, this is a very depressing matter. Not only is building inspection, large-scale repairs and maintenance works or window inspection a headache to them, fire safety actually also poses a very serious problem.

When a number of Members spoke earlier on, they also mentioned that from their observation, the problems were mostly related to home affairs. In fact, as we also know, during the special meeting of the Finance Committee for scrutinizing the Budget this year, I particularly asked Secretary for Home Affairs TSANG Tak-sing a question. He claimed that they had a team responsible for visiting the buildings in the various districts of Hong Kong Island, Kowloon and the New Territories. From the nominal figures provided to us by him, they have basically visited all these buildings every year. Then I asked what they had done. I asked if they just made a brief visit to these buildings, put up posters, shook hands with the security guards and asked them whether they had eaten yet, or they really sought to resolve the specific problems. He did not answer me. He said that there were no records. We have spent public money to employ so many people and form such a team. The Secretary claimed that they would take care of various kinds of need of each building, and also said that they worked very hard ― I also know that they work very hard ― but what have these many people achieved after working so hard in different districts?

Today, Mr Tony TSE moved this motion debate. It is because we see that after the Bureau has worked so hard, there is no effect but only grievances. At the end, the Government always says that these belong to consuming behaviour. In other words, each property owner, each building, each owners' corporation (OC) or owners' committee also has to conduct window inspection, building inspection, large-scale repairs and maintenance works, and so on. They even have to meet some requirements under the Fire Services Ordinance and the Fire Safety (Buildings) Ordinance (Cap. 572). They think that if they have done their part properly and find the professionals to help out, everything will be fine. However, the fact of course is otherwise. Hence, they are at a loss as to what they should do. They are very miserable indeed.

They always ask whether the Government has any means to give advice or provide more support. For those housing estates with better quality and sound management, if they have the ability to conduct the projects, can the Government at least tell them which contractors provide better or rather good services so as to help them do well in their building inspection, window inspection and fire safety works? And if certain contractors are being blacklisted or provide poor services, can the Government also tell them? The authorities subsequently invited the property owners to attend a talk. After a round of empty talk, it was finally stated that the authorities would not provide the blacklist and were unable to help. They only suggested that there was a list on the Internet and the property owners could call them one by one for enquiries or price comparison. Nevertheless, this is exactly where the problem lies. The Legislative Council might have already made a series of laws to deal with the problems concerning public health, public safety and building maintenance, in the hope that we can all manage properly the safety, structure, repairs, maintenance and even fire safety of our own buildings. However, when it comes to the execution stage, numerous problems emerge and they are unable to be resolved.

Today, many of us focus on the discussion of problems like bid-rigging and repair works. I also understand that recently, when some buildings aged about 30 years have to undergo repair and maintenance works, some new property owners suddenly appeared ― they just appeared out of a sudden, and we should know what is going on. These people suddenly purchased two housing units and became property owners. Then, they were very eager to be the chairman or treasurer of the OC. Afterwards, a series of problem emerged. Other minority property owners who have been truly living in that building for a few decades are very worried of the signs of bid-rigging. However, it is regrettable that there is no concrete evidence. Hence, when they have to look for professional help and approach the Government for assistance in dealing with the problem, they find that the Government has no means to handle the problem. The residents always convene residents' meetings or general meetings, and they keep on arguing and criticizing among themselves. These problems which involve a community, a property or a building just happen in front of us every day.

Regarding the problem of fire safety, particularly that of buildings with flat in-take before March 1987 and are subject to the regulation of Chapter 572, we see that the Government has not injected enough resources. There have even been clashes between government departments, such as the Fire Services Department and the Buildings Department. While the Fire Services Department required the property owners to install a water tank on the roof, the Buildings Department subsequently said that it was not feasible as this was an unauthorized rooftop structure. We thus see that there are arguments between government departments. Recently, when the Eastern District Council members came to meet with the Legislative Council Members, they especially pointed out this problem and hoped that we could follow up the matter. I am the convenor of that meeting and thus I consider I have the responsibility to reiterate and reflect this problem. The Government have formulated these ordinances to punish the property owners for failing to do what they should do. However, when the property owners try to do the work, they find that other departments are not co-operative and in lack of good communication. Under such circumstances, what should they do? Therefore, the property owners ask: If they have to be punished, can the Government first check clearly what problems their property or building is really facing? The Government should find out whether some property owners are being not co-operative, unable to be contacted, or really unable get the work done before punishing them. On the other hand, is it possible for the Government to help them first due to fire safety consideration? Will the Government first help the property owners in dire need financially or in terms of support or advice, before considering how to follow up with or recover the charges from the property owners who are not co-operative or unwilling to bear the expenditure concerned? Is that possible? These questions are very important.

In 2013, a No. 4 alarm fire broke out at South Horizons. Luckily, even though seven residents were injured, the accident has not given rise to any serious problems. In fact, during the whole process, we learned that when the firemen entered the building trying to put out the fire, they had even made a mistake about the affected floor. Later on, they found that the water pressure from the fire hydrant was insufficient and had to connect the fire fighting hoses together, which thus caused delay. This was a regrettable incident indeed. Therefore, I believe that not only Secretary Paul CHAN, who is sitting opposite to me, should be involved, but Secretary for Home Affairs TSANG Tak-sing and even the Secretary for Security should also be involved. They need to convene a tripartite meeting, and perhaps even more government officials are needed to study how these established ordinances can really serve the Hong Kong people. They should consider ways to provide appropriate support and advice to help the entire Hong Kong society, with a view to protecting the many property owners of private residential buildings and thereby improving the neighbourhood relationship of the entire community.

Therefore, my speech today is directed at not only the bid-rigging problem, but also the Fire Services Department, the Buildings Department, and, of course, the Secretary for Development who is sitting in the middle seat opposite to me. I hope that they can do the co-ordination work properly. Otherwise, the enacted Ordinances just cannot achieve any effect other than causing nuisance to the public and punishing some law-abiding people. This is not what the Legislative Council wanted to see originally.

I so submit.

**MR GARY FAN** (in Cantonese):President, I thank Mr Tony TSE for moving the motion on "Stepping up regulation on the repair and maintenance works of private buildings". In my view, given the inadequate monitoring by the Government and its insufficient support for property owners, this problem has been harassing many property owners for a long time.

President, I have been working for owners' corporations (OCs) for more than 10 years. I was the OC chairman for five terms (a total of nine years) and the secretary for two terms (a total of four years), and I am still a member of one of the OCs. In the past, numerous OCs have invited me to attend the meetings and assist in scrutinizing balloting. Therefore, I really have to speak out after seeing certain conditions, and I hope that the Government can listen to the problems of property owners. In particular, we have seen in recent years some unscrupulous management companies or OCs, and repair works contractors engaging in bid-rigging activities. These activities have given rise to some cases involving exorbitant repair costs which greatly shocked the general public. We learn that this situation is getting common. Therefore, monitoring by the Government is a very important factor to safeguard the rights and interests of property owners.

A typical case is, of course, the $260 million exorbitant cost for the building renovation works at Garden Vista in 2013. The repair works cost was to be shared by the households, and each of them had to pay some $210,000 to $330,000. Of course, the property owners were shocked and dissatisfied. Later on, the Independent Commission Against Corruption (ICAC) received a report on corruption activities and commenced investigation. In March this year, nearly 10 people were arrested, including the senior personnel of the property management company of Garden Vista, the consultancy firm, the senior personnel of the project contractor, as well as members of the OC. According to the ICAC, some people were suspected to have received bribes totalling over $1 million and colluded with a number of people so that the contractor could obtain the contract.

President, this case triggers our deep thought. The working lives of Hong Kong people are very busy. Whether living in Home Ownership Scheme flats or private buildings, general property owners will not spend a lot time enquiring about the affairs of their respective housing estates. Certainly, they do have the responsibility to show more concern. Nevertheless, at the same time, not every property owner is up to the cognitive level or has sufficient professional knowledge to deal with the affairs of the housing estate or to understand the information of the repair works. It is not enough to merely rely on the OC to resolve many technical problems on its own. Hence, some OCs or management companies can, upon collecting not a few or a large number of proxy instruments, try to monopolize the management of the housing estates or the power to vote at general meetings. In the procuring and tendering processes, they can then have underhand secret dealings with the suppliers or service providers, thus causing the property owners to incur losses. Some property owners tried to come forward to voice their views, show resistance and complain. In some cases, they were subject to criminal intimidation. In certain cases, the OCs used the money of the housing estates to sue them for defamation. These technical arguments are totally unnecessary.

After all, we think that apart from the insufficient professional knowledge of the property owners, the Government should also pay attention to this problem. Since the Government launched the Mandatory Building and Window Inspection Schemes in 2012, we can see from the press and media coverage many cases of obtaining repair works contracts of old buildings by means of coercion, intimidation and criminal damage. The parties concerned reaped huge profits in the process, and at the end, they just provided very poor services in a casual manner. In the case of Garden Vista, OC members are involved, while the consultancy firm and the repair works contractor are also involved. Hence, in such kind of problems, different parties are closely connected to each other. They have full co-operation and very detailed manipulation plans. Therefore, it is reasonable for us to take this situation as only the tip of an iceberg.

President, the existing Building Management Ordinance (Cap. 344) does not contain very clear or detailed provisions prescribing when and how an OC should publish the information of the tender. Therefore, concerning the provisions on the quorum of a general meeting, proxy arrangements and the way resolutions are to be dealt with procedures, there is indeed room for improvement. I think the Government should adopt effective measures and enforce the law stringently to regulate the situation, so as to eradicate corruption and malpractice at root.

Firstly, property owners should be vested with the right of access to the relevant documents of the projects. We should not solely rely on the selective disclosure of information to property owners by OCs during the tender process, so that before a very important voting, property owners can have sufficient time to digest and read the information, as well as discuss with other property owners about how a decision should be made. This is important, particularly when the content of a tender is actually very difficult to understand.

Secondly, what should be done to eradicate the malpractice in the voting on procurement resolutions during general meetings? Some of the proposals of the Government are, of course, increasing the quorum of a general meeting and raising the threshold for passing the relevant resolutions. Many Members do agree with them in principle. And I am no exception. However, if we only rely on these and do not provide the owners with supportive measures like professional or legal advice, it is still not sufficient. Why? President, I have such personal experiences. It is definitely not easy to succeed in convening a general meeting legally and reasonably. In most cases, the OCs have to obtain about 5% of the proxy instruments and rely on the attendance of 5% of the property owners to meet the basic requirement for convening a general meeting. For some housing estates, due to some incidents took place in the past, the property owners are indifferent to the affairs of the housing estates. After trying once, twice or even thrice, the OC still could not attain a quorum and thus failed to convene a general meeting for successive years. On the other hand, they also did not want to make use of proxy instruments so readily. Hence, it is insufficient to merely ask to raise the proportion of proxy instruments.

Finally, I would like to point out that a reliable OC can enable the affairs of a housing estate to be handled fairly. The Government should step up its assistance and law enforcement in regard to the election activities of OC members, so as to prevent some people from purchasing proxy instruments and even discouraging other property owners to run for the election. The District Offices are even duty bound to provide the property owners and OCs with professional advice on the building maintenance works, so that the property owners can have enough relevant knowledge to choose the works projects or master the information of the projects on which they have to vote. This can prevent the management companies and some OCs from monopolizing the interpretation of the maintenance projects to ensure that the voting results can be reached as they expect. Therefore, I hope that the Government will abandon the attitude of making fewer mistakes by doing less in dealing with the OC-related affairs.

President, I so submit.

**MR LEUNG CHE-CHEUNG** (in Cantonese):President, building management is a complicated task involving a number of professional services. For instance, day-to-day building management and repair works seem to be rather simple, but they actually involve the building's Deed of Mutual Covenant (DMC). I believe many small property owners have not seen or cannot understand the DMC. This is not because owners are not concerned about their own living places, but because they may not necessarily have the legal and professional knowledge to understand the matter. Therefore, when repair and maintenance works are needed to be carried out, the role of the project consultant will be very important. And because of that, huge conflicts and disputes can be seen within a lot of owners' corporations (OCs) or owners' associations. If OCs or property owners entrusted the wrong agent, the project may charge an exorbitant price because bid-rigging may occur and hence owners may have to bear unnecessary expenses.

Mr Tony TSE mentioned in his motion that "the varying standards of building repair and maintenance service providers at present have rendered some property owners suffering monetary and other unnecessary losses", and I agree with him totally.

Residents came to my office to seek help or file complaints when the Mandatory Building and Window Inspection Schemes were first launched. Some minor works companies took advantage of property owners' unfamiliarity of the new policy and persuaded them to carry out the repair works before the inspection notices were issued to them. In so doing, property owners had to pay extra money. Besides, as the relevant works were not carried out in compliance with the notice issued by the relevant government department, even they had carried out the works voluntarily, they still have to wait for the issuance of the government department's notice before another round of inspection is carried out. Therefore, small property owners have to spend an extra sum of money for building inspection purpose.

In this connection, I wholly support the idea of urging "the Government to step up regulation on the repair and maintenance works of private buildings, including adopting effective measures to provide appropriate assistance to property owners, owners' corporations and the building repair and maintenance sector, so that the public can receive professional building repair and maintenance services which are of good quality and value-for-money."

Mr CHAN Hak-kan mentioned fire service equipment and installations of old buildings in his amendment. The Audit Commission has issued a report on "Government's efforts to enhance fire safety of old buildings" in 2013, and it was stated in the report that the compliance rate of the Fire Services Department's fire safety directions was far from ideal. The Fire Services Department (FSD) was criticized for granting extension of the deadline for too many times. As for the reason why OCs or property owners kept on applying for extension, the report has not given a detailed explanation.

According to the Legislative Council paper issued in January this year, after the Fire Safety (Buildings) Ordinance (Cap. 572) was enacted in July 2007, the Government had issued fire safety directions to 4 500 old building, but only 71 buildings have complied with the directions.

The low compliance rate of OCs or small property owners to the "fire safety directions" is closely related to the following practical difficulties in retrofitting fire service equipment and installations in old buildings:

(1) Due to the ageing structures of old buildings, any piling works in nearby area may already cause cracks in the walls of old buildings, yet they are required to install a water tank with a capacity of 2 000 litres, which is equivalent to placing two tons of weight or two private cars at the roof tops of old buildings. It will make one worry about the load of the building structure. Besides, roof tops also involve private property issue, thus it is difficult to carry out works at roof tops; and

(2) it is a common sight in old buildings that a person going downstairs has to give way to a person going upstairs or *vice versa*, thus one can imagine how narrow the staircases of old buildings are. However, the FSD requires them to install hose reels at staircases. I doubt whether the hose reels would become an obstruction to the means of escape and blockade to the staircases when fire broke out.

If owners are unable to comply with the "fire safety directions", an assessment report written by a registered structural engineer should be submitted to the FSD to prove the structural or spatial constraints or insurmountable difficulties and an alternative solution should be proposed. Does it mean that they would be exempted from the requirement of retrofitting the roof-top water tank and hose reels? Actually it remains a matter for the FSD to examine and consider. But owners certainly have to pay a hefty sum of money to hire professionals or consultants to draft the report. Since the year of construction, design and structure of these buildings are almost the same, therefore it is possible that the report of each of these buildings is just some copy and paste work because they are more or less the same.

Of course, I agree that these buildings should be retrofitted with proper fire service equipment and installations, but we should take the actual situation into consideration. If the policy or laws are too unrealistic, they are of no use no matter how good they are, as they are mere armchair strategies and they will only cause nuisance to small property owners. For buildings which cannot comply with the requirements by retrofitting fire service equipment and installations such as water tanks and hose reels, and so on, due to practical difficulties, it is a rather difficult situation to the owners. Therefore, the provision of financial and technical support may be accepted, after all, as an effective remedy.

I so submit.

**MS STARRY LEE** (in Cantonese):President, repair works for old buildings in Hong Kong generally cost tens of millions, or even billions of dollars. In recent years, in addition to implementing the Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme, the Government has also rolled out a number of other subsidy schemes for building repair projects. As buildings in Hong Kong continue to age, owners may receive multiple repair and maintenance notices from different departments. Probably these notices are not necessarily served by different departments, as the Buildings Department will issue several notices to property owners, thereby leaving the property owners in great anxiety. In the face of a constantly expanding repairs market, lawbreakers will resort to every possible means to push up contract prices by bid-rigging, so as to reap profits.

Legislators frequently assist property owners of old buildings in dealing with repair and management matters will have strong hatred towards the one-stop bid-rigging activities conducted by the villains. The construction sector has warned years ago that bid-rigging activities are believed to exist in more than 90% of the building repair works, causing much harm to the property owners. So, this is indeed a serious problem. It is certainly understandable that property owners without legal knowledge and power will feel helpless, as the contractors and consultant companies confronting them are equipped with professional knowledge and financial backup from consortiums, as well as support from a wide range of persons. Due to insufficient evidence, the Home Affairs Department, the Independent Commission Against Corruption (ICAC) or the Police are generally not able to open cases on complaints from property owners. Therefore, I hope that the relevant Bureau can really understand helpless and indignant feeling of property owners, members of the public and even the legislators.

Earlier on, the ICAC arrested a number of suspects for the bid-rigging case involving the exorbitantly expensive repair works of Garden Vista in Sha Tin. Among those arrested are the managing director of the property management company, members of the owners' corporation (OC), as well as the senior management personnel of the consultancy company and contractor. The case involves a bribe of over one million dollars. From this we can see that the bid-rigging syndicate is very well organized and comprises a large number of participants. That being the case, the property owners just do not have the capacity to deal with them.

Therefore, the Government really has to offer assistance to the property owners who lack both money and power. The Home Affairs Bureau indicated in the briefing session on the Policy Address held early this year that it would adopt a three-pronged approach, namely, vigorous enforcement actions, professional support and public education, to assist property owners in guarding against bid-rigging activities. However, we have to ask, and particularly legislators like us who have always been helping property owners deal with building rehabilitation and management matters have to ask: Is it sufficient to rely merely on these measures to tackle the problem?

(THE PRESIDENT'S DEPUTY, MR ANDREW LEUNG, took the Chair)

Deputy President, the Operation Building Bright was one of the virtuous policies to encourage old building repair in recent years, and it was welcomed by residents in the community. Regrettably, the programme was merely a one-off measure. I hope that the Government can put in more resources in this regard to benefit the property owners of more buildings. Apart from enhancing the Operation Building Bright, the Government should regularize some of the good measures under the programme. As I can recall, Mrs Carrie LAM, the incumbent Chief Secretary for Administration and the former Secretary for Development, has said that one of the purposes of Operation Building Bright is to identify ways to deal with the allegedly widespread bid-rigging activities. As the experience gained in Operation Building Bright is currently under review, can we consider regularizing some of the projects and applying certain measures to repair works? I hope that the Bureau can seriously consider this.

In addition to inviting tenders from contractors, one good job done by the Urban Renewal Authority (URA) under the Operation Building Bright is that it has introduced separately engaged third-party consultants to conduct independent cost assessments on repair projects as reference for OCs and property owners. Through this they can assess if the quotations from contractors are reasonable. If quotations from contractors exceed the cap quoted by independent third-party consultant engaged by the URA, the subsidies applied will not be granted in full. Moreover, the URA has also proactively attended meetings convened by owners to advice owners that they are recommended to invite tenders afresh when quotations from contractors exceed those assessed by the third party consultant. These are highly desirable measures in my opinion, and are helpful to owners. In fact, cost reductions are mostly achieved after re-tendering.

Moreover, in order to plug any loophole that allows lawbreakers to thrust their hands into tendering for old building repair works, the URA has further introduced a new practice under which independent third-parties, instead of the consultant companies, are tasked to co-ordinate and manage the entire tendering process. In the cases handled by me, such task was assigned to independent accountants. Contractors interested in the tender exercise would submit letters of intent to the accountants, who would list out the detailed contents in the tenders under code names for returning to OCs for consideration. This ensures that the identities of tenderers can stay confidential, thereby avoiding effectively any interference. I have some experience in this respect. I have assisted a building in its repair arrangement, and the quotations received at first were more expensive than the assessment made by the independent third-party from the URA. On the advice given by the URA, the tendering was then conducted by the independent third-party on behalf of the building, and the number of tenders received increased from 30 to more than 50. As a result of increased competition, and probably because of the anonymously made bids, the cost has dropped to close to $10 million in the end. This shows that the relevant mechanism has achieved practical effects for many repair projects. Therefore, I hope that the Government will not put these pilot measures aside simply because the Operation Building Bright has ended. Rather, it should regularize these arrangements, including quotations from independent third-party consultants, and the tendering conducted by third-parties. This is in fact not the first time for me to make such a proposal in motion debates on similar subjects, and I note that other legislators have also pointed out relevant experiences in this regard. I hope that the Secretary for Development can respond positively to such a proposal in due course.

Moreover, as already pointed out by many colleagues today, I believe that it is not sufficient to have only the Secretary for Development in attendance to deal with this subject matter. As the subject matter involves a wide range of issues involving the legislation on building management, I demand that inter-departmental co-ordination meetings be held frequently in this respect, and the subject matter should be taken as an important livelihood issue. It is because the public is fed up with the bid-rigging activities, and if the Government still fails to handle this urgently *(The buzzer sounded)* 

**DEPUTY PRESIDENT** (in Cantonese):Ms LEE, please be seated.

**MS STARRY LEE** (in Cantonese):  public discontent will be resulted. Deputy President, I so submit.

**MR ALAN LEONG** (in Cantonese):Deputy President, I certainly know that it is the Government (that is, the executive branch) to decide which Secretary should be designated to attend debates on Members' motions conducted at meetings of the Legislative Council. However, I have to criticize that the Secretary designated by the Government to attend today's motion debate is not an appropriate choice. I have no idea about the important business that prevents Secretary TSANG Tak-sing from coming here. Is it because he has wrongly interpreted the Building Management Ordinance, or is it because of other reasons? In fact, the Building Management Ordinance plainly authorizes the Secretary for Home Affairs to exercise certain powers in specified circumstances, and these are not the powers to be exercised by the Secretary for Development. From this we can see that it is Secretary TSANG Tak-sing who is the Secretary most related to the motion, instead of Secretary Paul CHAN who is present here today. Yet, probably it is really the case that the executive branch cannot differentiate the portfolios of different Policy Bureaux. This is kind of weird. Anyway, Secretary Paul CHAN is today's representative of the Government, and I hope that he can receive and relay our opinions to the executive branch.

In respect of building management, the Government is of course right to say that it is basically the owners' responsibility to manage their own buildings. However, Deputy President, I believe you do not have to be a rocket scientist to understand that, in the end, the Government eventually has to handle the situation if so many buildings in Hong Kong are left unmanaged. Therefore, property owners of buildings are indeed offering great help to the Government, and it cannot just leave the owners to survive, or otherwise, on their own. This is not the path to take. So, when the Government emphasizes that owners have the duty to manage their buildings, it should first correct its own mindset. In fact, these people who have genuinely sacrificed their time and efforts in building management have done the Government a big favour. In return, the Government should assist them as much as possible to facilitate their works and make their jobs easier and smoother. This should be the way to go. The Government should not be indifferent to the situation and give bureaucratic responses upon receiving requests for assistance from property owners. This can offer no help at all. Therefore, the first thing I would like to mention is that the Government must thoroughly reassess its thought and mindset.

Deputy President, the names of estates like Garden Vista, Greenwood Terrace and Grandway Garden have appeared time and again on the news over the previous two or three years. The issues involved were nothing other than bid-rigging, substandard quality of works, embezzling and misappropriation of funds, and some owners being required to pay hundreds of thousands of dollars without any knowledge about the whole picture. The Government must take the blame on these problems. As I have pointed out in the very beginning, the Building Management Ordinance indeed stipulated clearly that when buildings are found really unmanaged or unable to be managed powers, the Secretary for Home Affairs should exercise his power instead of staying on the sidelines and doing nothing. From this we can see that the management issues will eventually go back to the Government. A responsible government should never leave behind any building in need of management.

Due to time constraint, I want to particularly point out my support to part (3) of the amendment proposed by Mr Ronny TONG, which is the setting up of a "building affairs tribunal". I believe that any owners' corporation members who have involved in lawsuits concerning the Building Management Ordinance would know that the lawsuits are indeed nightmares. These lawsuits are extremely complicated as they involve interpretation of the deeds of mutual covenant. The situation will become even more difficult if the disputes involve the former and current terms of an owners' corporation, as the legitimacy of meeting at which the latter was elected will be queried. Then, the question of whether the former term can utilize funding of the relevant owners' corporation for litigation will be raised, and this issue can be a separate litigation case itself. Therefore  problems relating to jerry-building or lack of professionalism will further involve numerous different professional fields beyond the understanding and knowledge of general property owners. If these kinds of litigation cases are referred to the Lands Tribunal, the cases will last for a very lengthy period, and the lawsuits will most probably be a waste of time and effort despite the solicitors and barristers hired throughout the years.

Deputy President, let us come back to what I have mentioned in the beginning. Actually, the Government should change its mindset and offer assistance as much as possible to these very helpful owners  I mean the owners' corporations. The Government really has to identify more user-friendly ways to offer help, and it is indeed desirable to set up a "building affairs tribunal", as the arbitrators, upon gaining experience, can effectively hit the nail on the head in addressing the various issues.

I so submit.

**MR ALBERT CHAN** (in Cantonese):First of all, I share the criticisms made by a number of Members. The Government has not designated enough representatives to attend the meeting. The issue of building repair and maintenance involves both the hardware and the software, and the hardware is the responsibility of the Development Bureau, while the software is that of the Home Affairs Bureau. This issue presents an array of loopholes in several aspects, and many problems are left unresolved.

Firstly, the problem begins with the unequal deeds of mutual covenant (DMCs), and these DMCs can be exchanged in private. During the construction stage, a management company directly owned by the developer is appointed as to manage the building underdevelopment. Being a subsidiary of the developer, the management company will naturally turn a blind eye to any problems arise during that stage, regardless of whether such problems are piling, water seepage or other issues involving building works. As regards problems concerning the newly completed building, the management company will make use of the management fees to pay for the works to remedy many of the construction problems left over by the developer. When owners try to register any defects found in their flats, they will be persuaded and misled to sign acceptance documents to indicate that they are satisfied with the quality of the flats purchased. While the management company will sluggishly carry out some minor repair works at first, it will ignore any repair request from owners after the lapse of a year or two. So, the problems indeed originate from the unequal DMCs. By way of some underhand secret dealings, the developer can deceive the property owners by concealing any construction-related problems with the help of the management company.

Secondly, owners' corporations (OCs) are established under the Building Management Ordinance (Cap. 344). I set up a subcommittee in the Legislative Council 10 years ago to review the Ordinance comprehensively, as I considered the Ordinance full of problems. In my view, even after a complete overhaul of the Ordinance, the building management issue could only be rectified slightly. Apart from the lack of supervision of property management companies, there are layers of other problems as well. Some of problems are deep rooted in the pertinent system. To resolve them, and as encouraged by the Government, buildings have to form OCs in accordance with Cap. 344 under the assistance of the Home Affairs Bureau. I have been making such criticisms for 20 years, and yet the Home Affairs Bureau still fails to take care of its own "child", even worse than the parents of the Mainland boy XIAO Youhuai. Officials from the Bureau have never missed any celebratory occasions organized by OCs, such as establishment ceremonies, parties and inauguration ceremonies. However, when problems arise, they simply advise the assistance-seeking owners to turn elsewhere for legal supports, as the Bureau will not offer any help.

However, the above practice is not compatible with the provisions under Cap. 344. The Ordinance states that the Secretary for Home Affairs has the power to make certain rulings and decisions on major problems involving property management. Yet the Secretary for Home Affairs has never exercised such power vested by the Ordinance throughout all these years. The Bureau asks property owners to form OCs and do other things when it wants to take credits or polish the figures, but when the OCs encounter problems, it just tell them to resolve the problems on their own. Is this not even worse than the parents of the Mainland boy XIAO Youhuai? Therefore, in view of the situation, the Government should start improving the DMCs, the Building Management Ordinance and the statutory regulation of building management companies in order to resolve the problems layers by layers. In fact, the Government has already proposed to regulate property management companies in as early as the 1980s, but the proposal has been delayed for three decades due to the opposition from consortiums.

Moreover, bid-rigging is already an open secret, and that is exactly the problem facing the management, repair and maintenance of buildings at present. In this connection, the number of buildings in need of such services is enormous. Deputy President, the 1980s was the peak of building construction in Hong Kong. Starting from the past few years, 80 000 flats are reaching 30 years of age each year. Substantial repair and maintenance works should be conducted on these units, and some of them may have started going through such procedures one or two years ago, most probably right after they have reached 25 years of age. Some buildings need to be repaired earlier due to poor quality of construction, such as buildings constructed with seawater, buildings with short piling, or buildings constructed by irresponsible construction companies. The wide range of problems have left the buildings in such a poor condition that they may collapse any time. In assisting in the building inspections, we have seen all sort of items after digging up the walls, including foam plastic items, paper boxes, newspapers, gloves, and many other things. With such things in the concrete walls, it will be a surprise if no water seepage problem is resulted. Moreover, as many of bolts used are made of iron not yet galvanized, they would rust easily. Hence, the flats are covered with rust stains after the occupants have moved in for two to three years.

Given these many problems, each flat has to contribute some $50,000 to pay for the major repair works. If there are 80 000 in a building, the annual repair fees will amount to $4 billion. Can Members imagine the huge profits that can be generated through bid-rigging activities? If 80 000 flats are in need of repair each year, and if each flat has to pay some $50,000, the total cost for the works concerned may add up to $8 billion for a year. Then, in the next few years, the annual cost may exceed $8 billion, $9 billion, or even $10 billion. So, we can see how great the potential of the market is. As such, it is an open secret that many OCs, management companies and contractors have colluded with each other. Repair and maintenance companies will first plant their people into the OCs, pretending that they do not know such people. After the persons concerned have gained control of the relevant OCs, those persons will bring in the connected management companies. Indeed, certain management companies are well-known for engaging in bid-rigging to reap profit. The OCs will act as if they are very smart and dismiss the old management companies, replacing them with new management companies to kick start the collusion process.

There is still a long way to go before the problems across urban Hong Kong and the New Territories can be solved. Deputy President, even if we keep on working until we die, the problem still cannot be addressed completely. What is more, one may risk being stabbed for standing in others' way to make money. But then, there is nothing the Independent Commission Against Corruption (ICAC) can do upon receiving complaints, as no concrete evidence can be found to prove the collusion. Unless the colluding parties conflict with each other and someone reveals some evidence from within, we can never prove the identities of those involved in the colluding network, as the interests among these people are transferred in the most indirect manner. Therefore, in the face of such a problem, I believe the Government should set up a joint committee comprising the ICAC, the Buildings Department and the Home Affairs Bureau, and so on, to come up with concrete solutions to resolve the issues arising from both the system and the enforcement arrangement.

**MR CHRISTOPHER CHUNG** (in Cantonese): Deputy President, it is not easy to be a property owner in Hong Kong these days. If a youngster saves up some $3,000 a month, he may not be able to "board the train" even by the time his hair has turned completely grey. Even if he is lucky enough to succeed in "boarding the train" now, he may only be able to buy a unit in a dilapidated building. After moving into the building, he has to face a whole lot of problems, such as the varying quality of building management and owners' corporation (OC) members. What is more, he may also need to conduct large- and small-scale repair works at any time. Recently, the building I live in underwent certain repair works. And I already paid several hundred thousand dollars out of my pocket for this purpose. After paying a huge sum of money, I still have to worry that the works project might end up uncompleted. Worse still, some buildings may have to face bid-rigging and intimidation by triad elements. General property owners honestly cannot find any ways to seek help, and they are literally helpless.

The reason why the aforesaid situation has emerged is that although the Government has encouraged property owners to form OCs over the years, it has paid no heed to OCs' operation and their needs for assistance after they are formed. Instead, it has let them perish on their own like orphans.

I in the DAB have always been concerned about the issue of improving building management. The DAB has proposed an amendment to this motion, and it has set out nine major recommendations. The recommendations are drawn up on the basis of the views we gauged from many OCs during our district consultation sessions in response to the Government's review of the Building Management Ordinance (Cap. 344) (the Ordinance) early this year. At the end of 2014, the DAB also conducted a survey and interviewed 647 property owners about their views on the review of the Ordinance. According to the survey outcomes, most property owners indicated that the existing legislation was marked by many loopholes and areas in need of improvement. This time around, I will focus on two points: first, the provision of greater support for OCs; and second, resolving the bid-rigging problem.

We hope that the Government can provide "one-stop" building management support. As many colleagues pointed out a moment ago, the Government has turned aloof after assisting buildings in forming their OCs. As a result, OCs are at a loss as to how they should deal with their difficulties. In the case of building improvement works, for example, many government departments are involved in the vetting and approval process, such as the Buildings Department, the Fire Services Department, the Home Affairs Department (HAD), the Water Supplies Department, and even the Joint Offices for Investigation of Water Seepage Complaints. Due to the fragmentation of responsibilities, these government departments will only care about those issues within their portfolios and shirk their responsibilities.

Currently in the Government, only the Liaison Officers of the HAD are responsible for dealing with OC-related work. Although these front-line officers will liaise with OCs and building residents directly, they are unable to provide support around the clock. The provision of "one dedicated officer for one building" is indeed mission impossible. For this reason, the DAB proposes that the Government should set up a "one-stop" platform for the purpose of resolving building management issues. One example is the creation of a commissioner for management of old buildings or an independent building management organization. Or, for the purposes of participating in building management more actively and providing "through-train" services, the Government can entrust a Policy Bureau with the responsibility of co-ordinating various government departments in discharging their building management functions and roles.

In addition, the HAD should examine the provision of free mediation services or the setting up of a "building affairs tribunal" as a means of resolving building management problems, so as to avoid litigation fees from turning exorbitant due to protracted building management disputes.

We have been advocating the setting up of a "database of building repair costs" because we think that this is the most effective means of combatting bid-rigging. Bid-rigging is a pressing problem at present. Recently, the Independent Commission Against Corruption took actions to investigate a bid-rigging case involving Garden Vista in Sha Tin. Due to collusion between the management company of the housing estate and the repair services contractor, the entire housing estate must pay as much as $260 million as repair fees, and each household was required to pay $330,000 as its share of the total repair fees. Another example is The Arcadia in Kowloon City. Although it has spent $22 million on conducting repair works, water seepage can still be observed everywhere after the completion of the repair works. The substandard repair quality has aroused the grievances of property owners. From this we can see that repair services consultancy firms and also building engineering companies are of varying quality. For this reason, we hope to connect management companies with OCs, so that comprehensive services can be provided.

In order to combat bid-rigging effectively, raising the quorum of owner meetings and also the threshold on support votes can only address the symptoms. In the long-run, the ultimate solution is to enhance the transparency of works projects, encourage property owners to care about the affairs of their buildings, and improve the relevant legislation. Therefore, I propose that the Government should make good use of information technology and set up a "database of building repair costs" as a means of collecting and collating information on the professional consultancy and maintenance fees under the various repair subsidy schemes, so as to enable property owners to grasp more comprehensive information and bring those companies with bid-rigging intention to their attention. I have learned that Prof CHAU from the University of Hong Kong is now developing a similar database, and his efforts have already borne some fruit. I hope this can help to combat the bid-rigging problem.

Besides, the Government may also explore the setting up of a consultancy firm by the Hong Kong Housing Society or other professional bodies for the purpose of providing residents with professional consultancy services on building maintenance, so as to reduce the chance of bid-rigging through collusion between consultancy firms and building engineering companies. In the case of those old buildings without any OCs or those in which the property owners are unwilling to share the maintenance fees, the Government may examine the idea of setting up a mechanism whereby individual property owners may apply to the relevant departments for entrusting the Government to conduct statutory maintenance works for their buildings. And afterwards, the Government may collect the fees incurred from all property owners.

Anyway, while building maintenance involves various issues, there must be a solution. I hope everybody can make concerted efforts to identify a feasible solution.

I so submit. Thank you, Deputy President.

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

**MR PAUL TSE** (in Cantonese): Deputy President, I think there is a "small Government" in every building. If the "small Government" operates smoothly and gets along with its people in harmony, "its governance will be smooth". But sadly, the recent years have seen the emergence of one trend, the trend of growing disharmony. This trend is prevalent in this Council, in the community, and also in owners' corporations (OCs) of buildings. A moment ago, many colleagues talked about the problems of "triad elements" and "dirty money". Actually, apart from all this, a trend has likewise become noticeable over recent years: political disputes have become more and more serious. "Triad elements", "dirty money" and "political disputes", when added together, have led the "small Government" in every building to come under criticisms from its residents all the time.

Deputy President, I have listened to the speeches delivered by colleagues from various political parties and groupings today, and found the basic direction of their speeches unusually consistent. They have invariably expressed the hope that the Government will increase the resources for dealing with the repair and maintenance of private buildings.

(THE PRESIDENT resumed the Chair)

President, just now, Mr Albert CHAN pointed out that we should first ascertain the root of the problem, and also which areas we should deal with as a start. In my view, the root of the problem is relatively more important. In the past, it looked like property owners of private buildings (especially old buildings) dealt with the management and repair of their buildings rather rashly. It is true to say that the management of those new buildings erected in recent years or large housing estates is certainly better. But I believe that in the course of dealing with any issues concerning those old buildings aged 30 or even 40 years, the President and also colleagues who have the opportunity to handle district affairs (especially those with a legal background) will find that the relevant problem is very rampant. That being the case, President, what should we begin with?

I am very grateful to many colleagues for putting forth practical and feasible recommendations in various aspects. I have also read in detail certain proposals put forth by the Government in the document entitled "Public Consultation on Review of the Building Management Ordinance" some time ago. In particular, I have read the proposals on proxy instruments, forming OCs, and also enhancing the regulation of large-scale repair works. Regrettably, the progress is a bit slow.

President, speaking of the Government's approach to dealing with unauthorized building works (UBWs) in old buildings, I wish to point out that the Audit Commission published a report not long ago. Besides, the Public Accounts Committee of this Council has also convened hearings, and it will announce the outcomes very soon. However, one point in the conclusion may be very worrying and dreadful. It is pointed out that with the resources and manpower currently available, the department concerned may need to formulate a "century master plan" in order to deal with the UBWs which have been identified so far. Years back, the then Secretary for Development, also known as a "good fighter", expressed the need to deal with the UBWs in the New Territories. But then, I am afraid that her words have probably sunken into oblivion because nobody has talked about them anymore, as in the case of the policy on "building 85 000 public housing units".

Nonetheless, property owners in private buildings may likewise need to formulate a "century master plan" for dealing with the repair works of their buildings. In this regard, I support a proposal put forth by many Members, which is the proposal on expeditiously reviewing the various requirements under the Building Management Ordinance (Cap. 334) (the Ordinance). Besides, the Government has received large amounts of tax payments as a result of implementing the "double curbs measures". In that case, shouldn't it expeditiously increase the resources for helping middle-class people? They honestly face the problem of "wealth disparity" in this regard. In the case of luxurious flats, new buildings and also buildings with satisfactory management, the problem is basically not too serious. But I must point out that those property owners who are not very rich have encountered difficulties in building repair, and they have felt aggrieved. In my view, it is more desirable for the Government to implement this proposal of mine than to "hand out candies". The reason is that to those middle-class people who are not very rich, building repair is very frustrating. What is more, every private building, let alone every household, will invariably face building repair problems. I hope that apart from allocating additional resources and speeding up its efforts of amending the Ordinance ― of course, the Government must strive to crack down on bid-rigging and corruption in the process of enforcing the law ― the Government can draw up a building repair priority list based on the degree of urgency, as in the case of handling UBWs.

However, for reasons of owner disputes, owners' advanced age, or owners' financial inability, certain buildings may not be able to actively and promptly comply with the requirements under the Operation Building Bright, the Mandatory Window Inspection Scheme or the Mandatory Building Inspection Scheme introduced by the Government. Therefore, I hope the Government can give them some allowance by drawing up a priority list. As the Government also needs to formulate a "century master plan" for dealing with UBWs, why should it refuse to give property owners of private buildings more time and space, so as to prevent them from making rash decisions and thus falling prey to those criminal syndicates or organized "groups" seeking to reap huge benefits by manipulating the relevant loopholes? As I also pointed out a moment ago, the intervention exerted by certain political parties has led property owners to feel great frustration.

Finally, President, although the Government is unable to deal with many livelihood issues and the constitutional reform properly, I still hope that it can implement the aforesaid benevolent measure. I believe that if the Government can do well in this aspect, there will be much fewer criticisms against the Government, and the community will be more harmonious.

Thank you, President.

**PRESIDENT** (in Cantonese): I believe it is unlikely for this Council to finish the business on the Agenda of the meeting by 10 pm today. So, I will suspend the meeting at about 8 pm until 2.30 pm tomorrow.

**MR ANDREW LEUNG** (in Cantonese): President, I rise to speak in support of Mr Tony TSE's motion. Just now, many Members talked about bid-rigging. I also hope that the authorities can step up law enforcement to protect residents and consumers. I will focus on the prevention of bid-rigging and law enforcement in my following speech.

The Secretary for Development has written a blog entitled "Building Safety Week 2015". It discloses some latest information on the age of buildings. There are around 5 900 buildings aged over 50 years in Hong Kong, and the number will increase by 580 every year. There are even 20 000 buildings aged over 30 years, and the number will increase to 30 000 in 10 years. In other words, 500 old buildings will need to invite tenders for large-scale maintenance works every year in the time ahead.

In 2012, the Government introduced the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme focusing respectively on buildings aged 30 years and 10 years. A number of buildings will be selected to undergo mandatory inspection and necessary repair every year, so as to ensure the safety of such buildings and the community. The two schemes can motivate the community to attach importance to building safety while bringing huge business opportunities for the engineering sector, the construction sector and also the surveying sector. All this commands the BPA's recognition in principle.

A building may need to pay millions of dollars for its general maintenance. In the case of those more complicated works, the fees will amount to as much as a dozen million dollars. Therefore, this big business worth over a dozen billion dollars in Hong Kong has induced many lawless elements to attempt to reap huge profits. For example, the press reported a few days ago that in a bid-rigging case involving Garden Vista in Sha Tin which was charged an "astronomical" repair fee of $260 million, the Independent Commission Against Corruption (ICAC) arrested 10 repair engineers allegedly involved in bid-rigging, including two management staff members of a listed company. Due to this incident, the property owners concerned have lost their trust in the present property management company, and they hope to invite tenders again as soon as possible, so as to engage another management company. However, in order to resolve the problem of bid-rigging, we must first deal with the root of the problem.

President, I wish to make a declaration first: I am a member of the Competition Commission. Bid-rigging is inherently anti-competitive and has the object of harming competition in contravention of the First Conduct Rule under the Competition Ordinance. But since the Competition Ordinance has yet to be implemented on a full scale, the Competition Commission cannot investigate or take actions against any conduct of any undertakings at present. In view of the extensive impact of building repair, I hope that the Competition Commission can deal with the relevant cases on a priority basis after the Competition Ordinance has come into operation, so as to protect all property owners in Hong Kong.

The Competition Commission has been supportive of any initiatives on facilitating market competition. In respect of the market for managers specified in deeds of mutual covenant (DMCs) (that is, property management companies), consumers may benefit, and competition may be increased, by making the appointment process more genuinely open to new and more competitive managers who seek to displace incumbents as building managers by making a more competitive offer. This commands the support of the Competition Commission.

However, the property sector involves a wide range of complex issues for which no single amendment can solve all competition problems. For this reason, in its proposal submitted to the Home Affairs Department in February this year in response to its review of the Building Management Ordinance (the Ordinance), the Competition Commission proposed to either lower the percentage threshold on the termination of managers from 50% to 30% or set a time limit on the appointment of managers at five years, and to require them to comply with the series of guidelines under the Ordinance as a means of combatting bid-rigging conduct.

Any conduct against free competition will affect the status of Hong Kong as the freest and most open economy in the world. But I wish to point out that we may not be able to fully prevent bid-rigging conduct by solely relying on the ICAC or the Competition Commission. The Government should actively consider reviewing and improving expeditiously the existing system for monitoring building management and amending the relevant provisions under the Ordinance. One way to do that is to begin with DMCs.

DMCs aim to define property owners' rights, interests and responsibilities. The authorities should improve the existing mechanism to allow property owners to amend any unreasonable DMC provisions under specified circumstances by following the required procedures. In addition, due to the out-dated DMC formulation procedures prescribed in the Ordinance, property owners must accept the binding arrangements imposed by property developers, including the engagement of specified management companies. This has added to the difficulties faced by residents in replacing a management company with another one in the future. The authorities may consider this angle in reforming the Ordinance.

The Competition Commission has already launched a study on building maintenance, and one area it covers is the potential bid-rigging conduct involved in the process of inviting tenders for building repair works. But the crux of the problem is that the regulatory efforts of the Home Affairs Bureau as the Policy Bureau in charge of the Ordinance are honestly insufficient. This has led to non-compliance on the part of some OCs. Since many property owners and households may not have a good grasp of such knowledge as the requirements on building maintenance, and also the progress and quality of maintenance works, the Government should offer more support to those property owners who intend to undertake maintenance works.

Acquiring homes is a common wish shared by people from different social strata in Hong Kong. And, in Hong Kong where lands are precious, building a safe and comfortable home is even an ideal we have been striving to achieve. I hope the government departments concerned can actively co-ordinate their efforts of combatting the bid-rigging activities involved in building maintenance, collect intelligence on criminal syndicates, and take enforcement actions against them.

President, I so submit.

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

**MR CHAN CHI-CHUEN** (in Cantonese):President, after the collapse of a tenement building on Ma Tau Wai Road, To Kwa Wan in 2010, the Buildings Department (BD) has enhanced the inspection work on buildings aged 50 years or above. It has also implemented the Mandatory Building Inspection Scheme in 2012. Owners of buildings aged 30 years or above and served with BD's statutory notices are required to appoint a registered inspector to carry out the prescribed inspection and grading works. If a building aged 30 years or above passed the inspection, then it will be exempted from the same inspection in the next decade.

Originally, it is a policy to protect the safety of buildings and people, but it has become a profit-making and money-cheating tool which brings all sorts of opportunities to unscrupulous project consultants. In recent years, there have been reports about large residential housing estates facing sumptuous maintenance bills and bid-rigging problems. I remember that two years ago, owners of a residential housing estate in Sha Tin ― Garden Vista ― came to my office to seek my assistance. They complained that during the voting process on the maintenance project at the owners' meeting, the owners' corporation (OC) and project consultant had not explained to the owners the total project cost, the breakdown of all the project fees and the share each tenant had to contribute, and so on. Even though incomplete information was given, the motion concerning the renovation works of six buildings in the residential estate with a total of 11 items of works was passed by residents who were present. Owners only learnt that the total maintenance cost was as high as $260 million after they received the management fee bill. Each tenant had to share a cost ranging from $200,000 to $300,000. Some of them have been making a saving in a tough way. Some are newly-wed couples. Some are retirees who have nothing but the flat. May I ask how they can contribute their share of the maintenance fees?

Many of the owners are suffering from psychological torment in these two years. Last year, an owner even climbed up to the top of a footbridge and tried to use his own death as an accusation against the situation. Moreover, the flats of 80 households were imposed encumbrance by the OC because they refused to pay for the maintenance fees which they considered way too high. A charging order was even issued by the Court to one household's flat. It was until April this year that the Independent Commission Against Corruption launched a large-scale operation and arrested almost 10 people, including people from the property management company, the consultant agency, senior members of the contractor and some OC members. According to some reports, some people were suspected of receiving over $1 million bribery for creating the sumptuous maintenance scam. Until this month, the management company involved knows that it's time to back off, thus it terminates the management service contract with Garden Vista.

To owners of Garden Vista, it seems that they can see a ray of hope, but it is only the tip of an iceberg when compared with numerous suspected bid-rigging cases in Hong Kong. Over the years, the Government has all along been adopting the attitude commonly known as "giving birth to the child but not raising the baby up", and this attitude has not been improved so far. For many years, both the democratic camp or the pro-establishment camp have criticized the Building Management Ordinance (Cap. 344) (BMO) for granting OCs the power to act in an opaque way, and in many cases the property owners are simply incapable of monitoring the OCs. As early as 2004, the Ombudsman had criticized the Home Affairs Bureau for failing to take feasible law-enforcement action to intervene management disputes between property owners and OCs. In recent years, due to the implementation of the Mandatory Window Inspection Scheme, the management problems of OCs started to emerge as bid-rigging incidents involving building maintenance were widely reported by owners.

Many owners have no alternative but to seek help from District Office because of disputes over the overcharged building maintenance fees and black-box operation of OCs, but they usually find that the Home Affairs Department (HAD), which encourages them to form OCs, cold-shoulders them. The legal advisers were reluctant or afraid to offer their advice. They feel that that there is no channel for them to vent their grievances as there is no one they can turn to. The HAD always rejects owners' calls for help and refuses to solve the problem directly, giving the excuse that it cannot perform the duty of managing private property on behalf of property owners. The "AP Easy" Building Maintenance Advisory Service Scheme has been launched by the HAD in recent years, but the Scheme only helps buildings with OCs but no management company. The Scheme is not helpful to owners seeking information on project price or technical issues. As such, it is difficult for owners to determine whether or not the maintenance works are necessary and whether the prices are reasonable. I really don't know if the approach can tackle the problem on the surface or at the root.

Owners should bear the utmost responsibility for their own properties as these are their own properties. However, as the management of the properties and OCs involves huge costs, including the cost of information, it may not possible for common people, and even some professionals ― among those who come to seek our help, many of them professionals rather than laymen ― to be equipped with the necessary information and capability to manage the housing estate. For that reason, the long term solution is that the Government should not allow OCs to run their course. Different sectors have called for the amendment of BMO. Meetings and public hearings have been conducted for that purpose, and a lot of opinions have been gauged, such as increasing the percentage of the quorum in OC meetings in order to minimize the wrangle on maintenance items among owners. Moreover, at present, it is not ideal for small property owners to bring their cases to court whenever disputes arise between the owners and OCs or among the owners, OCs and property management company. The authorities should consider establishing a dedicated building affairs tribunal to deal with building affairs, so as to minimize the time and cost spent by the Small Claims Tribunal, the Lands Tribunal and the District Court in the course of dealing with the relevant cases. This arrangement may also help to reduce the conflict arising within the housing estate, so that owners may not easily resort to legal action which will hurt the amicable relationship among neighbours.

The Authorities should also strengthen the existing Free Legal Advice Scheme provided by the HAD. More substantial legal, project, contractual and technical support should be provided for owners and OCs, including the organization and recruitment of professionals such as lawyers, engineers, surveyors and property management personnel. Legal, property management and maintenance consultation services should be voluntarily and actively offered to all OCs. If the Government can offer comprehensive and effective support to property owners who intend to establish their own OCs or to the existing OCs, it will definitely attract more home owners to take the initiative to establish OCs and care about the affairs in their respective housing estates. That way, the chance for unscrupulous merchants seeking to take part in bid-rigging activities to take advantage of the ill-informed property owners will be minimized.

**MR IP KWOK-HIM** (in Cantonese):President, the SAR Government has been promoting the maintenance of old buildings in recent years. The implementation of the Mandatory Building Inspection Scheme has contributed to a sizeable building maintenance market and attracted many project contractors to join the maintenance bandwagon to get their share. Nevertheless, the building maintenance fees have not been reduced because of the competition; on the contrary, they have increased considerably. The fees have been increased two to three times, or even four or fifth times. Even if we take into account the inflation rate and the pay increase, the hike of maintenance fees is still unreasonably high. We believe this is related to bid-rigging activities.

The Central and Western District is an old district. The Democratic Alliance for Betterment of Hong Kong (DAB) has been assisting home owners in the district to carry out building maintenance over the years. Let us take the True Light Building in Sai Ying Pun as an example, as it has just completed a major maintenance project. The project started three years ago, and the winning bid price of $7 million would be shared by 180 tenants. Each tenant had to bear a cost of around $40,000. However, nowadays, even for a single residential building, the maintenance cost would most probably be over $10 million. It has been a norm for tenants to bear a share some $100,000 or even more.

Paradoxically, while the maintenance fees are skyrocketing, the project consultation fees are getting cheaper and cheaper. Let us take as an example a building maintenance case assisted by the DAB in the Central and Western District. In this case, the project consultation fee for a single residential block is just something more than $10,000. The relevant project consultant explains the reason why the charge is so cheap. According to their explanation, because the turnover is rapid, they can earn a small profit even though they charge a rather cheap price. Do Members believe that explanation? A little more than $10,000 is not enough to pay for the salary of a clerk, let alone a professional staff. The price itself guarantees a losing business, but who will do a losing business? The most reasonable doubt is that the project consultant can get its kick-backs from the contractor.

Building maintenance is a very complicated thing. General home owners or owners' corporation (OCs) or District Council Members who help the OCs may not necessarily possess the professional knowledge to launch the building maintenance works. For that reason, consultants should be hired to provide the services, including conducting building inspection, making maintenance proposals, drafting tender document and monitoring the entire maintenance project. Therefore, consultants play a very important role in building maintenance, and consultants have become a key player in the bid-rigging crime.

At present, the Hong Kong Housing Society (HKHS) requires OCs applying for HS's subsidy in building maintenance not to disclose the name of the consultant in the course of tender invitation. The purpose of that is to avoid the bidding contractors to conspire with the project consultant, so as to minimize the chance that the bid is being rigged. This is one of the more effective ways. However, the approach is not that effective in essence. It is because if a project consultant intends to conspire with a contractor to rig the bid, it may as well inform the contractor which building is going to issue the maintenance tender, then the relevant contractor can conspire with the consultant and put on a good bid-rigging show.

In the past, when consultancy companies collected commissions from the contractors, they would mostly do the cash transaction, thus it was relatively easier to prove them for giving and accepting of bribe. At present, as bid-rigging syndicates are getting more well-versed in such operations, the process of giving and accepting of bribe will be carried out under all sorts of inventive names. For instance, a consultancy firm act as the consultant of a certain company and collects consultant fees, but actually the company is related to the contractor and the so-called consultant fees are actually bribes, but as the consultant fees are under the wrapping of the so-called consultant fees. But then, under this "consultant fee" pretext, the illegal activity has become legal.

President, I have been serving the Central and Western District over 20 years, and I have helped a lot of buildings in the district to carry out maintenance works. I feel grossly helpless when facing more and more suspected bid-rigging activities but there is no evidence to facilitate the prosecution. I consider that one of the ways to combat bid-rigging activities is to urge the trade to formulate a standardized fees structure, so as to prevent project consultants from competing for contracts by way of cut-throat competition on the one hand, and collecting kickbacks from contractors to make up for the loss of income on the other. In addition, the authorities may increase the allocation of resources to the HKHS or the Urban Renewal Authority, so that the two organizations can undertake project consultancy services on a self-financing basis, thereby providing an additional option for property owners.

President, the maintenance problem is a big issue related to the livelihood of the people, I hope the motion can be passed to attract public attention. I support the original motion and Mr CHAN Hak-kan's *(The buzzer sounded)* 

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese):Mr Tony TSE, you may now speak on the amendments.

**MR TONY TSE** (in Cantonese):President, first of all, I would like to thank the 30 Members who have spoken on my motion, including the five Members who have proposed amendments to my motion. It is apparent that we are all very much concerned about building repair works and management, and have put forward many proposals. I wish the Government can face the issue squarely and address it. As regards the many proposals contained in the several amendments, including the provision of assistance for owners of old buildings by the Government in organizing owners' corporations, the setting up an "information database of building repair costs", the introduction of a registration system for building repair works, the setting up of a "building repair works authority", the prescription of standard forms for large-scale maintenance projects tenders, and the stepping up of law enforcement to combat bid-rigging syndicates, since they are basically the same as my proposals, I will support them. However, I would like to supplement some views on some proposals put forward by Members, including the one on the setting up of a "building affairs tribunal".

Early in 2005, the Hong Kong Institute of Surveyors had proposed the setting up of a "building affairs tribunal" to handle issues like water sippage in buildings, building management disputes and personal disputes mainly involving small property owners, but not problems involved in large-scale building repair works. This is because those problems very often touch upon various professions and a relatively large amount of money. In order to handle such problems, there must be a good understanding of market information of the industry and relevant professional expertise. Thus, it may not be the most appropriate arrangement to have a "building affairs tribunal" hear disputes over building repair works. Therefore, I will support the setting up of a "building affairs tribunal", but not for handling problems involved in large-scale building repair works.

As regards Mr CHAN Hak-kan's proposal to launch a third round of the Operation Building Bright, I have consulted the construction and surveying sectors. Construction works consultants who have been engaged in building repair works expressed that for a third round of the Operation Building Bright to achieve the best effect it should produce, a comprehensive building repair monitoring mechanism should be put in place.

In addition, Mr KWOK Wai-keung has proposed that the Government should face up to the issue of erecting safety installations for repair and maintenance works on external walls of buildings, so as to strengthen protection for construction workers' occupational safety. I agree with him that the Government should face up to the issue but at the same time, I propose that the Government require the developers to furnish the feasibility arrangement for future repair and maintenance of the buildings concerned when seeking government approval for a property development project. Moreover, the Government should also provide incentives. For instance, if the architect or the developer can provide speedy proposals on future repair and maintenance for the buildings and can meet a certain standard, the Government may consider allowing for moderate increase to the floor area of the pertaining property development project, so as to encourage more detailed consideration for repair and maintenance when designing the building.

Regarding Mr LEE Cheuk-yan's amendment, I will not give my support since it has basically deleted the bulk of my original motion.

There is also an amendment proposing to amend the Building Management Ordinance (Cap. 344). Earlier, when the Government conducted a public consultation on the review of the Ordinance, many amendment proposals had been put forth. I have held discussions with the property management sector. On the revision of shares for the purpose of voting at the OCs, the sector in general has more diverse views. As such, I believe the issue warrants detailed discussion in order to arrive at an option which is the best in everyone's opinion.

Thank you, President.

**SECRETARY FOR DEVELOPMENT** (in Cantonese):President, I wish to thank Mr Tony TSE again for moving this motion and the five Members concerned for proposing the amendments. I am also grateful to the 25 Members who have spoken earlier for their valuable views and suggestions about the ways to enhance the repair, maintenance and management of buildings. So, we can see that society indeed attaches great importance to this question, and the Government should face it squarely and take the initiative to tackle it.

Quite a number of Members have expressed their views on the management of buildings. Mr CHAN Hak-kan, Mr Tony TSE, Mr WONG Kwok-hing and many other Members suggest that the Government should actively assist owners of old buildings in organizing owners' corporations (OCs) or hiring management companies to resolve building management and repair problems. The Government concurs with these suggestions. At present, property owners may obtain a subsidy of $3,000 through the Integrated Building Maintenance Assistance Scheme to establish OCs. Furthermore, as I have mentioned just now, the Community Care Fund ― Subsidy for Owners' Corporations of Old Buildings under the Home Affairs Department (HAD) offers subsidy to OCs of old buildings, with a view to promoting better building management and encouraging more "three-nil" buildings to form OCs. The HAD will continue its work in this area.

As regards Mr WONG Kwok-hing's proposal of recruiting additional Liaison Officers to assist owners of "three-nil" buildings, I will relay his views to the HAD.

President, while Mr CHAN Hak-kan's amendment proposes that a commissioner for management of old buildings should be created, a host of other suggestions involving the convening of general meeting, passing of resolutions and proxy appointment are put forward in the amendments proposed by Mr‍ Ronny TONG and Mr LEE Cheuk-yan. These proposals and suggestions involve the amendment of the Building Management Ordinance (BMO), and a number of Members have also expressed their views on such amendment. As I have mentioned in my previous speech, a review committee has been formed within the HAD earlier on, and it is tasked to conduct a comprehensive review of the BMO. Having considered the recommendations of the review committee, the HAD conducted a public consultation on a number of legislative and administrative proposals at the turn of last year, with a view to offering some assistance in addressing the main concerns raised by the public in recent years. The HAD is collating views received during the public consultation period. I will relay Members' views to the HAD, and the Department will report to the Legislative Council the progress of the BMO review in due course.

I note that Mr CHAN Hak-kan, Mr Ronny TONG, Mr Alan LEONG, Mr‍ CHAN Chi-chuen have proposed that a building affairs tribunal should be set up to help resolve the existing disputes involving building management and reduce the time and money used on litigations. Having considered the recommendations, the HAD is of the view that whether the said building affairs tribunal is to be set up within or outside the judicial system, it may not necessarily be able to resolve the building management disputes effectively due to the following factors:

(1) Disputes over building management and repair issues usually involve huge amount of money. If a building affairs tribunal is set up under the legal framework by making reference to the practices of the Small Claims Tribunal, which prohibits both parties to hire legal representatives, it may not necessarily meet the principle of proportionality. Moreover, constitutional or human right issues may be involved, while the existing law court system will become more complicated after the establishment of the said tribunal;

(2) As all the parties involved in the litigation need to have adequate opportunities to produce evidence and make representation, the time the building affairs tribunal needs to try the case may not necessarily be shorter than that required by the Lands Tribunal under the existing arrangement; and

(3) Property management dispute cases often involve complicated legal and ownership issues. If the ownership of common parts is involved, then even a case involving a small amount of money may become a complicated case, and the way the case is handled may affect other cases. For that reason, it is rather difficult to single out simple cases for the building affairs tribunal to handle. Moreover, if members of the public are not satisfied with the tribunal's decision, they may appeal to a higher court. Since issues concerning building management are generally more complicated, the HAD estimates that there will be a large number of appeal cases, thus it is likely that the purpose of efficiency enhancement and resources saving will be defeated.

Actually, other than resorting to legal channels, the HAD encourages the parties involved in a dispute to settle the matter through mediation. As I mentioned in my opening speech, the HAD has joined hands with the Hong Kong Mediation Centre since March this year to launch a free mediation service pilot scheme, under which professional mediators will help parties in dispute to deal with building management issues and to reach a settlement agreement. This is a more efficient and less expensive approach, and will hopefully help residents to maintain an amicable neighbourhood relationship. The HAD will keep a close watch on the outcome of the pilot scheme. As regards Dr Priscilla LEUNG's proposal of drawing reference to overseas experience, I will also relay her views to the HAD.

President, I have mentioned earlier that various government policies are in put place to require, encourage and assist property owners to repair and maintain buildings. I believe Members do understand the efforts made by the Government in this respect. I understand that Mr Tony TSE is concerned about the way to ensure the service quality of the repair and maintenance works when the number of such works is on the increase. In this connection, Mr Tony TSE, Mr Ronny TONG, Mr WU Chi-wai and other Members have proposed the establishment of a "building repair works authority", with a view to regulating the service quality of building repair and maintenance service providers and formulating service standards and guidelines for building repair and maintenance works. The suggestions involve a host of considerations, including the time needed to complete the relevant legislative process, the possible impact of the expenses and levies of the proposed authority on the project cost, the way the proposed authority to investigate effectively the improper practices of consultants and contractors, and so on. All of these issues should be looked into thoroughly. We are communicating with the professional bodies which made the recommendations, with a view to exploring other feasible alternatives.

President, we believe the existing most effective way to assist property owners is the provision of professional consultation and support services by pertinent organizations such as the Urban Renewal Authority (URA) or professional bodies. This approach is in line with the remarks made by Mr‍ CHAN Hak-kan, Mr WU Chi-wai and Ms Starry LEE just now. In fact, besides financial support, independent third-party professional advice will also be provided for buildings under the existing Integrated Building Maintenance Assistance Scheme, so as to assist property owners to carry out repair and maintenance works. The URA will also subsidize OCs to hire professional consultants and authorized persons (APs) to co-ordinate and monitor the repair and maintenance works of buildings. They will appoint independent consultants to offer professional repair and maintenance advice to buildings taking part in the Scheme and evaluate the market price of the repair and maintenance projects involved for property owners' reference.

On the other hand, in April last year, the HAD launched in collaboration with three professional institutions, namely the Hong Kong Institute of Surveyors, the Hong Kong Institution of Engineers and the Hong Kong Institute of Architects, the one-year "AP Easy" Building Maintenance Advisory Service Scheme as a pilot scheme. Under this pilot scheme, expert teams comprising members of the professional institutions will, on a voluntary basis, provide OCs intending to carry out large-scale building maintenance works with professional advice on the engagement of consultants for tenders, including drafting of tenders and contract documents, as well as analysis of tenders. To the best of my knowledge, the Hong Kong Institute of Surveyors will issue a sample tender invitation letter for the public's reference.

As many participating OCs are still planning their building maintenance works, the HAD has solicited the support of the three professional bodies to extend the pilot scheme for one more year till March next year, so as to continue to provide services for the participating OCs and to benefit more eligible OCs. In addition, seminars on the appointment of consultants and APs will be organized for OCs as well. In our view, such professional advice services can better meet the property owners' need.

As to the suggestion put forward by Mr Ronny TONG and Mr Tony TSE regarding the introduction of a registration system for building repair works, we consider that the requirements relating to the registration of qualified persons under the existing Buildings Ordinance can already achieve the purpose. The Buildings Department (BD) is keeping registers of APs who are qualified to carry the relevant statutory duties, registered structural engineers, registered geotechnical engineers, registered inspectors, registered general building contractors, registered specialist contractors and registered minor works contractors respectively. Those listed on the registers should be familiar with the Buildings Ordinance and possess the relevant qualifications and experience, and competent enough to perform the relevant duties. Under normal circumstances, repair works of buildings are minor works, and owners should be able to find the appropriate contractor in the Register of Minor Works Contractors to carry out the repair works for them. Hence, the current contractor registration system can already ensure that people on the register possess the relevant qualifications and experience.

President, just now a number of Members have raised their concerns about the suspected bid-rigging and bribery activities involved in some building maintenance projects. The Government is very concerned about crimes involving building repair and maintenance works. Relevant departments and organizations, including the Independent Commission Against Corruption (ICAC), the Police and the HAD, have been working closely together and adopting a multi-pronged approach to prevent lawless elements from conducting unlawful activities through building maintenance works. The proactive measures adopted include publicity and education, enhancing to the various procedures concerned, providing better support for OCs and property owners, as well as actively initiating investigation and enforcement actions. In mid-December 2013, the ICAC published for OCs' and property owners' reference a new edition of the Building Maintenance Toolkit to provide advice on effective corruption prevention measures, checklists on points to note, as well as samples of documents. It has also organized district symposiums on Hong Kong Island, in Kowloon and the New Territories for property owners, OCs and relevant organizations to explain to participants the risks of corruption and malpractice involved in building maintenance, as well as the ways to enhance their monitoring efforts to prevent corruption and malpractice.

This year, the ICAC will continue to help OCs to enhance their knowledge in anti-corruption laws and corruption prevention measures through various channels, such as visits, seminars and symposiums. As for law enforcement, the ICAC and the Police will take proactive action to follow up and investigate all complaints and reported cases. In fact, I note in the recent report by the media that the ICAC has arrested people involved in a suspected corruption and bid-rigging case. I wish to take this opportunity to urge the public that if they suspect some people are engaging in criminal activities in the course of building maintenance works, they should report the case to the law-enforcement authorities.

Moreover, the Competition Ordinance enacted in 2012 provides that an undertaking must not make or give effect to an agreement if the object or effect of the agreement is to prevent, restrict or distort competition in Hong Kong. Therefore, a bid-rigging agreement between undertakings may be in breach of the Ordinance. The Government, the Competition Commission and the Judiciary are making preparation for the full implementation of the Competition Ordinance. The Ordinance will be brought into full operation when all preparatory work is completed. Furthermore, the Competition Commission also notes the public concern about bid-rigging cases in the building repair and maintenance market. It has commenced the relevant market study in order to enhance its understanding of the competition environment in the relevant market. After the Competition Ordinance has come into full force, the Competition Commission may conduct an investigation into the relevant case if it has justifiable reasons to suspect that anti-competitive conduct has taken place.

President, I understand very much the concerns of Members, and I know that the bid-rigging issue has caused confusion and pressure to property owners. As the Government, we have a deep-seated hatred for the emergence of these wrongdoings. I will relay the views expressed by Members to the Home Affairs Bureau. I will also look into the possible assistance we can offer under the purview of the Development Bureau, including the information of the successful experimental tender invitation procedure and approach adopted by the URA under the Operation Building Bright referred to by Ms Starry LEE and Mr CHAN Han-pan just now.

President, Mr CHAN Hak-kan, Mr WU Chi-wai and a number of Members have proposed that information concerning building repair and maintenance costs should be provided for property owners. What we need to note is that the costs of building repair and maintenance projects are affected by a host of factors, including the building's design, its condition, the repair works needed to be carried out, the materials selected, the construction technique, and so on. The construction costs would vary considerably. It would be rather difficult for the Government to set up an accurate, detailed and comprehensive information database in this respect; besides, complicated legal and technical issues will also be involved. Nevertheless, I know that the University of Hong Kong has launched in March this year an online platform for estimating building maintenance costs using the maintenance cost database of the Operation Building Bright. Moreover, the URA has also launched an informative website "Building Rehab Info Net" to share the information of the cases under the Operation Building Bright. Property owners interested in conducting building repair and maintenance projects may visit the website for information, including information on the prices of repair maintenance services contracts as well as details of the respective cases. The URA will also upload similar cases under the Integrated Building Maintenance Assistance Scheme to the above informative website for public inspection and reference. Furthermore, the Hong Kong Housing Society will also upload to its website cases related to the Operation Building Bright, the information will be presented in the form of case illustrations for public reference.

Mr CHAN Hak-kan's proposed amendment urges the Government to help property owners who have practical difficulties in compliance with the Fire Safety (Buildings) Ordinance to have fire service equipment and installations such as water tanks and hose reel systems, and so on, in their buildings, while Mr‍ WONG Kwok-hing and Mr LEUNG Che-cheung also expressed similar concerns. In this connection, the Fire Services Department and the BD understand that some property owners are unable to fully comply with the relevant requirements due to the structural or spatial constraints of individual buildings. The authorities will, without compromising basic fire safety, adopt a flexible and pragmatic approach in handling individual cases, such as relaxing some of the requirements in a reasonable manner, accepting alternative measures put forward by property owners, or extending the compliance period of the Fire Safety Directions. The authorities will meet with property owners, OCs or the APs hired by them to explain the requirements of the fire safety improvement works imposed under the Fire Safety Directions, and will assist them in resolving the problems they may encounter in carrying out the maintenance works.

In his amendment, Mr KWOK Wai-keung has expressed concerns about the construction workers' occupational safety in carrying out building repair and maintenance works. In this connection, the Committee on Construction Safety under the Construction Industry Council has formed a task force to look into ways to enhance the safety of repair and maintenance works through building design and efforts to strengthen the precautionary and protection measures of existing buildings. The composition of the task force comprises contractors, the Occupational Safety and Health Council, the property management sector, professional bodies in the sector, safety personnel and relevant government departments. As to the issue of repair and maintenance works on external walls of buildings, the Labour Department will step up inspections and enforcement actions, tackle systemic risks in a focused manner, launch safety accreditation and sponsorship schemes, as well as enhance publicity and promotional activities, with a view to improving the safety of the relevant projects.

Moreover, as Miss Alice MAK has expressed in her speech concerns about whether the BD has adequate resources to perform inspection and enforcement work, we will make further effort to strive for more resources.

As regards the enforcement work of the Lands Department and the BD referred by Mr LEUNG Yiu-chung, we will continue with such enforcement work.

President, as I have mentioned in my opening speech, for the long term, if we are to ensure timely repair and maintenance for buildings, it is necessary for property owners to take the initiative to co-operate, so that we can yield twice the result with half the effort. The Government will keep on implementing a host of measures to provide support for property owners, and we will streamline the various schemes and measures in a timely manner. I believe that with the concerted efforts made by property owners, the Government and its partners, the management, repair and maintenance works of Hong Kong's building can be done better.

President, I so submit. Thank you.

**PRESIDENT** (in Cantonese):Mr KWOK Wai-keung, you may now move your amendment.

**MR KWOK WAI-KEUNG** (in Cantonese):President, I move that Mr Tony TSE's motion be amended.

**Mr KWOK Wai-keung moved the following amendment: (Translation)**

"To add "the housing problem has always been of major concern to society;" after "That"; to add "the designs of quite a number of buildings have not taken into account the feasibility and safety of future building repair and maintenance works, which directly increase the risk of industrial accidents, and" after "works; yet,"; and to add "; the Government should also face up to the issue of erecting safety installations for repair and maintenance works on external walls of buildings, so as to strengthen protection for construction workers' occupational safety" immediately before the full stop."

**PRESIDENT** (in Cantonese):I now propose the question to you and that is: That the amendment moved by Mr KWOK Wai-keung to Mr Tony TSE's motion be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese):Mr CHAN Hak-kan, as Mr KWOK Wai-keung's amendment has been passed, you may now move your revised amendment.

**MR CHAN HAK-KAN** (in Cantonese):President, I move that Mr Tony TSE's motion as amended by Mr KWOK Wai-keung be further amended by my revised amendment.

**Mr CHAN Hak-kan moved the following further amendment to the motion as amended by Mr KWOK Wai-keung: (Translation)**

"To add "; in order to encourage and support people to step up the repair, maintenance and management of buildings, the Government should introduce the following specific measures: (1) to create a commissioner for management of old buildings to co-ordinate the repair, maintenance and management of private buildings; (2) to actively assist owners of old buildings in organizing owners' corporations or hiring management companies to resolve building management and repair problems; (3) to set up an 'information database of building repair costs' and expeditiously implement the Competition Ordinance, so as to combat bid-rigging activities on building repair and maintenance; (4) to provide resources for the Hong Kong Housing Society and the Urban Renewal Authority to enhance their technical and legal support services on building repair for property owners or owners' corporations; (5) to further streamline the application procedure for the Integrated Building Maintenance Assistance Scheme; (6) to set up a 'building affairs tribunal' to resolve the existing problems of lengthy time required for handling building management disputes and expensive legal costs, etc.; (7) to provide financial and technical supports for property owners who have practical difficulties in compliance with the Fire Safety (Buildings) Ordinance to have fire service equipment and installations such as water tanks and hose reel systems, etc., in their buildings; (8) to allocate more resources to remove abandoned signboards on external walls of buildings and combat acts of overhanging signboards from external walls of buildings without prior permission ; and (9) to launch a third round of the Operation Building Bright" immediately before the full stop."

**PRESIDENT** (in Cantonese):I now propose the question to you and that is: That Mr CHAN Hak-kan's amendment to Mr Tony TSE's motion as amended by Mr‍ KWOK Wai-keung be passed.

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese):Mr Ronny TONG, as the amendments ofMr‍ KWOK Wai-keung and Mr CHAN Hak-kan have been passed, you may now move your revised amendment.

**MR RONNY TONG** (in Cantonese):President, I move that Mr Tony TSE's motion as amended by Mr KWOK Wai-keung and Mr CHAN Hak-kan be further amended by my revised amendment.

**Mr Ronny TONG moved the following further amendment to the motion as amended by Mr KWOK Wai-keung and Mr CHAN Hak-kan: (Translation)**

"To add "; (10) to introduce a registration system for building repair works, including listing the past projects the works consultants and contractors were awarded contracts or had engaged in, so that property owners can clearly understand the background and reputation of the relevant works consultants and contractors; (11) to set up a 'building repair works authority' dedicated to formulating service standards and guidelines for building repair and maintenance works, so as to facilitate works consultants and contractors to provide quality services for property owners, thereby safeguarding the interests of property owners; and (12) to amend the Building Management Ordinance to specify that large-scale maintenance projects with cost exceeding $1 million or equal to 30% of the owners' corporation's annual budget must be decided by a resolution of the property owners passed at a general meeting, the quorum of which must be raised to 20% of the number of property owners, and the resolution must be passed by over 75% of the property owners voting either in person or by proxy; at the same time, a reasonable cooling-off period (such as seven to 14 days) must be provided for resolutions on any large-scale maintenance projects, so as to allow more time for property owners to understand the contents of the resolutions" immediately before the full stop."

**PRESIDENT** (in Cantonese):I now propose the question to you and that is: That Mr Ronny TONG's amendment to Mr Tony TSE's motion as amended by Mr‍ KWOK Wai-keung and Mr CHAN Hak-kan be passed.

**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.

(Members raised their hands)

Mr CHAN Hak-kan rose to claim a division.

**PRESIDENT** (in Cantonese):Mr CHAN Hak-kan has claimed a division. The division bell will ring for five minutes.

**PRESIDENT** (in Cantonese):Will Members please proceed to vote.

**PRESIDENT** (in Cantonese):Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Albert HO, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr IP Kin-yuen and Mr POON Siu-ping voted for the amendment.

Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr Frankie YICK, Mr Christopher CHEUNG, Ir Dr LO Wai-kwok and Mr CHUNG Kwok-pan voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Dr LAM Tai-fai, Mr CHAN Kin-por, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO, Mr YIU Si-wing, Mr‍ KWOK Wai-keung, Mr Martin LIAO, Mr TANG Ka-piu and Mr Tony TSE abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Ronny TONG, Ms Cyd HO, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr‍ WONG Yuk-man, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr‍ Kenneth CHAN, Dr KWOK Ka-ki, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mrs Regina IP, Mr Paul TSE, Mr Michael TIEN, Mr CHAN Han-pan, Miss Alice MAK and Dr Elizabeth QUAT abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, seven were in favour of the amendment, seven against it and 12 abstained; while among the Members returned by geographical constituencies through direct elections, 29 were present, 16 were in favour of the amendment and 12 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

**MR ANDREW LEUNG** (in Cantonese):President, I move that in the event of further divisions being claimed in respect of the motion on "Stepping up regulation on the repair and maintenance works of private buildings" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Stepping up regulation on the repair and maintenance works of private buildings" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

**PRESIDENT** (in Cantonese):Mr WU Chi-wai, as the amendments of Mr‍ KWOK Wai-keung and Mr CHAN Hak-kan have been passed, you may now move your revised amendment.

**MR WU CHI-WAI** (in Cantonese):President, I move that Mr Tony TSE's motion as amended by Mr KWOK Wai-keung and Mr CHAN Hak-kan be further amended by my revised amendment.

**Mr WU Chi-wai moved the following further amendment to the motion as amended by Mr KWOK Wai-keung and Mr CHAN Hak-kan: (Translation)**

"To add "; (10) to step up law enforcement to combat bid-rigging syndicates; (11) to provide small property owners with appropriate and professional support; (12) to enhance public education to give publicity to the perils of bid-rigging; and (13) to set up a 'building repair works authority' to regulate the service quality of building repair and maintenance service providers" immediately before the full stop."

**PRESIDENT** (in Cantonese):I now propose the question to you and that is: That Mr WU Chi-wai's amendment to Mr Tony TSE's motion as amended by Mr‍ KWOK Wai-keung and Mr CHAN Hak-kan be passed.

**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.

(Members raised their hands)

Mr Jeffrey LAM rose to claim a division.

**PRESIDENT** (in Cantonese):Mr Jeffrey LAM has claimed a division. The division bell will ring for one minute.

**PRESIDENT** (in Cantonese):Will Members please proceed to vote.

**PRESIDENT** (in Cantonese):Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Albert HO, Mr Vincent FANG, Mr WONG Ting-kwong, Ms Starry LEE, Dr‍ LAM Tai-fai, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr‍ KWOK Wai-keung, Mr IP Kin-yuen, Mr POON Siu-ping, Mr TANG Ka-piu, Mr CHUNG Kwok-pan and Mr Tony TSE voted for the amendment.

Mr Abraham SHEK, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr Christopher CHEUNG and Ir Dr LO Wai-kwok voted against the amendment.

Mr Martin LIAO abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Ms Cyd HO, Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Mr CHAN Han-pan, Dr Kenneth CHAN, Miss Alice MAK, Dr KWOK Ka-ki, Mr SIN Chung-kai, Dr Helena WONG and Dr Elizabeth QUAT voted for the amendment.

Dr Priscilla LEUNG, Mrs Regina IP and Mr Michael TIEN abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, 21 were in favour of the amendment, five against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 28 were present, 24 were in favour of the amendment and three abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

**PRESIDENT** (in Cantonese): Mr LEE Cheuk-yan, as the amendments of Mr‍ KWOK Wai-keung, Mr CHAN Hak-kan and Mr WU Chi-wai have been passed, you may now move your revised amendment.

**MR LEE CHEUK-YAN** (in Cantonese): President, I move that Mr Tony TSE's motion as amended by Mr KWOK Wai-keung, Mr CHAN Hak-kan and Mr WU Chi-wai be further amended by my revised amendment.

**Mr LEE Cheuk-yan moved the following further amendment to the motion as amended by Mr KWOK Wai-keung, Mr CHAN Hak-kan and Mr WU Chi-wai: (Translation)**

"To add "; (14) to increase the quorum of a general meeting for voting resolutions on large-scale maintenance projects, and raise the threshold for passing the relevant resolutions; (15) to formulate measures for eradicating the practice of bypassing the general meetings by using piecemeal approach to undertake large-scale maintenance projects; (16) to prescribe standard forms for large-scale maintenance projects tenders to clearly state that property owners have right of access to the relevant documents of the projects; (17) to require the submission of proxy instruments for general meetings to the Home Affairs Department for verification to prevent falsification; and (18) to invoke the Elections (Corrupt and Illegal Conduct) Ordinance to regulate the voting and electioneering activities of general meetings, thereby combating acts of purchasing proxy instruments blatantly" immediately before the full stop."

**PRESIDENT** (in Cantonese):I now propose the question to you and that is: That Mr LEE Cheuk-yan's amendment to Mr Tony TSE's motion as amended by Mr‍ KWOK Wai-keung, Mr CHAN Hak-kan and Mr WU Chi-wai be passed.

**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.

(Members raised their hands)

Ir Dr LO Wai-kwok rose to claim a division.

**PRESIDENT** (in Cantonese):Ir Dr LO Wai-kwok has claimed a division. The division bell will ring for one minute.

**PRESIDENT** (in Cantonese):Will Members please proceed to vote.

**PRESIDENT** (in Cantonese):Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Albert HO, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr IP Kin-yuen and Mr POON Siu-ping voted for the amendment.

Mr Abraham SHEK, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr NG Leung-sing, Mr Frankie YICK, Mr YIU Si-wing, Mr‍ Christopher CHEUNG, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr‍ Tony TSE voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr IP Kwok-him, Mr Steven HO, Mr‍ KWOK Wai-keung, Mr Martin LIAO and Mr TANG Ka-piu abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Ms Cyd HO, Mr‍ Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Dr KWOK Ka-ki, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Dr Priscilla LEUNG voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mrs Regina IP, Mr Paul TSE, Mr Michael TIEN, Mr CHAN Han-pan, Miss Alice MAK and Dr Elizabeth QUAT abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, eight were in favour of the amendment, 12 against it and seven abstained; while among the Members returned by geographical constituencies through direct elections, 28 were present, 15 were in favour of the amendment, one against it and 11 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

**PRESIDENT** (in Cantonese):Mr Tony TSE, you may now speak in reply, but you only have two seconds left.

**MR TONY TSE** (in Cantonese):I hope Members would support my motion. Thank you.

**PRESIDENT** (in Cantonese):I now put the question to you and that is: That the motion moved by Mr Tony TSE, as amended by Mr KWOK Wai-keung, Mr‍ CHAN Hak-kan and Mr WU Chi-wai, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese):Debate on the second motion with no legislative effective.

**PRESIDENT** (in Cantonese):The motion debate on "New challenges faced by Hong Kong as an international financial centre".

Members who wish to speak in the motion debate will please press the "Request to speak" button.

I now call upon Mr NG Leung-sing to speak and move the motion.

**New challenges faced by Hong Kong as an international financial centre**

**MR NG LEUNG-SING** (in Cantonese):President, I move that the motion, as printed on the Agenda, be passed.

President, according to statistics, the per capita Gross Domestic Product (GDP) of Hong Kong in 2014 reached US$40,000, ranking the 24th in the world. It has also come to our attention that we fell behind the United States by two places, as the latter ranked the 22th in the global ranking with a per capita GDP figure of US$43,000. While the share of the financial services industry in our GDP was 16.5% in 2014 and the per capita GDP figures of trade practitioners have always been on the high side as compared with practitioners of other industries.

There have been discussions in recent years calling for the diversified development of Hong Kong's economy. While I do understand such a call, I do not believe we have to slow down the pace of development in financial industry because of the diversification need. Even though the United States and the United Kingdom have seen their financial industry suffering a severe setback during the global financial turmoil in 2008, the two countries have never given up on its financial industry. Rather, after a stage of reorganization, the financial industry is still a flourishing trade of great economic significance to the two countries. Therefore, I think the financial industry of Hong Kong should face up to the new challenges in a forward-looking manner and strive for further and better development.

For the current term of the Legislative Council, I have moved a motion on "Maintaining and enhancing Hong Kong's position as an international financial centre" in 2013. Looking back on the past two years following the motion debate, colleagues of this Council and I are pleased to find that with the support and efforts of the various parties concerned, some of the proposals have already been implemented, including the lifting of the Renminbi (RMB) daily conversion limit of RMB 20,000 yuan for Hong Kong residents and the inclusion of financial infrastructure in the Government's planning under the 2014 Budget. Of course, some other proposals are still not yet introduced, including establishing and expanding the RMB capital market in Hong Kong, planning and preparing Hong Kong to become the world's lender of last resort and liquidity provider for offshore RMB business, and so on.

From a macro point of view, the following major international trends have been affecting the development of financial industry in recent years: firstly, more stringent supervision has been imposed on the financial sector by the Group of Twenty Finance Ministers and Central Bank Governors (G20) and the Bank for International Settlements (BIS), thereby leading to an increase in the compliance costs; secondly, the quantitative easing measures introduced respectively by the United States, Japan and European countries as well as the regulatory measures introduced in the Mainland are directly and indirectly causing the aggregate balance of Hong Kong to keep on increasing; thirdly, the Asian Infrastructure Investment Bank (AIIB) to be established under the initiation of China will become a new emerging force in addition to the World Bank and the Asian Development Bank; fourthly, as a result of the country's development strategy of "One Belt One Road", infrastructural financing in countries along the "One Belt One Road" will be substantially increased, and it is estimated that during the period between 2010 and 2020, the demand for infrastructure investment generated in the Asia Pacific region will amount to approximately US$8 trillion; fifthly, it is very likely that RMB will soon be placed in the basket of currencies under the Special Drawing Right (SDR) as defined by the International Monetary Fund; and sixthly, China has gradually become a capital export country and there is a trend for Mainland enterprises to "go global", all this will produce a very positive impact on our financial industry.

President, while the aforementioned trends will create a lot of opportunities for the financial sector of Hong Kong, we will also be faced with the following challenges which we cannot ignore:

First of all, the Shanghai-Hong Kong Stock Connect (S-HK SC) which has already been implemented, the recently released arrangements for mutual recognition of funds (MRF) and the Shenzhen-Hong Kong Stock Connect (SZ-HK SC) expected to be commissioned in the second half of the year will serve as three major additional engines for the development of Hong Kong's financial industry, driving our financial sector to expand its capacity and enhance its service quality to tie in with and seize the business opportunity emerged.

Secondly, the SAR Government has indicated that it will leverage on Hong Kong's strength in financing and asset management to support the establishment of the AIIB and its operation, and will actively explore the possibility for Hong Kong to join the AIIB. Currently, all would-be members of the AIIB are sovereign states. If Hong Kong is allowed to participate in the operation of the AIIB in an appropriate manner, our status as an international financial centre will be enhanced. Having said that, further efforts are still required before Hong Kong's application to become a member of the AIIB can be acceded to.

Thirdly, the Central Government is currently making strategic economic planning for the National 13th Five-Year Plan to be commissioned next year, and the HKSAR Government has already submitted proposals in this regard and is striving hard to promote the sustainable development of our economic and financial sectors during the relevant national reforms. It is hoped that Hong Kong will maintain its important role in the country's planned economic development, make early preparation and improve on the preliminary work concerned.

Fourthly, as a premier offshore RMB business centre, Hong Kong enjoys the advantage as a "forerunner" in this regard and possesses the world's largest RMB capital pool. Hong Kong has already secured its role as the testing ground for new financial initiatives, which will be further extended and promoted after initial success has been achieved. A practical example is the trial scheme for RQFII (that is, RMB Qualified Foreign Institutional Investors) implemented in Hong Kong, as this scheme has subsequently been extended to other places like London, Singapore, and so on. In this connection, Hong Kong should strive to maintain its competitive edge so as to maintain its status as a "forerunner".

Fifthly, the financial centres emerged on the Mainland will become Hong Kong's competitors. The RMB financial instruments trading platform jointly established by the China Financial Futures Exchange and the Deutsche Börse last month may perhaps be good evidence showing that Hong Kong does not have supremacy over all.

Sixthly, in the face of high-tech development such as cloud systems, big data analytics and third-party payment systems, new elements are being injected into the financial sector on an ongoing basis, and new forms of financial intermediation services have also come into existence. The emergence of Internet-based financing across the world, including the Mainland, has also impacted on the conventional financial industry, and Hong Kong is lagging behind in this respect as its market is of a smaller scale.

Seventhly, according to statistics, the share of financial services industry in Hong Kong's GDP has dropped from the historic peak of 20.1% in 2007 to the recent 16.5%, indicating that extra efforts are needed if we are to strive for a rebound.

Eighthly, with the offshore RMB capital pool and RMB dim sum bond issuance in Hong Kong turning seemingly stagnant in recent months, there is a need to explore new factors for growth in addition to the changes in exchange rates.

President, in the face of the aforementioned challenges, I would like to make some suggestions as follows: first of all, since its establishment in January 2013, the Financial Services Development Council (FSDC) has been playing the role of a think tank for the development of financial services and has published 13 research reports so far. By making full use of the expertise, knowledge and social network of its members, the FSDC has been providing insightful analyses on a wide range of issues for the Government's consideration. The contribution it has made is indeed substantial. In order to strengthen the role played by the FSDC, the authorities should make reference to the mode of operation of the Trade Development Council and the Hong Kong Tourism Board and allocate reasonable resources to the FSDC to enable it to operate smoothly on a long-term basis both internally and externally. In addition, the authorities should also put in place a mechanism for regular communication between government departments and the FSDC, as well as a mechanism for notifying the relevant sectors, so as to enable the three parties to interact properly.

Secondly, Hong Kong should participate in the operation of the AIIB in an appropriate manner. Judging from the current advantages enjoyed by Hong Kong, including our legal environment, experiences in financial investments, international industrial transfer and infrastructural financing, as well as our bounteous foreign currency reserves, there is great prospect in store for us after joining the AIIB, and Hong Kong will become an important financing centre for the "One Belt One Road" initiative. The Government should wisely negotiate with the Central Government to resolve problems such as the participation threshold required.

Thirdly, regular improvements should be made to the three major components of our financial infrastructure, namely the interbank Real Time Gross Settlement systems, debt securities settlement and custodian systems, as well as system links for cross-border transactions. Besides, the authorities should also make enhancements the various types of electronic payment and trading systems to offer greater convenience to the public and improve the operational efficiency of enterprises and banks, and continuous efforts should also be make to expand the capacity of such systems to facilitate more active participation by foreign investors and Mainland funds.

Fourthly, the depth and breadth of the financial market should be gradually increased to bring in a greater variety of financial products, particularly RMB investment and financing products, so that Hong Kong will further develop into an ideal place for pooling funds from different places, and enhance its attractiveness in terms of costs and efficiency.

Fifthly, upon the implementation of MRF between Hong Kong and the Mainland on 1 July this year, Hong Kong will enjoy an additional advantage, as we will be moving one formal step towards the development into an international asset management centre. To this end, Hong Kong should further promote the dovetailed enhancement of the business environment and living conditions in Hong Kong, with a view to attracting more international funds and overseas personnel. Our fund creation capabilities and the roles and functions of our distribution network should also be upgraded to enable Hong Kong to develop into an all-round fund management centre.

Sixthly, the Financial Secretary has earlier asked the relevant government departments join hands with the relevant industries, the science and technology sector, as well as regulatory authorities to look into ways to help Hong Kong develop into a financial technology hub. Given that the use of Internet-based information technology has rapidly altered the trade patterns of different trades and sectors , the research and development of "Fin-Tech" should be expedited while co-operation with Mainland software institutions should be explored where necessary, so as to achieve better results with less effort.

Seventhly, as far as marketing and regulatory arrangements are concerned, communication with financial centres on the Mainland and overseas should be strengthened to achieve an interconnected and multi-winning situation; at the same time, efforts should also be made to enhance and consolidate Hong Kong's original position as a RMB settlement centre.

Eighthly, short-, medium- and long-term manpower resources planning should be made in the light of the future development need and the evolution situation of the financial industry, while the relevant schemes under the Qualifications Framework of the trade should be solicited to encourage the sector to train up and recruit more financial talents with global vision, with a view to promoting the sustainable development of the financial industry. The contents of the finance-related courses offered by universities should aptly include more elements like financial products, compliance and risk management, so as to dovetail the needs of the sector.

Ninthly, with regard to the safety and sustainable development of the relevant trades, reasonable measures should be taken to adhere to the international financial regulatory systems, ensure protection for investors, consolidate and enhance the confidence of different institutions and people in the financial industry of Hong Kong, so as to develop Hong Kong into an international financial centre with a safe investment environment that operates lawfully and efficiently.

President, the achievements we have attained today in our financial industry are attributable to the tireless efforts made by generations of trade organizations, banking institutions and hundreds of thousands of trade practitioners. This hard-won success has contributed considerably to our economy and thus deserves the recognition of the community of Hong Kong. When Hong Kong was faced with the Lehman Brothers incident in 2008 and the global financial turmoil caused by the mortgage issues of the United States, our financial industry managed to respond to the crisis with its best endeavours and tide over the difficult time without taking a single penny from the public funds, thereby safeguarded the reputation of Hong Kong as a financial centre as well as the reputation of the practitioners in the financial industry. We should cherish the valuable experience gained by our predecessors in the past events and work hard together to strive for further progress, so as to enable this international financial centre to attain greater success.

President, I so submit.

**Mr NG Leung-sing moved the following motion: (Translation)**

"That this Council urges the Government to formulate and implement comprehensive strategies targeting at the rapidly evolving global macro economic and financial development, the Mainland's requirements for financial reform and the rise of emerging financial centres to meet challenges, with a view to consolidating and enhancing the competitiveness of Hong Kong as an international financial centre and expediting the promotion of Hong Kong's development into a financial technology hub."

**PRESIDENT** (in Cantonese):I now propose the question to you and that is: That the motion moved by Mr NG Leung-sing be passed.

**PRESIDENT** (in Cantonese):Five Members will move amendments to this motion. This Council will now proceed to a joint debate on the motion and the five amendments.

I will first call upon Members who move the amendments to speak in the following order: Mr Martin LIAO, Mr Jeffrey LAM, Mr Charles Peter MOK, Mr‍ SIN Chung-kai and Mr Paul TSE; but they may not move the amendments at this stage.

**MR MARTIN LIAO** (in Cantonese):President, I support Mr NG Leung-sing's original motion and all the amendments because the financial industry is a very important major industry of Hong Kong, and it has become increasingly important given that our economy has failed to diversify over the past years. In the midst of intense global competition and relatively weak external economies, it is indeed high time to urge the Government to formulate policies to enhance the competitiveness of Hong Kong as a financial centre.

My proposed amendment mainly seeks to add one more important point, which is the "One Belt One Road" initiative. This important strategic policy of our nation will create a new economic engine for the world, offering new economic features for over 60 countries and regions along the belt and the road covering the European and Asian regions and the 4.4 billion people living therein; at the same time, it will also create countless golden opportunities for Hong Kong's commercial, industrial and professional sectors. If we can capitalize on these opportunities, we will be able to consolidate Hong Kong's position as an international financial centre, and even bring it to the next level up.

Although the blueprint for the "One Belt One Road" initiative is still incubating and details of its many plans are not yet clear, one thing for sure is that ties between Europe and Asia will be closer and trade co-operation and economic integration will deepen. Besides, Mainland enterprises will make better use of Hong Kong as their platform to go global. Moreover, with our inherent edges such as our sound financial system, international and high-quality professional services, free market, free flow of information, finance professionals, and so on, we can play the important role of a "super-connector" in the "One Belt One Road" initiative.

On the financial front, the "One Belt One Road" initiative will involve large-scale infrastructural and development projects worth thousands of billions of dollars. These projects will generate huge financing needs and, in turn, needs for financial intermediation services, which Hong Kong is good at providing. Although the Asian Infrastructure Investment Bank and the Silk Road Fund will finance these projects, Hong Kong's financial industries can also take a share through financing the Silk Road projects by means of loans offered by our banking corporations or infrastructure bonds. For more mature infrastructural projects, overseas enterprises can use Hong Kong's platform as a springboard to raise fund by filing initial public offerings or making other capital arrangement for operational purposes. This will further provide new opportunities for our capital market to expand.

The large group of interconnected infrastructures in the "One Belt One Road" initiative will also induce a new round of financial needs. Given that many infrastructural projects will be financed in terms of Renminbi, and that Hong Kong, with its Renminbi capital pool already exceeding RMB 10 billion yuan, tops the world as an offshore Renminbi market in respect of the total capital pool, scale and service standard, most of these overseas Renminbi loans for the infrastructural projects will naturally be conducted in Hong Kong. This will boost the globalization of Renminbi and will also bring a new vista to Hong Kong's offshore Renminbi business.

The "One Belt One Road" initiative will also bring new investment opportunities to Hong Kong. At present, the long-term growth portfolio of the Exchange Fund mainly focuses on the private equity market and the property market, which provide limited investment opportunities. On the other hand, to the $200 billion-odd "Future Fund" newly established by the Government, as the infrastructural projects provide a relatively stable cash flow, it can satisfy the requirement laid down by the Working Group on Long-term Fiscal Planning that the "Future Fund" should obtain higher returns through long-term investment, and optimize its investment portfolio at the same time. The "Future Fund" may, after conducting a thorough and mature assessment, consider making appropriate investment in some infrastructural projects of potential under the "One Belt One Road" initiative.

However, as pointed out in the original motion, Hong Kong's financial industry is facing many challenges. It is necessary for the Government to formulate and implement comprehensive policy initiatives to counteract them. President, Hong Kong's financial industry has a strong dominance over its rivals, and it has been the first stop through which State enterprises go global. Hence, Hong Kong is irreplaceable at the present stage. However, following the further opening-up and reform of our nation, free trade areas (FTAs) have risen up one after another. Besides, the paces of financial reform, globalization of Renminbi and opening up of capital accounts have also gained momentum. The Central Authorities have confirmed earlier that Shanghai will be established as an international financial centre in 2020. As of end of last September, 43 financial institutions of the banking sector have been attracted to establish a presence in the Shanghai FTA. Some economists have predicted recently that free exchange of Renminbi can be realized in 2018, sooner than originally planned. By then, China will have its own route to the external world, meaning that it can connect to the external world by itself. Together with other initiatives such as Qualified Foreign Institutional Investors, Shanghai-Hong Kong Stock Connect (Stock Connect) and Mainland-Hong Kong Mutual Recognition of Funds, the incentives that draw foreign investors to Hong Kong will gradually diminish. The exclusive advantages that the early and pilot polices have brought to Hong Kong will not last for long, and Hong Kong's role in financial intermediation will be undermined. Hence, we urgently need to find new development to strengthen our edges.

Let me cite financial technology as an example. Hong Kong is an international financial centre, and the Government has all along been advocating the fusion of finance and technology, which seems to be a logical idea. However, in reality, our development in this regard has been lagging behind. Internet financial business in the Mainland has reached the stage of B2C (Business to Customers) and C2C (Customers to Customers). Apart from traditional Internet banking and third-party electronic payment, their business modes and business variety have extended to more novel ideas such as crowd funding, micro enterprise loans, and so on.

However, regulatory institutions in Hong Kong are rather rigid to these novel business modes of the financial sector. Many regulations and monitoring mechanisms also fail to keep abreast of the times. For instance, there is not a clear set of laws to govern the platforms offering crowd funding. As such, investors and start-ups have no law to rely on and are at a loss as to how they should proceed. This also seriously undermines the development of Internet finance. In order to truly take ahead the development of financial technology, the authorities must shatter the old framework and create incentives with a new mindset, so as to encourage the financial technology industry to create new business modes.

Moreover, after developing for 10-odd years, the offshore Renminbi market in Hong Kong has reached an advance development stage. Nevertheless, as far as the development of Renminbi products is concerned, the product variety is still rather limited. Meanwhile, the offshore Renminbi clearing system has successfully entered the European and United States markets and will progressively cover the whole world. Besides, while many cross-border financial polices tied with individual FTAs have been rolled out, the opening up of capital accounts has been expedited with the launch of the Stock Connect and the Qualified Domestic Institutional Investors. All these factors have pushed the development of our offshore Renminbi market to its bottleneck.

Statistics show that the growth in payment share of Hong Kong's offshore Renminbi market has already lagged behind other offshore Renminbi markets like Singapore, and so on. What is more, our financial industry is beset by talent shortage. According to a report on Developing Hong Kong's Human Capital in Financial Services released by the Financial Services Development Council, key talent shortage areas can be found in the front office and middle office of the private banking sector. It is paramount that the SAR Government properly takes forward talent planning, steps up training and optimizes admission schemes, so as to fight for talents in the international arena.

President, we can see from the history of Hong Kong that our economy has taken off a number of times by capitalizing on the opportunities offered by State policies. After the reform and opening-up of our nation in the last century, the "One Belt One Road" policy is another rare and precious opportunity for Hong Kong, and its depth and width are both unprecedented in history. I urge the SAR Government to try its best to assist people to grasp this opportunity promptly. As the Chief Executive has undertaken in his reply to my question in this Council at the end of last month, he should act as the eye and ear of Hong Kong's financial sector and commercial and industrial sectors to scout out, at government level or G2G level, the latest and most detailed development information of the "One Belt One Road" initiative. Besides, he should also enhance Hong Kong's software and hardware to meet the demands generated by this opportunity, so as to take our economy to a new level.

President, I so submit.

**MR JEFFREY LAM** (in Cantonese):President, in the wake of the financial tsunami in the United States in 2008, the economies and financial markets across the world have undergone substantial changes. As an open external economy, Hong Kong is easily susceptible to external forces. Therefore, we have to keep abreast of the time to maintain Hong Kong's economic vibrancy.

In recent years, we have witnessed the changes in economic strategy in China. Since the financial tsunami, global trade has been lacking in growth momentum, and economic activities on the Mainland are also faced with downside pressure in the past few years. State President XI Jinping first proposed the "One Belt One Road" concept in 2013, with a view to enhancing economic development in China and overseas. This initiative will bring about new opportunities for Hong Kong.

"One Belt" refers to the economic belt along the traditional silk road connecting China with Europe. "One Road" is the "maritime silk road" between China, Southeast Asia and Africa. Under this initiative, China will collaborate with other countries in developing infrastructure and economic linkages related to both the traditional and maritime silk roads, while boosting production and consumption demand in Mainland China. State President XI Jinping predicts an average annual trade volume of over US$250 million between China and the "One Belt One Road" countries in the next decade.

President, China will spend US$40 billion to set up a "Silk Road Fund" as a seed fund to provide capital for infrastructural development. It is expected that investors from Asia and other regions will actively participate. Moreover, due to the massive demand for capital, China will also lead the establishment of an Asian Infrastructure Investment Bank (AIIB) to realize the "One Belt One Road" initiative with other countries.

At present, developing countries are struggling with their seriously outdated infrastructural facilities. China will join forces with some relatively developed countries equipped with more sufficient financial resources and advanced technologies to offer assistance. Therefore, the initiative will not only consolidate China's key position in Asian trade and transport, but will also bring the greatest benefits to China's transport and shipping industries; what is more, the telecommunications and high-tech industries will likely enjoy some related benefits as well.

President, the AIIB has already received support from 57 prospective founding members, including the United Kingdom, France, Australia, Germany, Italy, and so on. I believe that the "One Belt One Road" initiative will become the way forward for the global economy under the concerted efforts made jointly by China and the various countries concerned.

I have also noticed that funds contributed to the "One Belt One Road" initiative and the AIIB by China will be denominated in RMB instead of US dollars, and the countries related to the "One Belt One Road" initiative will be using RMB more frequently in due course, and may even use RMB as their reserve currency. This development will enhance the value and importance of RMB, thereby further facilitating internationalization of the currency.

In this connection, Hong Kong can give full play to the role played by our commercial and financial industries. Thanks to our adherence to the rule of law, a huge pool of talents, and a freely convertible currency market, Hong Kong is chosen as the hosting place of a wide range of major financial activities.

I believe that Hong Kong will keep on giving full play to its strength in financial activities and other aspects to provide enterprises and international investors with the most diversified RMB services, including offshore RMB financing, cross-border RMB trade settlement and bond issuance, so as to enhance Hong Kong's position as a global hub for offshore RMB business and an international asset management centre.

Regarding the enormous business opportunities bring about by the "One Belt One Road" initiative, I consider that the SAR Government should earnestly request the State to set up the financing and treasury service centres of the AIIB and "Silk Road Fund" in Hong Kong. Moreover, in order to strengthen Hong Kong's functions and roles under the "One Belt One Road" initiative, I suggest the SAR Government set up a high level communication platform with secretarial support by a dedicated department to enhance exchange of information with the pertinent departments under the Central Authorities and the local governments in major Mainland cities, especially those along the line. Through this platform, Hong Kong should link up with the Mainland provinces and cities concerned to conduct road shows in the "One Belt One Road" countries, with a view to creating more favourable conditions for the investment capitals and various industries of Hong Kong to venture into overseas markets.

Furthermore, 20-odd years after the implementation of the state-owned enterprise reform, China has now become the second largest economy in the world. In this connection, many large-scale state-owned enterprises are heading into internationalization, and some are even listed in Hong Kong. I believe China and Hong Kong can further co-operate in aspects like corporate management and manpower training.

Apart from our financial and commercial sectors, Hong Kong's aircraft maintenance industry also ranks third or fourth in the world. Given that China will have an annual demand for as much as 3 000 to 4 000 aircrafts in future, the high value-added aircraft maintenance industry which does not occupy much land can be something with potential for long-term development, as Hong Kong can tap the huge market in China by providing manpower training for the nation's aircraft maintenance industry.

President, if Hong Kong wishes to have a share of the benefits to be generated by the "One Belt One Road" initiative, it must enhance its edge and effort. As a Chinese saying goes, "those who live near a mountain live off the mountain, those who live near waters live off the waters". Despite Hong Kong's lack of natural resources, we have survived the oil crisis, the Asian financial turmoil and the SARS epidemic, and so on, and we owe all this to the endurance and adaptability of the several generations of our people over the last few decades. Thanks to this "Lion Rock spirit" and the ability to adapt to different circumstances, Hong Kong has developed into a global financial centre.

However, it seems that some people in Hong Kong have already forgotten the "Lion Rock spirit" and lost their directions. Actually, Hong Kong does have the mountain and land suitable for development, only that someone would always object the development projects for environmental reasons. They would say that the lands should not be used for developing buildings, opposing and obstructing anything and everything. In the end, Hong Kong is left troubled by many problems, including housing problems and people's livelihood problems. What is more, the filibuster staged in the Legislative Council recently has also impacted on our economic development.

At present, in the face of the nation's "new normal" on the economic front, we have to keep abreast of the time to co-operate with provinces and cities on the Mainland. But then, the idea of "localism" advocated by some people is confronting the Mainland in almost all aspects, thus leaving Hong in a tense relation with China. If the situation is allowed to go on, Hong Kong will just be marginalized gradually. I hope that everyone in Hong Kong can realize the "Lion Rock spirit" by focusing their efforts on the right issues, so that we can have the ability to share the benefits of this new economy in future.

President, I so submit.

**MR CHARLES PETER MOK**: President, I would like to thank Mr NG Leung-sing for his original motion so that we can have a discussion here about the challenges and opportunities Hong Kong faces as an international financial centre.

Article 109 of the Basic Law states that: "The Government of the Hong Kong Special Administrative Region shall provide an appropriate economic and legal environment for the maintenance of the status of Hong Kong as an international financial centre."

Indeed, Hong Kong's status as an international financial centre is facing strong competition globally, and we cannot rest on our laurels because our existing infrastructures, global market and technological environments are constantly changing, and the advantages we enjoy today may no longer be around tomorrow. We must plan for our future.

Ever since and indeed even before the Financial Secretary announced in his Budget speech the setting up of a steering group to study how to develop Hong Kong into a financial technology ― fintech ― hub, the financial services as well as the technology sectors here have been buzzing with a lot of excitement, especially among startups, trying to figure out where the opportunities lie, and what the Government or the industry need to do better in order to capture these opportunities.

In his Budget speech, the Financial Secretary said that "financial technologies that help facilitate functions such as payment, clearing and settlement systems, big data analytics, cloud computing, information and risk management and network security can enhance operational efficiency and help open new modes of development for the financial sector." Well, fintech is actually much more than that.

Sure, fintech can help enhance efficiency of the existing operations of the financial services sector, but more importantly, fintech will create brand new business models for payment, digital currencies, investment and other financial services areas that will disrupt the existing order of things in the industry.

Just think of Internet banks in China, mobile payment inside social media platforms, and the disruptive innovation and disintermediation effect that they bring. Obviously, fintech directly challenges the big banks and incumbents in the financial services industry. Goldman Sachs predicts that revenues lost from traditional banks to new fintech players will amount to US$4.7 trillion.

Bitcoin is also a good example. It is so easy for regulators and incumbents in the industry to call it snake oil ― a haven of scam and even money laundering for criminals ― and discount all the technological breakthroughs that made bitcoin possible, from the use of cryptography to organize a complex peer-to-peer network that revolutionizes that concept of a ledger to keep track of who owns what and when ― instead of a centralized, private ledger that sits in a bank, blockchain, the technology behind bitcoin, allows this ledger to be public and distributed widely, thus being both transparent and encrypted at the same time.

That is why it was disappointing to us when we heard the Government's early comments on bitcoin, focusing on the risks to consumers and investors, but ignoring the need to balance these concerns with proactive regulations to encourage responsible and healthy development with new ideas.

Another active area in fintech is crowdfunding, including P2P lending, which clearly can help provide more accessible, possibly cheaper and faster funding alternatives for startups and small and medium enterprises. But, development in crowdfunding is also inhibited by regulatory uncertainties, especially the prohibition of crowdfunding for equity.

A recent report by KPMG Hong Kong presented six recommendations for our fintech success.

First, clarify which sectors will be subjected to greater regulatory scrutiny by establishing a regulatory environment that combines consistency and certainty with appropriate flexibility.

Second, allow greater freedom for financial companies to advertise their services, especially to qualified investors.

Third, build further links to fintech centres in China, especially the emerging free trade zones.

Fourth, increase collaboration between different supervisory agencies aimed at simplifying the processes of establishing fintech businesses in Hong Kong and guiding them through the matrix of applicable regulations.

Fifth, continue to invest heavily in education, but broadening support to include a greater emphasis on creative subjects, including the humanities.

Sixth, facilitate greater co-operation between the public and private sectors.

These recommendations are actually very similar to those made in a report by the United Kingdom Government Chief Scientific Adviser back in March this year, where we can find a few more important suggestions, such as, supporting research on big data, analytics, management of emerging risks and threats, and the social and economic impacts of fintech. The United Kingdom report also suggests that fintech modules should be included in relevant degree courses to expose students to the fintech industry and in turn to expose the fintech industry to an educated and work-ready body of students.

The United Kingdom report also recommends that regulators should engage the fintech community in automating regulation and compliance to create a state-of-the-art regulatory reporting and analytics infrastructure. That means applying fintech tools to make regulation and reporting more transparent, efficient, effective and automated. They call it regulatory technology (regtech). So, rather than regulations becoming hurdles for fintech development, technology itself can be applied to improve regulatory operations.

Finally, the United Kingdom Government makes it clear that it targets to develop the United Kingdom as a global hub for fintech innovation.

These recommendations are the basis of my amendment, calling for policy and regulatory clarity with flexibility, and support for infrastructure, manpower and attracting talents, and encouraging market competition.

President, for anything we do, we should aim to make it an industry for Hong Kong and be the best in the world. The recent buzz in our fintech activities has caught the attention of the world in recent months, and Hong Kong, along with Singapore, Tokyo and Sydney, are in hot pursuit of London and New York.

But I believe we can, and we have to, do it in our own way. Although we often compare ourselves with Singapore ― and like Hong Kong, Singapore also has said that it will strive to become a fintech hub ― I remember at a recent fintech forum I heard a speaker with strong background in the Asian markets including Hong Kong and Singapore saying, "Hong Kong doesn't do the Singapore way very well, and Singapore doesn't do the Hong Kong way very well." In the end, do we want control from the Government, or support?

Clarity of policy from regulators and support from the Government will create confidence in the part of the industry. By engaging the industry players big and small, academics and regulatory bodies in a comprehensive way, and with thorough and open review, and advance planning to make regulations clear, fair and predictable, I believe we can make it.

Thank you, President.

**MR SIN CHUNG-KAI** (in Cantonese): President, I wish to thank Mr NG Leung-sing for moving the motion on "New challenges faced by Hong Kong as an international financial centre". My amendment mainly seeks to express the hope that the Government can enhance Hong Kong's regulatory ability in the face of the new circumstances. In particular, I hope that it can take specific actions against certain illegal conduct involving both places and also market misconduct, so as to strengthen the protection of legal investors' rights and interests, and to safeguard the reputation of Hong Kong as a financial center. As we are aware, apart from the recent initiatives such as the Shanghai-Hong Kong Stock Connect, the proposed Shenzhen-Hong Kong Stock Connect, and also the mutual recognition of funds, a series of other initiatives will possibly be launched in the future and the "financial spectrum" will therefore be expanded, just as Mr Paul TSE asserted a moment ago. But the question is: how can we protect the legal investors in Hong Kong? I hope the Secretary can give some thoughts to this matter.

As for our voting inclination today, we will support Mr NG Leung-sing's original motion. Speaking of the amendments, the amendments of Mr Martin LIAO and Mr Jeffrey LAM, for example, have invariably asserted that the "One Belt One Road" initiative will bring about new opportunities for Hong Kong. But we will only support Mr Martin LIAO's amendment as it is very straightforward, in the sense that it proposes to "grasp the new opportunities brought about by the major national policy of 'One Belt One Road'". Simply put, my understanding is that we should grasp the opportunities presented by anything suitable and useful to Hong Kong. Mr Jeffrey LAM's amendment proposes to dovetail with the country's New Silk Road Economic Belt. I am a bit concerned about the use of the word "dovetail", as it will immediately remind me of the development of the express rail link connecting us to the Mainland. In our view, Hong Kong is utterly not a suitable place for building the express rail link. But the authorities nonetheless insisted on its construction. As a result, cost-overrun has occurred. In fact, "grasp" is a bit different from "dovetail". Therefore, we will cast an abstention vote on Mr Jeffrey LAM's amendment and support Mr Martin LIAO's amendment.

Mr Charles Peter MOK mentions "manpower training" and many other proposals in his amendment. We will likewise support his amendment. As for Mr Paul TSE's amendment, he proposes to "issue Renminbi bonds" along with other proposals. In fact, regardless of which banks issue such bonds, we will give our support and approval all the same. We are only doubtful about why he proposes "to discuss with the Central Government to set up the headquarters of the Asian Infrastructure Investment Bank ('AIIB') in Hong Kong". As everybody knows, Beijing will definitely refuse to set up the AIIB headquarters in Hong Kong. As for the question of whether any discussions can be held  Well, we will decide on our voting stance after listening to Mr Paul TSE's speech later on.

President, I mainly want to explain a few things today, one of which being consumer protection. In fact, I asked an oral question today, but the Secretary's reply could only answer half of my question. I think that following the Lehman Brothers incident in 2008, the Government was once very stringent in its regulatory efforts. Shortly afterwards, the Securities and Futures Commission (SFC) issued certain guidelines in 2009. As a result, investment-linked insurance products have turned very prevalent since then. At present, there is a great variety of investment products. Recently, we have received many complaints about investment-linked insurance products. They are mainly about misleading sales practices, misrepresentation, and also intermediaries' ethics. In most cases, the victims were misled or deceived by insurance intermediaries who adopted certain malpractices or withheld certain information on insurance contracts in the sales process. As a result, they thought that the products were of an investment nature, and the funds they bought could definitely yield some returns several years later, by which time they could use the money for other purposes, including meeting the expenses on certain important life events such as marriage and home acquisition. But when they wanted to withdraw their money after a few years of contributions, they suddenly realized that the contribution period was as long as 25 years or even 30 years, in contrast to what they had been told in the sales persuasion process: the contribution period was only three or five years long, and they could cease their contributions at any time. Well, they can actually cease their contributions at any time, only that they will lose much more than they can get back. The reason is that they can only get back less than 50%, or even just 20% or 30%, of their total contributions. Due to a lack of means to make long-term contributions, some policy holders were forced to withdraw or cease their contributions halfway through the contribution period, and they were charged exorbitant surrender fees by their insurance companies. Even if they opted for ceasing contributions, they must still pay an administrative fee every year. Their money was eroded, and they suffered huge investment losses. I hope the Secretary can look into these problems. Even if new legislation has been enacted by the Office of the Commissioner of Insurance (OCI), who should be responsible for regulating insurance-related investment products? The Secretary has told us that they are not under the SFC's regulation. In other words, they can only be regulated by the OCI or the Hong Kong Monetary Authority (HKMA) in the future. In fact, do those intermediaries possess any investment experience, qualifications or knowledge necessary for recommending such products?

Second, I want to talk about the existing Money Lenders Ordinance (the Ordinance). This is unrelated to investment-linked insurance products I just talked about. Over the past few years, the property market has been prosperous, and the property lending market is marked by a diversified range of services. While banks still provide general and traditional mortgages, many second- and third-tier intermediaries claim that they can offer mortgage loan services such as second mortgages, third mortgages and re-mortgages to property owners facing debt problems. Property owners can obtain property loans from certain second- and third-tier companies through the referral of such intermediaries. They are not required to provide any income proof or conveyance on sale as security. They may even obtain loans by using their HOS flats without premium paid. These unsecured loans look very appealing, and such companies try to lure people to borrow money under the veneer of low interest rates. But the problem is that the transparency of the relevant fees and other information is not high. Worse still, licensed money lenders may even conspire with intermediaries to exploit borrowers' ignorance and carelessness in an attempt to charge an excessive interest by inventing all sorts of fees such as administrative fees and exorbitant consultancy fees. Even if the borrower later finds that the fees are unreasonable and therefore requests to cancel the service, the intermediary will charge him an intermediary fee for the reason that he has breached the agreement. As a result, he will eventually fall into the trap set by the intermediary all the same. While he has failed to alleviate his financial difficulties, he has even got "ripped off" very badly. Let me cite a case as an example for the Secretary. A victim borrowed $200,000, but he was required to repay $2.5 million in the end.

Two days ago, we held a case meeting and invited officials from the relevant departments to the meeting. We asked a senior official from the Policy Bureau under your leadership if any amendment was necessary for the Ordinance. The official replied that there was no such need. I hope the Secretary can look into this matter. In fact, the problem is very serious now. At present, financial companies are regulated under the licensing regime for money lenders. But intermediary financial companies are not required to obtain any licences. As a result, financial companies may impose various fees and evade statutory regulation by setting up shadow intermediary companies. This has even aroused the attention of Mr Justice BOKHARY, Non-Permanent Judge of the Court of Final Appeal. In dealing with a related case, he once said earnestly, "[t]he more rapidly and firmly this kind of heartless exploitation is put down as far as it is within the law's power to do so, the better protected will be vulnerable people like the borrower in the present case." While the law has already stipulated that the interest rate per annum must not exceed 60%, many intermediaries can still help second- and third-tier financial companies (also known as "unassociated companies") to avoid the accusation of loan-sharking by turning the relevant fees (including consultancy and administrative fees not included in the interest) into a "bottomless abyss". For these reasons, the Administration should review the Ordinance to include intermediary and consultancy fees as part of the loaning cost, so as to ensure that the fees paid by borrowers to financial or intermediary companies in the end are such that they do not exceed the statutory interest rate ceiling on loans.

In fact, as Norman CHAN once said, and as Members are aware, the HKMA is duty-bound to regulate all banks, and it has required banks to exercise due diligence. But financial companies or loan companies are not subject to any regulation. Under the law, such companies must apply to the Court for licence renewal, and the Police are responsible for investigating the relevant cases. But the Government will not ask them to produce any information such as balance sheets. Neither is anyone responsible for ascertaining if such companies are reaping colossal profits or getting a reasonable level of returns. I hope that the Secretary can look into all such matters.

Finally, I want to talk about my observations over the past few months. Many people have been very delighted, as the Hang Seng Index has hit a record high recently. But it looks like an alarm has already sounded. The finance sections of many newspapers have reported many times that after the implementation of the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect in the future, Hong Kong shares will turn more like A shares. And, what we call the "nose-diving stocks" have now emerged. To address the associated problems, I put forth a proposal on introducing regulation covering both places. Secretary, I think it is time to look at all these matters. In fact, I have asked many times about how Hong Kong people can find out if any market misconduct has occurred on the Mainland after the Mainland stock market has been connected to ours. In fact, there is no way we can do so.

**SUSPENSION OF MEETING**

**PRESIDENT** (in Cantonese):I now suspend the meeting until 2.30 pm tomorrow.

*Suspended accordingly at 8.00 pm.*

**Appendix I**

**WRITTEN ANSWER**

**Written answer by the Secretary for Development to Dr Fernando CHEUNG's supplementary question to Question 6**

In the past five years (from 2010 to 2014), 34 sites (about 34 hectares) were rezoned from “G/IC” to “R”; and 76 sites (about 54 hectares) were rezoned from “R” to “G/IC” (including the rezoning to reflect the existing G/IC uses). The statutory procedure to amend the relevant Outline Zoning Plans for such rezoning has been completed.

1. (1) (1)Including all full-time locally-accredited self-financing programmes. [↑](#footnote-ref-2)
2. (1) (1)The AMCs under the AFCD usually take in stray animals caught in the community; animals handed over by pet owners; and animals that have to be detained, and so on. [↑](#footnote-ref-3)