**OFFICIAL RECORD OF PROCEEDINGS**

**Wednesday, 25 March 2015**

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

**MEMBERS PRESENT:**

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE JAMES TO KUN-SUN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

THE HONOURABLE 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 CLAUDIA MO

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

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

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

THE HONOURABLE STEVEN HO CHUN-YIN

THE HONOURABLE FRANKIE YICK CHI-MING

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

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

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN, J.P.

DR THE HONOURABLE KENNETH CHAN KA-LOK

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

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

THE HONOURABLE KENNETH LEUNG

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

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG

THE HONOURABLE DENNIS KWOK

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

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

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

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, J.P.

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

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

THE HONOURABLE TANG KA-PIU, J.P.

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

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

THE HONOURABLE CHUNG KWOK-PAN

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

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

**MEMBER ABSENT:**

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

**PUBLIC OFFICERS ATTENDING:**

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

THE FINANCIAL SECRETARY

Prof The Honourable Anthony CHEUNG Bing-leung, G.B.S., J.P.

SECRETARY FOR TRANSPORT AND HOUSING

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

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE GREGORY SO KAM-LEUNG, G.B.S., J.P.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

THE HONOURABLE RAYMOND TAM CHI-YUEN, G.B.S., J.P.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

Dr the Honourable KO Wing-man, B.B.S., J.P.

SECRETARY FOR FOOD AND HEALTH

The Honourable WONG Kam-sing, J.P.

SECRETARY FOR THE ENVIRONMENT

Prof Sophia CHAN Siu-chee, J.P.

Under Secretary for Food and Health

Mr godfrey Leung King-kwok, J.P.

Under Secretary for Commerce and economic development

**CLERKS IN ATTENDANCE:**

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

MRS JUSTINA LAM CHENG BO-LING, DEPUTY SECRETARY GENERAL

MISS Flora TAI Yin-ping, ASSISTANT SECRETARY GENERAL

MISS ODELIA LEUNG HING-YEE, 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.*

|  |  |
| --- | --- |
| Merchant Shipping (Prevention and Control of Pollution) (Fees) (Amendment) Regulation 2015 | 53/2015 |
|  |  |
| Merchant Shipping (Control of Harmful Anti-Fouling Systems on Ships) Regulation | 54/2015 |
|  |  |
| Places of Public Entertainment (Exemption) (Amendment) Order 2015 | 55/2015 |
|  |  |
| Adoption (Amendment) Rules 2015 | 56/2015 |
|  |  |
| Convention Adoption (Amendment) Rules 2015 | 57/2015 |

Other Papers

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| --- | --- | --- |
| No. 83 | ─ | AIDS Trust Fund  Financial statements for the year ended 31 March 2014 |
|  |  |  |
| No. 84 | ─ | Self-financing Post-secondary Education Fund  Financial statements for the year ended 31 August 2014 |
|  |  |  |
| No. 85 | ─ | HKSAR Government Scholarship Fund  Financial statements for the year ended 31 August 2014 |
|  |  |  |
| No. 86 | ─ | Report of changes made to the approved Estimates of Expenditure during the third quarter of 2014-15  Public Finance Ordinance: Section 8 |
|  |  |  |
| No. 87 | ─ | Employees Retraining Board  Annual Report 2013-14 |
|  |  |  |
| Report No. 15/14-15 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments | | |
|  |  |  |
| Report of the Bills Committee on District Cooling Services Bill | | |

**ORAL ANSWERS TO QUESTIONS**

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

**Development of Data Centres in Hong Kong**

1. **MR FREDERICK FUNG** (in Cantonese): *President, on the 11th of last month, I raised a question on the grant of the sites in the Industrial Estates (IEs) under the Hong Kong Science and Technology Parks Corporation (HKSTPC) for the development of data centres. In this connection, will the Government inform this Council:*

*(1) as the authorities replied that "HKSTPC has previously conducted investigations into some suspected cases of letting or subletting the premises to a third party. Individual grantees which were substantiated to be in breach of the terms and conditions of the lease ('lease-breaching') have rectified the breach upon follow-up by HKSTPC. HKSTPC will continue to monitor the operation of data centres in the IEs and take follow-up actions according to the lease agreement as appropriate", whether the Government knows the details of the lease-breaching cases in the past three years and the mechanism for imposing penalties on the lease-breaching grantees, including the penalties for a first breach and for repeated breaches, as well as the circumstances under which the sites will be recovered; whether the various lease agreements entered with the grantees contain such penalty clauses; if so, of the details; if not, whether HKSTPC will consider including such clauses; if HKSTPC will not, of the reasons for that;*

*(2) given that on the one hand, HKSTPC needs to attract investors to IEs for income generation and, on the other, is responsible for monitoring the companies to which IE sites are granted to see if there is any breach of the lease, how the authorities avoid HKSTPC's performance of such dual functions giving rise to conflicts of roles and interests; and*

*(3) whether "the provision of a fair business environment" is a consideration and a principle adopted when the authorities formulated the strategies for promoting the development of data centres; if so, given that HKSTPC has granted IE sites for premiums that are below market value and thus attracted quite a number of multinational enterprises to set up data centres in its IEs, whether the authorities have assessed if such practice has put operators who set up data centres outside IEs on an unlevel playing field; if there is such an unfair situation, whether the authorities will conduct a comprehensive review of the strategies concerned with a view to creating a fair and transparent business environment?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, to address the demand for land from the local manufacturing industry, the Government developed the Industrial Estate (IE) Programme in the 1970s with the following objectives:

(a) underpinning wider economic development through broadening the industrial/manufacturing base and upgrading technology levels; and

(b) providing land for manufacturing industries with special needs which could not operate in flatted factories or should be located away from urban areas because of the need for more horizontal space, high floor loading, greater headroom requirements and/or environmental considerations.

At present, the Hong Kong Science and Technology Parks Corporation (HKSTPC) is responsible for administering the three IEs in Tai Po (TPIE), Yuen Long (YLIE) and Tseung Kwan O (TKOIE), offering a total of 217 hectares of land for long lease until 2047. Operation in IEs over the years in a way demonstrates the transformation of industrial base in Hong Kong. In the early years since the opening of TPIE and YLIE in 1978 and 1980 respectively, traditional manufacturing industries, such as manufacturing of machinery parts, metal products, packaging materials, construction materials as well as heavy water users like waste paper recycling, bleaching and dyeing constituted the majority of the land grants. In the late 1980s and early 1990s, technology advancement was observed in new projects of electronic parts manufacturing including printed circuits boards and semiconductors in the two IEs. Food and beverages production as well as printing and publishing also constituted a major sector during this period. With the introduction of TKOIE in two stages between 1994 and 1996, greater opportunities were offered to those operators that had requirements for larger sites or requiring marine access. Due to scarcity of land and cost reasons, and so on, a significant number of industries involving mass manufacturing have gradually moved to the Mainland. However, Hong Kong has competitive advantages such as strategic location, access to the huge Mainland market, international intellectual property protection regime, good "brand name", good supply of talent, and so on. These render it suitable for high value added and high technology industries such as high-end data centres, pharmaceutical and other clean industries. In this connection, the Government extended in 1998 the scope of industrial activities permissible in the IEs to cover the industrial services sectors, such as broadcasting and telecommunications.

Under the existing IE policy, the land in the IEs is granted at a premium based on land development costs and adjusted periodically taking into account inflation and prevailing market conditions. The HKSTPC will not specify industries for individual IE sites. All industries which meet the basic admission criteria to IEs are eligible to apply, and all applications are vetted according to the same mechanism by the HKSTPC, which also monitors the operation of the industries in the IEs.

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

(1) As the management authority of the IEs, the HKSTPC conducts site inspection of the premises on a regular basis to monitor the operation therein. Over the past three years, only one suspected case of letting or subletting the premises to a third party involved the operation of a data centre. The HKSTPC has conducted a number of site inspections to the data centre concerned and made enquiries to its operator since 2013. The HKSTPC is currently seeking legal advice based on the information gathered and will continue to negotiate with the data centre. If the grantee is found to be in breach of the terms and conditions of the lease agreement, the HKSTPC will take appropriate legal actions according to the lease terms. As it involves sensitive commercial information of the data centre and will affect the legal proceedings which may be taken in the future, we are not able to disclose the relevant details.

Generally speaking, the HKSTPC will make enquiries to the grantee about operations suspected of breaching the terms and conditions of the lease and will demand the grantee to cease the alleged breach. If the grantee is found to be in breach of the terms and conditions of the lease agreement and refuses to take appropriate remedial actions, the HKSTPC will take appropriate legal actions according to the lease terms, including charging an additional premium, depending on the severity of the breach. If the breach is still not rectified, the HKSTPC reserves the right to initiate the re-entry procedure according to the lease agreement. It is stipulated in all lease agreements of the IE sites that the HKSTPC can take actions on any breaches. However, as each case of breach varies and for some complicated cases, the HKSTPC may need to seek legal advice before deciding on the action to be taken, we consider it not feasible to pre-specify the approach in handling repeated breaches of the lease.

(2) As mentioned above, the objective of the IE Programme is to underpin the overall development of Hong Kong's economy through broadening its industrial base and upgrading its technology levels. To enable our economy to move up the value chain, the HKSTPC has to provide land suitable for special-purpose manufacturing and service industries having regard to the changes in the needs of the industries in Hong Kong. To implement this public policy objective, the HKSTPC has developed conditions of grant that are fair and just and a transparent premium policy which are applicable to all industries in the IEs. To ensure that grantees will operate according to the conditions of grant, the IEs have established a stringent monitoring mechanism, and the management will also report to the Board of Directors appointed by the Government on its lease enforcement actions. This is necessary for the implementation of the IE policy and will not lead to conflict of roles or interests of the HKSTPC in managing the IEs.

(3) Level-playing field is key to Hong Kong's success and underpins all government policies and measures. Same as other companies operating in IEs, data centres in IEs have to comply with the criteria, conditions and restrictions stipulated in the land grants as set out by the HKSTPC.

In respect of data centre development, recognizing that data centres are essential infrastructure to sustain Hong Kong's continuous economic development and entrench our position as a trading and financial centre, the Government has implemented a number of facilitation measures to promote their development, including providing land, encouraging the conversion of industrial buildings and use of industry lots for data centre use, and providing one-stop support services. These measures are applicable to all types and sizes of data centres. To foster a favourable business environment for the data centre sector, we have been continuously reviewing and fine-tuning the facilitation measures in light of industry's feedback.

**MR FREDERICK FUNG** (in Cantonese): *President, the establishment of data centres in Hong Kong by enterprises is tantamount to an undertaking that they will station in Hong Kong for a relatively long period. Actually, data centres can be developed into a new industry in Hong Kong, but a forum must be established through land planning and relevant policies to help the enterprises improve and further develop the data centres.*

*President, after Google had made a comparison between Hong Kong and Singapore back then, it found that Singapore had formulated a 10-year land planning strategy for data centre development, thereby shedding light on how government policies and land planning initiatives might be leveraged to develop data centres. Given that such planning was absent in Hong Kong, Google decided to station in Singapore instead of Hong Kong. My supplementary question is: will the Government review the current land planning policy and, for example, work out a 10-year timetable or roadmap for land planning to facilitate the development of data centres, so that enterprises may plan for the development of data centres in Hong Kong?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, since Google's decision to shelve the establishment of a data centre in Hong Kong is purely a commercial decision, I am not going to make any comment here. Concerning the development of data centres, Hong Kong is the premier destination for data centres in the Asia Pacific region and there are many essential criteria for data centre development which Hong Kong has fulfilled. Firstly, a business-friendly environment; secondly, sound protection of data privacy; thirdly, information security; fourthly, free flow of information; fifthly, comprehensive information technology infrastructure, and sixthly, which is very important, ample power supply for data centres. The Government has not only put in place facilitation measures for data centre development, but has also provided assistance through land supply policies, such as the revitalization of industrial buildings, which have facilitated data centre development in Hong Kong. Therefore, many multi-national companies have set up data centres in Hong Kong, such as NTT, Global Switch, Pacnet, China Mobile, DRT, and so on. They have all set up high-tier data centres in Hong Kong.

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

**MR FREDERICK FUNG** (in Cantonese): *The Secretary has not answered my supplementary question. I asked if the Government would work out a 10-year timetable or roadmap for land planning to facilitate the development of data centres.*

**PRESIDENT** (in Cantonese): Secretary, can you give a reply on land policy?

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, with regard to data centre development, 19 hectares of land in IEs have been granted for this purpose. In fact, apart from establishing data centres in ordinary industrial buildings, there have been cases in the past that high-tier data centres might also be established in suitable premises in Hong Kong, such as IEs.

**MR CHAN HAK-KAN** (in Cantonese): *President, given that initially IEs were established by the Government to support the development of local manufacturing industry, land has therefore been granted at a low premium for manufacturers to build factories. However, I noticed that sites in TKOIE have been leased to private organizations for the establishment of data centres at low premium. As Mr Frederick FUNG has just said, the data centres built on the relevant lots mostly belong to multi-national companies, so will this give an impression that the Government has used public money to finance or subsidize foreign enterprises? Is this contrary to the Government's intention of establishing IEs?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, be they multi-national or local companies, the admission criteria to IEs are the same. We have been using standardized criteria and procedures to handle applications in a fair and just manner. The admission criteria to IEs include the followings: the project cannot be accommodated in ordinary multi-storey industrial or commercial buildings; the operation is not classified as offensive trade under government regulations, or the project is not engaging primarily in storage and warehousing. Of course, we must also consider if the project involves new or improved products or services, or new or updated technology, which we seek to introduce. Furthermore, the following factors are also important considerations: whether the project is featured by high added value based on the use of local material and manpower; products or services for which there is strong demand from local industry; substantial contribution to Hong Kong's exports; significant investment particularly in new machinery and equipment, and employment at a higher level of skill. Therefore, the IEs are developing towards high added value and high technology. And, both local and multi-national companies are eligible to apply so long as they meet the abovementioned criteria.

**MR WONG TING-KWONG** (in Cantonese): *Hong Kong's industries are in the transition from old to new. Low technology and low value-added old industries are dwindling while high technology and high value-added new industries are flourishing. The three IEs in Tai Po, Yuen Long and Tseung Kwan O commenced operation in 1978, 1980 and 1994 respectively in the last century, and have operated for decades. Has the Government reviewed whether the existing policies can cater for the need of industrial transformation, and what measures have been introduced to tie in with these reforms?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, Mr WONG was right in saying that the IEs have been updating and changing in the light of changes in local industry type and the restructuring of economic development, and their development has been keeping abreast of the times. As I have mentioned in the main reply, given the increasing contribution of the service industry, the Government has, since 1998, extended the scope of activities permissible in IEs to include industrial services, such as broadcasting and telecommunications. It has been the intention of the HKSTPC to improve IEs' utilization and attract more industries that are beneficial to our economy. Recently the HKSTPC has completed a review of land use and long-term development, and the recommendations can be divided into several parts, which include updating the IE policy for the purpose of enhancing the value chain of the innovation and technology industries in Hong Kong and ensuring the effective use of land in IEs. The HKSTPC will launch a new IE Programme, and we will brief Members on the recommendations arising from the review at the meeting of the Panel on Commerce and Industry to be held in April.

**MR KENNETH LEUNG** (in Cantonese): *President, just now, the Secretary mentioned a lot about the supply of land in IEs, but have the authorities compiled statistics on the amount of land suitable for the development of data centres in Hong Kong? If they have, what are the details? Also, have the authorities compiled statistics on and predicted the growth of data centre operations in Hong Kong, and whether local land supply can cope with the growth in such operations?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, land resources are indeed very limited in Hong Kong and we have already introduced different measures to increase land supply in this regard. Regarding the prediction of future land use, given the rapid technological advancement, it is very difficult to predict the land demand in the coming years at this stage, but we will increase the supply by all means.

In fact, we have introduced a number of facilitation measures in the past, including the provision of land for the development of high-tier data centres. The Government has also earmarked three sites in Tseung Kwan O, and the first one of one hectare was sold through public tender in October 2013. We intend to dispose of the other two adjacent sites for data centre development by public tender as well.

Also, we encourage the development of data centres in industrial buildings and industrial lots, and have therefore introduced in June 2012 a number of concessionary policies applicable to different types of data centres. What is more, the Government has introduced one-stop support services for people interested in setting up data centres to obtain the relevant information, with a view to facilitating the relevant work.

**MR LEUNG YIU-CHUNG** (in Cantonese): *President, as Members may be aware, IEs have been leasing land to specified industries at low premium under the administration of the HKSTPC. According to the Secretary, in the past three years, there was only one case where the grantee did not operate according to the lease terms.*

*May I ask the Secretary, if the HKSTPC is responsible for the administrative work, then which organization is responsible for monitoring the HKSTPC? What are the details of the monitoring work? The abovementioned lease breaching case may either be discovered by the HKSTPC or reported by someone else, it is therefore doubtful if the management company has exercised due diligence. If it has not, there is a serious implication that the relevant land may have been unfairly used or some people may have been unfairly treated, because people who failed to lease the land in IEs would have to turn to private lots with higher rentals, thereby resulting in inappropriate use of land *

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

**MR LEUNG YIU-CHUNG** (in Cantonese): *I hope the Secretary will give a detailed explanation of how the HKSTPC is being monitored and what the details are.*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): President, first of all, I would like to make a clarification. Members said that there are specified industries, which is not the case. When I answered Members' questions earlier on, I have clearly stated the admission criteria to IEs and there is no specified industry. All industries are eligible for application so long as the criteria are met, and there is no specified industry at all.

However, once the land is granted, the lease agreement would clearly set out the economic activities to be carried out and the relevant plans. Land would only be granted if the criteria are met. The grantees must sign an agreement and operate according to the relevant terms and conditions.

On the question of monitoring, since 2011, the HKSTPC has handled many cases which either experienced delay in the course of development or even ceased operation. As a result of HKSTPC's continuous inspection, negotiation and enquiries, a number of premises have been revitalized. Therefore, apart from receiving complaints, the HKSTPC will also conduct investigations on its own initiative and its efforts in this regard are obvious to all.

**MR LEUNG YIU-CHUNG** (in Cantonese): *The Secretary has misunderstood me. My question is: which organization is responsible for monitoring the management company but not how the management company monitors the grantees.*

**PRESIDENT** (in Cantonese): Secretary, is the management company subject to monitoring by other bodies?

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): The Board of Directors of the HKSTPC is responsible for monitoring the relevant work carried out by its staff members. Staff members will report to the management which will then report to the Board of Directors. The latter will keep an eye on the case and monitor the relevant work.

**PRESIDENT** (in Cantonese): We have spent more than 23 minutes on this question. Second oral question.

**Investigations into Suspected Irregularities of Hong Kong Mercantile Exchange Limited**

2. **MR JAMES TIEN** (in Cantonese): *President, in reply to my question on 10 July 2013, the Government indicated that the Securities and Futures Commission (SFC) had initiated investigations into suspected irregularities of the Hong Kong Mercantile Exchange Limited (HKMEx) and referred certain issues to the Commercial Crime Bureau of the Police for follow-up. In this connection, will the Government inform this Council:*

*(1) whether the law enforcement agencies, including the Police and SFC, have completed the investigations concerned; if so, of the investigation results, and why such results have not been published; if they have not yet completed the investigations, the reasons for that;*

*(2) as it has been reported that the magistrate remarked, on 22 October 2013 when passing a sentence on a defendant convicted of the offence of possessing a false instrument relating to HKMEx, that the former Chairman of HKMEx was a suspect in the case concerned and recommended an investigation by the Police, whether the Police have followed up such recommendation; if so, of the details; if not, the reasons for that; and*

*(3) as it has been reported that in releasing its 2015 Index of Economic Freedom report in January this year, the Heritage Foundation from the United States commented that Hong Kong's ranking in freedom from corruption had declined for the second consecutive year and dropped to the 15th place, which was a record low in the past 16 years, whether the authorities have plans to enhance the transparency of the investigations conducted and the follow-up actions taken on the case involving HKMEx and other cases of public concern, so as to restore the confidence of members of the public and the international community in Hong Kong's corruption-free status?*

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

(1) and (2)

Since the Police and the Securities and Futures Commission (SFC) are still conducting investigations into the case in relation to the Hong Kong Mercantile Exchange Limited (HKMEx), we will not provide public commentary on the case, including the situation mentioned in the judgment delivered by the magistrate on 22 October 2013, in order not to prejudice the current investigations. Section 378 of the Securities and Futures Ordinance also requires the SFC as a matter of law to keep its investigations secret.

(3) It is mentioned in part (3) of the question that there was a drop in the probity level in Hong Kong in the Index of Economic Freedom published by the Heritage Foundation. In this regard, we understand that this Index's main reference was the Transparency International's Corruption Perceptions Index, which looked into respondents' perception of corruption, rather than the actual probity situation in Hong Kong. Some recent high-profile cases might have affected public perception of Hong Kong's probity level. However, these were isolated cases and should not be seen as an indicator of deterioration in the probity situation in Hong Kong. The levels of corruption in Hong Kong remain very low.

In fact, a number of other overseas surveys have confirmed Hong Kong's position as a highly clean city. For instance, the World Justice Project's "Rule of Law Index 2014" ranked Hong Kong the ninth in "absence of corruption" amongst 99 countries and territories surveyed, same as the ranking in 2013; the 2014 survey of the Political and Economic Risk Consultancy ranked Hong Kong the third cleanest place among 14 Asian regions surveyed, with a significant improvement in the score of Hong Kong when compared with the score in the previous year. The Independent Commission Against Corruption will continue to update the international community on the actual probity situation in Hong Kong and to safeguard Hong Kong's reputation as a clean society.

For the HKMEx case, the Police and the SFC understand Members' concerns and public expectation for transparency on the part of law-enforcement agencies. However, as mentioned in part (1) of the reply, no commentary will be provided during the investigations. In line with the established practice, the SFC will make a public announcement if enforcement actions are taken following investigations. The Police will also make a public announcement at an appropriate time. If legal proceedings are initiated, the matter will proceed in public before a court or a tribunal that is open to the public.

**MR JAMES TIEN** (in Cantonese): *President, the results of investigations by the Hong Kong Police or the SFC into cases of this kind in the past were usually available in a few months to a year. In fact, this case is not too complicated. It has been 20 months since July 2013, but the Government's reply is simply that no public commentary will be provided as the investigations are still ongoing.*

*There is something special about this case, President, in that the former Chairman of HKMEx, Mr Barry CHEUNG, was once a Member of the Executive Council. I think there are a lot of queries among members of the community or the industry as to why nothing has come out after 20 months of investigation.*

*May I ask whether anyone in the Government, be he/she the Chief Executive or the Financial Secretary or any Bureau Director, has, during the 20 months of investigation into this case, told the Police and the SFC to slacken the pace of their investigations, or to withhold the investigation results even if they are available? Has anything like this happened?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, as I have said, the SFC will not publicly comment on its investigation. As for the time spent, they will do their best to complete the investigations as soon as possible. The time needed for the investigation truly depends on the circumstances of the case.

I would like to add that the Police are also investigating this case in all directions. As the nature and complexity of each case vary, the time required also varies. We should not make any further comment, so as not to prejudice the current investigations into the case.

**MR JAMES TIEN** (in Cantonese): *The Secretary has not answered my supplementary question. My question is: whether anyone in the Government, be he/she the Chief Executive or any principal official, has influenced the investigations by telling the Police and the SFC to slacken the pace of their investigations, or not to publish the investigation results. He has not answered this supplementary question asked by me.*

**PRESIDENT** (in Cantonese): Secretary, have they been asked to slacken the pace of their investigations?

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I believe that the SFC and the Police, as independent law-enforcement agencies, are conducting investigations into this incident in all directions.

**MR CHRISTOPHER CHEUNG** (in Cantonese): *President, regarding the SFC's handling of the HKMEx case, I also asked a question last year to enquire whether the authorities were investigating the incident in a fair and impartial manner without bias, and whether they were determined to "crack down on both tigers and flies".*

*For the sake of the public interest, and given that members of the public are very concerned about the handling of major incidents of this sort, may I ask whether the Government can enhance the transparency of the investigations by announcing their progress on a regular basis or in stages? While the Secretary indicated just now that nothing could be disclosed during the investigations, our only concern is whether the incident is still under investigation, and we hope that the matter will not be left unsettled because of procrastination, so that public misgivings can be allayed.*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I can only tell Members that as I understand it, the SFC and the Police are indeed making every effort to investigate this incident in all directions. As I said just now, since the case is still under investigation, and according to the requirements of the legislation enforced by the SFC, the investigation details cannot be made public.

**MS EMILY LAU** (in Cantonese): *President, many members of the public, including members of the business and financial sectors in particular, have asked me why the SAR authorities have to spend so much time investigating HKMEx and Barry CHEUNG. Both the Police and the SFC have been investigating for such a long time, but nothing whatsoever has been disclosed.*

*Part (3) of Mr TIEN's main question pertains to the continuous decline in our probity level, which is known to all. So, President, I think the authorities owe us an explanation. In particular, everyone knows that Barry CHEUNG is LEUNG Chun-ying's "number one aide". Many people thus query whether it is the case that any person who is related to LEUNG Chun-ying, or whom he likes or supports, can enjoy special treatment.*

*The Secretary is obliged to tell the Legislative Council and the public that the Government has not been eroded by such an atmosphere of "cronyism" or "harbouring cronies". How come the authorities cannot disclose more details of this matter? Even the coterie of electors in Mr Christopher CHEUNG's constituency are worried. If that is the case, I believe that Hong Kong's probity level will continue to fall. Then, is it not true that Hong Kong will be ruined by the authorities?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, as Members are aware, as in all cases investigated in the past, neither the Police nor the SFC will divulge the progress or details of their investigations prior to the completion of their investigations. This is the usual practice. I can only tell you that the SFC and the Police are independent law-enforcement agencies, and they will definitely investigate all cases in an impartial and conscientious manner.

**MS EMILY LAU** (in Cantonese): *The Secretary has not answered my supplementary question. If the case is not handled properly, will it affect Hong Kong's reputation, leading to a continuous drop in our probity level?*

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

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): This is exactly the reason why our law-enforcement agencies insist on taking enforcement actions independently and impartially. Everyone hopes that Hong Kong is a place where probity is upheld.

**MR ALBERT HO** (in Cantonese): *President, actually, not only has there been a drop in our ranking in freedom from corruption in the relevant index ― it has dropped to the 15th place as mentioned by Mr TIEN ― but our ranking in the Rule of Law Index has also slipped to the 16th in the world, far below Singapore. This is infuriating.*

*Apparently, we do have a problem. Has the reply given by the Secretary just now dispelled our misgivings? Of course not. Just take Singapore for comparison. The authorities in Hong Kong have investigated the case of CITIC Pacific for six years ― the company had lost a lot of assets due to failed speculation in foreign exchange ― and the outcome is that civil proceedings have been instituted to pursue claims on a limited basis, while the result of the criminal investigation remains pending indefinitely. On the contrary, in Singapore, the scale of failed speculation in foreign exchange by China Aviation Oil was only half of that in the aforesaid case, but the Singaporean authorities managed to complete the investigation, release a relevant report and institute prosecutions within a period of six years, and the chief executive officer or director involved has even served his sentence and been released from prison. How can we compare *

**PRESIDENT** (in Cantonese): Mr HO, please ask your supplementary question.

**MR ALBERT HO** (in Cantonese): *President, my question is: what is the problem with our law-enforcement agencies? The SFC has all along been very professional. How come its prestige is on the decline and increasingly called into question? Such a reply given by the Secretary today cannot ease our minds. Can the authorities reform the system to ensure genuine accountability and transparency, so that the Secretary will not have to say, with trepidation, words to the effect that "I believe it is okay" or "I believe it is independent", which he has said in his replies on some occasions in this Council? Can that be a solution to the problem?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, now that the Member has raised this question, I must point out solemnly that the SFC has earned international respect for all its work in investigation and enforcement, and it has taken rigorous enforcement actions in many previous cases. It can be said that the SFC has been making a globally respected effort to prevent financial irregularities in Hong Kong. Regarding this case, Members have expressed concern as to whether the investigation details can be announced. At this stage, I am afraid that, according to both the legislation and our procedures, we cannot tell Members such details. However, please do not accuse the regulators of procrastination because of that. Such a situation does not exist.

**MR SIN CHUNG-KAI** (in Cantonese): *President, LEUNG Chun-ying has recently commended the Commissioner of Police, Andy TSANG, for his outstanding performance. I wonder if that includes the alleged harbouring of Barry CHEUNG. My supplementary question is about the SFC. Does the work of the Process Review Panel for the SFC include reviewing the decision on whether to institute a prosecution in this case, or does it only review certain objective procedures? I am asking this because it is very clear that under the Independent Commission Against Corruption (ICAC), there is an Operations Review Committee; upon completion of an investigation, if the ICAC intends to institute a prosecution, all it needs to do is to refer the case to the Department of Justice with a view to bringing a prosecution in court, but if no prosecution is instituted, the ICAC has to present its explanation before the Operations Review Committee. Has the Process Review Panel for the SFC reviewed this case?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): The Process Review Panel for the SFC reviews the work of the SFC on different levels to see if the work of the SFC meets the expectations of the industry and various sectors in terms of procedures, but it does not participate in the operation of the SFC's actions. The SFC must maintain its independence and professionalism in its enforcement.

**MR SIN CHUNG-KAI** (in Cantonese): *How does it monitor the independence and professionalism of the SFC?*

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

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): Each year, the Process Review Panel conducts procedural reviews of certain cases and then advises the SFC on areas for improvement. But it does not take part in the investigation process.

**MR JAMES TIEN** (in Cantonese): *President, I appreciate this rare opportunity for me to raise my second follow-up question. In my view, Secretary Prof* ‍*K* ‍*C* ‍*CHAN is a very dutiful and responsible Bureau Director. Now that this case has been investigated for 20 months ― Secretary, as you are the one who comes and answers questions about the SFC, the SFC is certainly under you*‍ *― I would like to ask the Secretary this question: As you are so concerned about this case or the work of the SFC, how much longer do you estimate its investigation into this case will last? I hope your answer is not that its investigation will not be concluded until the change of government on 1 July 2017 following the expiry of the term of office of Chief Executive LEUNG Chun-ying.*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I thank the Member for this follow-up question. I wish to point out to all of you that I am equally concerned about the progress of this case, as well as all other cases, and I hope our enforcement actions are effective and procedurally proper. With respect to the investigation timeline, I am unable to give you an answer, but I believe that when taking enforcement actions, both the SFC and the Police will definitely handle this case and other cases with an impartial and responsible attitude.

**MS CYD HO** (in Cantonese): *President, do cases like this really have to be investigated for so long? This case has been investigated for 20 months now, whereas the investigation into the case mentioned by Mr Albert HO a moment ago remains uncompleted even after six years. What are the difficulties? Has it been difficult to gather evidence, or are there any personnel obstacles that cannot be overcome? I request the Secretary to provide us with supplementary information in writing on, among the previous cases investigated by the SFC, the number of cases investigated for over 20 years  sorry, 20 months without being concluded, and the number of cases investigated for over six years without being concluded. Is it normal to spend so much time gathering evidence, or are these exceptional cases arising from man-induced circumstances? Such cases have not only affected people's perception of Hong Kong's probity level, but are also instances of substantive dereliction of duty which have affected Hong Kong's probity situation. I request the Secretary to provide us with supplementary information in writing on, among the cases investigated by the SFC in the past three years, the number of cases investigated for over 20 months.*

**PRESIDENT** (in Cantonese): Secretary, can such information be provided?

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I think it is impossible to do so. More often than not, if the SFC has yet to draw a conclusion or finds it unnecessary to take follow-up action during its investigation, it will not make any announcement. I understand the Member's worries, but one should never think that the Government or the regulator is biased because of the identity of the person involved in this case. There is no question of this happening. I believe that if we take an objective view, we will appreciate Hong Kong's probity situation, and we should realize the fact that our enforcement actions have been very effective. As far as the international financial community is concerned, the enforcement situation in Hong Kong is not bad at all.

**MS CYD HO** (in Cantonese): *President, the Secretary has not answered my supplementary question. He indicated just now that some cases would be regarded as concluded if no follow-up action could be taken. What he said is about concluded cases, but my question to him is about the number of outstanding cases which have been under investigation for over 20 months without being concluded.*

**PRESIDENT** (in Cantonese): Secretary, can such information be provided?

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): The SFC will not provide such information.

**MR PAUL TSE** (in Cantonese): *President, as we all know, the more politically sensitive the subject under investigation is, the more cautious the authorities may need to be, whether during the process of investigation or in deciding whether to institute a prosecution, and they may even need to seek more impartial legal advice from external counsels. Nevertheless, regarding the case involving the former Chief Executive, the Department of Justice has  sorry, the Director of Public Prosecutions has confirmed that a decision will be made very soon. In this connection, can the Secretary at least tell us which stage this case is at now? Is it at the level of the ICAC, the Police, or the Department of Justice already? Will there be a decision soon?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I am sorry, but I am unable to give you any information on this. I believe that they are doing their best to investigate.

**PRESIDENT** (in Cantonese): Third question.

**Proportion of Female Members on Boards of Directors of Listed Companies**

3. **MS EMILY LAU** (in Cantonese): *Early this month, I visited Germany with the Legislative Council delegation and learnt that the German parliament passed a bill early this month requiring that starting from next year, women must account for at least 30% of the members on the supervisory boards of listed companies. In this connection, will the executive authorities inform this Council:*

*(1) whether they have compiled statistics on the proportion of female members on the boards of directors of listed companies in Hong Kong; if they have, of the details; if not, the reasons for that;*

*(2) whether they will consult the public on the enactment of legislation to specify the proportion of female members on the boards of directors of listed companies; if they will, of the details; if not, the reasons for that; and*

*(3) given that in the 2015 Policy Address, the Chief Executive requires all bureaux and government departments to raise the appointment rate of women to government advisory and statutory bodies from 30% to 35% starting from 2015-2016, whether the authorities have any plans to set a target proportion of female members on the boards of directors of listed companies; if they do, of the details; if not, the reasons for that?*

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

(1) The Stock Exchange of Hong Kong (SEHK) reviews regularly the statistics on the proportion of female members on the boards of directors of listed issuers. The relevant statistics as at 31 December 2014 are set out at Annex.

(2) and (3)

From September to November 2012, the SEHK conducted a two-month market consultation on Board Diversity which included the issue of gender proportion of members on the boards of directors. The SEHK received a total of 139 submissions from listed issuers, market practitioners, professional bodies, industry groups, non-governmental organizations, institutional investors and individuals.

The result of the consultation indicated that a substantial majority of market players supported the inclusion of board diversity as a new measure in the Corporate Governance Code of the Listing Rules. On the question of whether there should be a quota for the minimum proportion of female members on the board of a listed issuer, more than 98% of the respondents considered that the SEHK should not set such a target. The major reason was that board diversity should not be confined to gender. The board should be able to gain different perspectives through diversity of members in age, culture, educational and professional background, and so on. Some respondents also expressed the view that a compulsory requirement on the gender proportion of the members on the board would pose practical operational difficulties to listed issuers.

Following the conclusion of the consultation, the SEHK amended the Corporate Governance Code in September 2013, suggesting that listed issuers should give adequate consideration to the principle that "the board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the issuer's business" as a principle of good corporate governance. A listed issuer must include a Corporate Governance Report in its annual report and state whether it has complied with the Code provisions. If it deviates from any of the Code provisions, it must give considered reasons.

The SEHK has provided training to listed issuers on the new Code provision about board diversity. It also assigns speakers to seminars organized by industry groups, including the Chamber of Hong Kong Listed Companies and the Hong Kong Institute of Chartered Secretaries, so as to enhance listed issuers' understanding of board diversity.

Since the aforementioned consultation, the proportion of female members on the boards of listed issuers increased from 10.3% in May 2012 to 11.3% in December 2014. The proportion of boards of listed issuers without a female member decreased from 40.3% in May 2012 to 37.8% in December 2014.

The SEHK will continue to monitor listed issuers' disclosures in their Corporate Governance Reports. It regularly reviews the overall position of listed issuers' compliance with the Corporate Governance Code, and plans to publish a report on its latest review before the end of 2015. The SEHK also closely monitors the international developments on board diversity.

Annex

Board Diversity Statistics of Listed Issuers Classified by Gender

As at 31 December 2014, there were 1 743 issuers. They had 1 656 female directors and 13 046 male directors. The average board size was 8.43 directors per issuer. The average number of female and male directors was 0.95 and 7.48 respectively. Overall, 11.3% of directors were female. The statistics on the distribution by number of female directors on boards of listed issuers are set out in the table below:

| *Number of Female Directors* | *Number of Issuers* | *Percentage* |
| --- | --- | --- |
| 0 | 658 | 37.8% |
| 1 | 696 | 39.9% |
| 2 | 266 | 15.3% |
| 3 | 75 | 4.3% |
| 4 | 39 | 2.2% |
| 5 | 7 | 0.4% |
| 6 | 2 | 0.1% |
| Total | 1 743 | 100% |

Source of Information: The Stock Exchange of Hong Kong

**MS EMILY LAU** (in Cantonese): *President, as advised by the Secretary, as at the end of last year, the proportion of female members on the boards of directors of listed issuers was only 11.3%, which is very low. He also said that the SEHK might publish a report on its latest review by the end of this year, and most importantly, the SEHK would monitor the international developments on board diversity.*

*President, regarding international developments, I have plenty of relevant information at hand. As I said just now, Germany has enacted relevant legislation recently while Spain also made it mandatory under the law in 2007 that women directors must account for 40% of the board members. Norway also enacted a law in 2003 requiring that women directors must account for 40% of the board members. The percentage required by Finland and Iceland is 40%, which is the same case for France. The respective percentages for the Netherlands, Belgium, Israel and Italy are 30%, 33%, 50% and 33%. President, is the Secretary aware of these international figures? These countries are all our trading partners or competitors. Although Hong Kong is an international city, the relevant proportion is as low as 11%. Yet, the Government is reluctant to enact any legislation. How can more women be able to serve on boards of directors? Are women in Hong Kong really so incapable that they should be denied the opportunity to serve as directors of listed companies?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, first of all, I wish to point out to Ms Emily LAU that I agree that board diversity is conducive to enhancing corporate governance. Referring to diversity, so to speak, matters for consideration include culture, background, proportion of female members on boards of directors, and so on. In my view, all of these are matters to be considered. International researches on this particular respect reveal that a board of directors comprising members from diverse background is beneficial to its discussion and deliberation, and the merits of board diversity are obvious to us all.

As a matter of fact, there are discussions of this kind within the international community, and just as Ms LAU mentioned earlier, it was required by the law in some European countries to have a certain proportion of female board members. However, it is by no means the common practice worldwide at present. For instance, in such financial centres as the United Kingdom and the United States where listing exercises are more active, there is no such legislation so far. According to the outcome of consultation conducted some time ago, the industry considers that board diversity should only be implemented where practicable. I believe that Hong Kong should continue with the existing practice of actively promoting this culture, initiating more discussions with the Chamber of Hong Kong Listed Companies or the Hong Kong Institute of Directors, and allowing more suitable women to be appointed as directors. At the same time, according to the prevailing requirements of the SEHK, listed issuers must give an explanation if they do not increase the number of female board members. In my view, the various actions taken, coupled with market pressure, should be sufficient to improve the situation.

**MR JAMES TIEN** (in Cantonese): *President, the question raised by Ms Emily LAU is about the boards of directors of listed issuers, and as indicated by the Secretary, the percentage of female membership was only 11.3%. However, most companies in Hong Kong are small and medium enterprises (SMEs) and their number stands at hundreds of thousands. It has come to my attention that there are usually only a few directors in most SMEs (including my company). This being the case, the proportion of female membership is, quite on the contrary, extremely high. If I am not asking about the case of listed issuers  The Government should have information on the numbers of Hong Kong-registered companies and their board members. Among such companies, what is the proportion of female members on their boards of directors? Take my company as an example. Mrs TIEN is one of the four members on the board of directors, and the proportion of female membership is therefore 25%. Does the Government have any statistics on SMEs in this respect?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): As we have never compiled statistics on those that are not listed issuers, no relevant figures are available.

**DR ELIZABETH QUAT** (in Cantonese): *The Secretary has stated in his reply that following the amendment made by the SEHK to the Corporate Governance Code in September 2013, the proportion of female members on the boards of listed issuers as at December 2014 was still only 11.3%. Just now the Secretary also mentioned the case of the United Kingdom where the proportion of female board members is 23%. When compared with Norway and Canada, the respective proportions of which are 40% and 20%, Hong Kong is obviously lagging far behind. What is more, among the 1 743 listed issuers in Hong Kong, 658 of them do not even have any female member on their boards of directors.*

*Besides, based on the market consultation conducted by the SEHK in 2012, some market players indicated that a compulsory requirement on the gender proportion of the members on the board would generate practical operational difficulties, and the Secretary also mentioned earlier that it was not practicable to impose the above requirement. I would like to ask the Secretary this question: What are such difficulties and how is such a requirement not practicable. If the authorities concerned reckon that there will be difficulties in doing so, will they put in place any measures to resolve the difficulties? If the authorities concerned are not going to enact any legislation, how will they be able to encourage more listed issuers to appoint female members to their boards?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): When we consider the governance of an enterprise, what matters most is the role played by the board of directors, which not only has to understand the business of the company, but also improve corporate governance through discussion and communication with the management and through various control measures. Certainly, the circumstances surrounding enterprises vary from one to another. I believe some enterprises may have to resort to micro-governance, which may, to a certain extent, relate to the industry in which the company is engaged. Insofar as diversity is concerned, the board may need to gain different perspectives through diversity of members who are well-versed in financial matters or familiar with the company's scope of business, or members of different ages. The objective of board diversity is to enhance the management capability of companies. As regards the proportion of female members on the board, I also agree that it should be taken into consideration. However, some companies may encounter difficulties in increasing the proportion of female board members when implementing the principle of board diversity.

Frankly speaking, I do not consider that this is something which can be done through legislation as it involves changes in the management culture of enterprises. In fact, figures in recent years reveal that the management culture in Hong Kong and the composition of board of directors of enterprises have changed. Furthermore, enterprises are required by the SEHK to give explanations if they do not increase the number of female members on their boards. Coupled with the pressure from other aspects and the provision of additional training by the Hong Kong Institute of Directors and other institutes, it is expected that more suitable women will be appointed as board members in future. In particular, there are numerous successful women in various professional fields and it is believed that they can play a vital part in enhancing corporate governance.

**DR KENNETH CHAN** (in Cantonese): *I am very disappointed after listening to the Secretary's reply. The Secretary seemed to be saying that the phenomenon was attributable to cultural factors, and in this patriarchal society, he also has to stomach the phenomena of "supremacy of men over women" and "predominance of men over women". Perhaps let me specifically ask the Secretary this question: Can he, as a Government spokesperson, categorically state that such patriarchy, or the management culture which he referred to, is extremely backward among many other advanced economies? If the answer is in the affirmative, the Government should make more efforts to induce a change of mindset in this area and it should not rule out the possibility of learning from the mature economies and considering the legislation option in future.*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I do not subscribe to the point made by Dr CHAN. For those European countries where legislations have already been introduced, as mentioned by the Honourable Members earlier, they, of course, have their own political considerations. On the contrary, for those countries where legislations have not been enacted, they are all mature economies. To legislate or otherwise involves a host of considerations. I do not agree that Hong Kong, where the relevant proportion is about 11%, is backward as the corresponding proportions in the United Kingdom and the United States are not significantly higher than that in Hong Kong. Both the Hong Kong Government and the Hong Kong Exchanges and Clearing Limited agree to make their best efforts to achieve board diversity. We do not think this objective can be achieved by way of legislation.

**DR CHIANG LAI-WAN** (in Cantonese): *I would like to ask the Secretary whether he knows that the appointment rate of women to government advisory and statutory bodies will be increased to 35% starting from 1 April. I believe the Secretary also recognizes the reasons behind as the proportion of women serving the community at present is higher than that of men. Given that the Government has decided to raise the appointment rate of women to advisory and statutory bodies to 35%, I hope the Secretary will take a square look at the need for enhanced participation of women in business and social affairs, and it is my wish that Secretary Prof K C CHAN can give serious thoughts to this issue.*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, actually our disagreement lies not in whether the objective should be achieved. We do hope all the boards of directors will increase the number of their female members, regardless of whether or not they are boards of directors of listed issuers. Why does the Government raise the proportion of women in its advisory and statutory bodies? It is actually the hope of the Government to take the lead to promote this culture by setting an example. Over the past decade or so, the Government has been proactively raising the proportion of female members in its advisory and statutory bodies. It is hoped that this example will help increase the number of female board members of listed issuers or other companies. We believe that the Government's efforts have achieved certain results and we will definitely keep working in this direction.

**MISS ALICE MAK** (in Cantonese): *President, the Secretary has repeatedly said that the objective could not be achieved through legislation, and this is what I agree to. In the absence of a family-friendly policy in Hong Kong at present, it is utterly difficult to encourage women to join the workforce, regardless of whether they belong to the grass-roots level or the middle or upper classes. I can only see Secretary Prof K C CHAN here today while Secretary Matthew CHEUNG, who is responsible for the relevant policy area, is not present. I find this rather regrettable.*

*President, according to the Annex to the Secretary's reply, nearly 80% of listed issuers have none or only one female member on their boards. As a matter of fact, apart from listed issuers, the proportion of female members on the councils of many non-governmental organizations or charitable organizations is invariably on the low side. If the Secretary said legislation would not serve any purpose and he will give no consideration to devising any guidelines, how can we take the first step to ensure that public organizations will apply gender mainstreaming when formulating policies?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): Thank you Miss MAK for her supplementary question. In fact, in the context of Government organizations, I believe it is operationally feasible after targets have been set and the results can be seen by all. In spite of this, given that the circumstances surrounding each company vary a lot, if we set a rigid target and apply it to all listed issuers, I believe many of them may not be able to attain the target on the premise of enhancing corporate governance. As a result, we have to strike a right balance. Currently, female participation in boards of directors is increased by means of pressure or the SEHK's requirements, which are considered to be effective. As circumstances vary among individual companies, we do understand that they may need to consider the issue based on their own governance and strategic development.

**DR HELENA WONG** (in Cantonese): *President,* *having listened to what Secretary Prof K C CHAN has said just now, I reckon that he is obviously unaware that all government bureaux and departments are going to implement the concept of gender mainstreaming, which is proposed by the Chief Executive in this year's Policy Address. I request Secretary Prof K C CHAN to talk about how gender mainstreaming can be implemented in the policies under his portfolios.*

*President, we know that in 2012, the European Union promulgated the "Women on the Board Pledge for Europe" under which all the listed companies have undertaken to increase women's board representation to 30% by 2015 and to 40% by 2020. May I ask the Secretary this question: Does he have any concrete plan (including enactment of legislation or formulation of guidelines) to raise the current proportion of female board members (which is only 11.3% at present) and make similar pledges, with a view to setting a timetable for effecting an incremental increase in the proportion of women board members?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, we consider it undesirable to enact legislation to address the issue. We have made reference to the experience of the markets in the United Kingdom and the United States, which are both well-developed financial markets, and have found that these markets have been adopting the same approach as ours, that is increasing the relevant proportion through monitoring or market pressure. To our understanding, an organization called "30% Club" has been founded in the United Kingdom, which also seeks to arouse the attention of listed companies on the matter through market pressure. We consider the current approach effective and will keep a close eye on listed issuers' compliance with the Corporate Governance Code. As I mentioned earlier, we believe that there is still much room for improvement in directors' training with an aim to further enhance the overall governance ability of Hong Kong enterprises. Women participation in boards of directors is one of the matters to be considered. Overall speaking, however, it is important to enhance the competence of directors and their level of participation. We will consider the issue in a holistic manner.

**DR HELENA WONG** (in Cantonese): *President, I think the remarks made by Secretary Prof K C CHAN are meant to mislead this Council and the public *

**PRESIDENT** (in Cantonese): Dr WONG, we are not in a debate now. If you think that the Secretary has not answered your supplementary question, please specify the relevant part.

**DR HELENA WONG** (in Cantonese): ** *the Secretary has not answered whether he will follow the gender mainstreaming policy advocated by the Government. He only said that the proportion of female board members was one of the matters to be considered, and could thus be neglected altogether.*

**PRESIDENT** (in Cantonese): Dr WONG, please refrain from commenting on the Secretary's reply.

**DR HELENA WONG** (in Cantonese): *I would like the Secretary to state clearly how gender mainstreaming will be put into practice.*

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

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I have already stated how we will deal with the issue.

**PRESIDENT** (in Cantonese): We have spent more than 22 minutes on this question. We will now move on to the next question. Fourth question.

**Regulation of Trading Activities of Bitcoins**

4. **MR LEUNG YIU-CHUNG** (in Cantonese): *President, it has been reported that recently, a bitcoin trading portal suddenly ceased operation, and its office was also found not in operation. It is estimated that about 3 000 investors have suffered losses, involving a total amount as high as HK$3 billion. In this connection, will the Government inform this Council:*

*(1) of the number of the investors concerned who have reported to the Police so far and the total amount of money involved; how the Police handle such cases and what progress they have made; whether the Police have completed the handling of some of such cases; if so, of the outcome; and*

*(2) given that the Government has repeatedly reminded the public of the risks involved in trading bitcoins and reiterated that bitcoins are no more than a kind of "commodities" created in the virtual world, whether the authorities have grasped the situations in respect of the trading of bitcoins, as well as their being used for making purchases in Hong Kong; whether the authorities will proactively investigate the operation of bitcoin exchange platforms, and whether they will consider enacting legislation to regulate or ban the relevant activities; if they will, of the details; if not, the reasons for that?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, as repeatedly pointed out in our reminders to the public through the media, and in my reply to a question raised by Mr‍ CHAN Kam-lam at the meeting of this Council held on 8 January 2014, bitcoins are not a legal tender, and their value is not backed by any physical items, issuers or the real economy. Their pricing is highly volatile. We have also sounded relentless warnings of the high risks involved in exchanging, trading or holding such kind of virtual commodities for speculative purposes. The Investor Education Centre and the Consumer Council have reminded the public from time to time that trading bitcoins may result in monetary losses, and that holders may not be able to obtain a refund of their monies should a virtual commodity collapse or those who deal in it cease to operate. We have been discouraging people from engaging in such speculative activities or transactions without considering the risks involved. The Government's reply to the two parts of the question is as follows:

(1) According to the information provided by the Police, the Police received the relevant complaints since 11 February 2015. The complainants had been participating in the trading of bitcoins through a local company since early 2014. The complainants found that the accounts opened with the company could no longer be operated, and no withdrawal from and trading of bitcoins through the accounts were allowed since December 2014. The complainants suspected that it might be a fraud case. To date, over 100 persons have reported their cases to the Police, and the amount involved totalled $180 million.

The Commercial Crime Bureau of the Police is investigating the case, and has searched various locations and seized a number of computers, tablets, mobile phones, account records, and so on. Two men and four women, aged between 34 and 55, were arrested for conspiracy to defraud. All the six arrested persons have been released on bail pending further investigation. The Police will continue with the investigation. Those who might have fallen prey to the fraud are urged to report the cases to the Police.

(2) Given that the circulation of bitcoins varies from place to place, we note that supervision over such virtual commodities also varies, depending on the market situations. According to our understanding, bitcoins have not yet been accepted widely as a medium of payment in Hong Kong as compared with other places, and their circulation as a medium of exchange in daily life or business transactions is insignificantly limited. There are only a very small number of vendors claiming that they would accept bitcoins as a medium of payment. We therefore consider that bitcoins and other kinds of virtual commodities do not qualify to be an e-currency, having regard to their nature and current circulation in Hong Kong. They are, in most cases, regarded generally as commodities or virtual commodities for individual speculative activities. It is also unlikely that bitcoins, given its circulation, will pose a significant threat on Hong Kong's financial system. As such, the Government does not consider it necessary to introduce at the moment new legislation to regulate trading in such virtual commodities or prohibit people from participating in such activities.

Like most jurisdictions, Hong Kong does not have any targeted regulatory measures on virtual commodities specifically in terms of their safety or soundness, and the trading platforms or operators of such commodities. That said, our existing laws provide for sanctions against unlawful acts, such as money laundering, terrorist financing, fraud, pyramid schemes and cyber-crimes, whether or not these virtual commodities are involved. For the purpose of crime prevention and detection, the Police conduct patrols, including search for relevant information via public platforms on the Internet where necessary. The Police will take enforcement action if they find information which involves criminal conduct.

Meanwhile, the financial regulators (including the Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission, the Office of the Commissioner of Insurance, and the Customs and Excise Department (C&ED)) have required financial institutions to assess stringently money laundering and terrorist financing risks associated with virtual commodities, according to the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO). Such institutions are required to comply continuously with customer due diligence and record keeping requirements when establishing or maintaining business relationships with customers or clients who are operators of any schemes or businesses relating to virtual commodities.

Under the Organized and Serious Crimes Ordinance, the Drug Trafficking (Recovery of Proceeds) Ordinance or the United Nations (Anti-Terrorism Measures) Ordinance, any individuals (including financial institutions, virtual commodity dealers or operators), shall, on any occasion, report any suspicious activities in relation to money laundering or terrorist financing to the Joint Financial Intelligence Unit (JFIU) set up by the Police and the C&ED. A failure to disclose such suspicious transactions to the JFIU may amount to an offence.

Also, any operators whose transactions involve money changing or remittance services are required to apply to the Commissioner of Customs and Excise for a "money service operator" licence under the AMLO. In relation to that Ordinance, the C&ED conducts regular patrols, including cyber patrols, to combat unlicensed operation of a money service. Among the patrols, it will check whether any bitcoin-related platforms are involved in unlicensed money service business.

The Government and financial regulators will keep a close watch on the development of bitcoins and other virtual commodities, and maintain contacts with their counterparts in other places through active participation in meetings of the relevant international organizations (such as the Financial Action Task Force). Given the highly speculative nature of bitcoins, I would like to once again remind the public to exercise extra caution and be risk-conscious when considering participating in the trading of virtual commodities such as bitcoins to avoid losses.

**MR LEUNG YIU-CHUNG** (in Cantonese): *President, in his reply, the Secretary stated that "bitcoins have not yet been accepted widely as a medium of payment in Hong Kong  and their circulation as a medium of exchange in daily life or business transactions is insignificantly limited" and hence, "the Government does not consider it necessary to introduce at the moment new legislation to regulate trading in such virtual commodities or prohibit people from participating in such activities". But as far as I know, apart from several online platforms, at least four to five real companies in Hong Kong are engaged in the trading of bitcoins. Moreover, over 100 persons have reported their cases to the Police so far, and the amount involved is as much as $180 million. We reckon that the actual amount of loss would be even higher.*

*All these figures show how serious the problem is. Why does the Government still refuse to act on it? Many countries including the United Kingdom, the United States and Thailand, or even China, have already imposed regulation or explicit prohibition on bitcoins. Why are the same measures not taken in Hong Kong? I would like to ask the Secretary: How worse the problem is to become before the Government would consider regulation or legislation?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): First of all, I would like to make it clear that we must first ascertain the nature of bitcoins before contemplating regulation thereon. In our view, bitcoins are virtual commodities, and they are not a currency. As I mentioned in the main reply, as far as the financial system is concerned, we must ensure that financial institutions are aware of the substantial risks posed to those people engaging in the trading of bitcoins, and due consideration should be given to such risks before undertaking any related businesses. As such, there is hardly any role that bitcoins may play in Hong Kong's financial system.

The Government will only contemplate imposing statutory regulation on bitcoins if they are widely circulating in Hong Kong while having a function similar to that of a currency. Nonetheless, on the basis of existing laws (both in terms of their spirit and administration), the Government cannot prohibit the trading of electronic or virtual commodities, irrespective of whether the medium of payment is bitcoins or other online products in the virtual world.

As far as the financial system is concerned, all financial institutions, as well as remittance agents and money changers, have been fully informed of the relevant risks, and this approach taken by the authorities has indeed reduced the risks posed by bitcoins to Hong Kong's financial system. In the present case, the problem is that it is actually a pyramid scam, and this fraudulent practice is nothing new. The criminals have perpetuated the pyramid scam through extortion, deception and exploiting the greedy nature of human beings. All in all, the problem is not about bitcoins. It is in fact a fraud.

**MR LEUNG YIU-CHUNG** (in Cantonese): *President, the Secretary has not answered my supplementary question at all. He only gave us some specious arguments *

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

**MR LEUNG YIU-CHUNG** (in Cantonese): *In Hong Kong, there are indeed activities relating to the trading of bitcoins as well as their use as a medium of payment, yet the Secretary told us that the situation was not serious. I would like to ask the Secretary: How worse the problem is to become before the Government would consider regulation or legislation?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): Perhaps let me say some more about this. Actually, in many places around the world including the United States, the trading of bitcoins is allowed. Hence, internationally, there is no recognized mode of sanction to prohibit the use of bitcoins completely. In fact, bitcoins may become a medium of exchange in some places. But we adopt a more conservative approach in this matter. We consider that bitcoins do not qualify to be a currency and hence, repeated reminders have been issued to discourage people from engaging in such activities. As we are aware of the relevant risks and have taken measures to regulate the financial institutions accordingly, bitcoins can hardly develop into a currency in Hong Kong.

But it might be too radical to ban the trading of bitcoins across the board because they are being used as a medium of exchange in other places. As far as the current case is concerned, I think it would be most important to curb this type of pyramid scams.

**MR JAMES TO** (in Cantonese): *President, my supplementary question is about whether the Government has neglected its duty as it has taken no action to ban the trading of bitcoins, as well as their use in making purchases.*

*President, as far as I understand, the Secretary's stand is that while a market for bitcoins might be developed in other places, Hong Kong has yet to reach such a stage. But I would like to put this question to the Secretary: if our policy is to ban the use of bitcoins first, and the ban will be lifted when the development of bitcoins in other places has become mature, what kind of loss will Hong Kong suffer under such an approach? Does it mean that Hong Kong will lose the chance of becoming a currency centre for bitcoins, that is, this so-called new currency which will supposedly save the world or planet earth? Had the Secretary imposed a ban on the use of bitcoins immediately after answering the questions from Honourable colleagues in January last year, would it have given some kind of protection for the public, or at least there would not have been more than 100 victims suffering from financial loss amounting to hundreds of millions of dollars?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): Objectively, one can say that the Government has adopted a highly vigilant and preventive approach against bitcoins. When bitcoins became the focus of the world about a year ago, people from different walks of life had been asking the Government to introduce this currency into Hong Kong on account of its merits.

But we have been taking a totally negative view about this matter. We consider that bitcoins do not have any value at all, and their use as an investment tool involves great inherent risks. Of course, we cannot simply say that the trading of bitcoins is illegal because any person is free to engage in business transactions, say, in online platforms or even the trading of virtual goods in the real world. Hence, our focus is always the inherent risks posed to bitcoin investors.

Over the past year or so, we have been highlighting the problems with bitcoins in a high-profile manner. For example, the problem has been mentioned by the HKMA, as well as in the blog posts and speeches of the Financial Secretary. I have also talked about the matter many times in interviews with the media and at meetings of the Legislative Council. In March last year, the Government even took the unprecedented move of issuing a press release to explain the problems of bitcoins thoroughly as many members of the public were considering investing in bitcoins given their volatility. As such, we saw the need to warn members of the public specifically.

Regarding MyCoin, that is, the company in the present case, there are many reports about it on the Internet. Recently, I came across some information about this company which might not have been reported in the Chinese press yet. For instance, Bloomberg recently carried an article about the practices of this company. According to the report, under the pyramid scheme run by the company, existing clients would introduce new comers to join the activities organized by the company including free trips to places like Macao and Thailand. The company would claim that if the participants made an investment of $400,000, it could bring a return of $1 million within one year.

It is clear that the present case is actually about fraudulent practices under the pyramid scheme, rather than bitcoin itself. The company could have used bitcoin or other currencies or even some real estate projects as the investment tool. Hence, as revealed in the present case, we must curb this type of pyramid scams. The Government has taken sufficient actions in handing the bitcoin case. I can even say that the Government's approach towards bitcoins could easily be the most stringent around the world, so much so that bitcoins can hardly develop locally.

**PRESIDENT** (in Cantonese): Mr WONG Kwok-hing.

(Mr James TO signalled in his seat)

**PRESIDENT** (in Cantonese): Mr WONG Kwok-hing, please hold on. Mr TO, what is your point?

**MR JAMES TO** (in Cantonese): *President, my question is that if bitcoins were to be made illegal, members of the public would not have engaged in the trading activities or participated in any pyramid schemes as they would clearly know that it was illegal to do so. In that case, what would be the loss for Hong Kong?*

**PRESIDENT** (in Cantonese): Regarding your question, the Secretary has already stated the Government's stand on the matter. Secretary, do you have anything to add?

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): I can only say that bitcoins have not been prohibited anywhere in the world. In this respect, we have already adopted the most stringent approach. Cases involving pyramid schemes have been recurring with ever-changing practices. It is most important that public education be conducted about the need to keep vigilant. How can such a profitable investment be the real deal?

**MR WONG KWOK-HING** (in Cantonese): *President, I would like to ask the Secretary: Will the authorities thoroughly review whether regulation should be imposed on off-market transactions of these virtual goods or virtual financial products? Will the Secretary conduct a comprehensive review in this regard?*

*In fact, many consumers have been complaining about frauds involving these virtual goods or virtual financial products such as Loco-London Gold and Renminbi Kilobar Gold or Silver. In Macao, such fraudulent practices have virtually disappeared after rigorous enforcement actions were taken by the Macao SAR Government. Thereafter, the fraudsters came to Hong Kong and have been very active ever since. Hence, my supplementary question is: will the Government comprehensively review these virtual goods or virtual financial products in order to exercise regulation or plug the loopholes?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): As far as virtual currencies are concerned, several factors would be considered by the authorities. Firstly, will the virtual currency have any impact on the robustness of the financial system? Secondly, is the underlying technology of the virtual currency indeed capable of revolutionizing the payment systems of the world?

Notwithstanding our neutral stance towards technology, I must point out that many virtual currencies are fraught with inherent problems. Hence, at this moment, we do not encourage the use of virtual currencies, or one can even say that we have practically pruned the development of virtual currencies in our financial system. But if virtual currencies should in future become a more readily accepted medium of payment internationally, we will definitely put in place a legal framework to regulate their operation. But is that what we need to do right now? No, not really because many places in other parts of the world are still observing the use of virtual currencies. For instance, although bitcoins can be used as a medium of payment in some parts of the United States, they have yet to develop into a widely used electronic payment system.

We will monitor these developments. If there is a need to regulate virtual currencies, we are already fully aware of the ordinances that require amendments. Judging from the case mentioned by Honourable Members, it is a typical case of pyramid scam as the fraudsters have exploited the greedy nature of human beings to make profits. Leaving aside the deceptive practices, the Government will exercise regulation once it is deemed necessary to use bitcoins or other virtual currencies in business transactions.

**MR NG LEUNG-SING** (in Cantonese): *President, given the inherent risks of these financial transactions, I hold that the Government should be extra cautious when giving its response. The Government's attitude of not encouraging the use of bitcoins may give the public an impression that it either supports or does not object to this matter. I think the authorities should ponder again whether it should adopt a more direct attitude.*

*President, it was mentioned in the main question that about 3 000 investors have suffered losses, involving a total amount as high as HK$3 billion. But according to the main reply, only 100-odd persons have reported their cases to the Police, and the amount involved was less than $200 million. How come there is such a drastic difference between the two figures, with a difference of more than ten times? Is this a case of Honourable Members asking questions willfully, as mentioned by Dr LAM Tai-fai? If exaggerated figures are quoted in the main question, would it give the public a wrong idea that the matter is very serious? If an Honourable Member has given some over-the-top assessment or projections in the main question, should the Government set the record straight so that members of the public will not have any misunderstanding about the seriousness of the situation?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese): President, I do not want to make any comments about the reports made by any media, outside parties or individual persons. We have provided the relevant figures on the basis of the cases reported to the Police.

**PRESIDENT** (in Cantonese): This Council has spent more than 22 minutes 30 seconds on this question. Fifth question.

**Disposal and Recycling of Municipal Solid Waste**

5. **MR CHAN HAK-KAN** (in Cantonese): *President, as revealed by the "Monitoring of Solid Waste in Hong Kong ― Waste Statistics for 2013" published in February this year, the per capita municipal solid waste disposal rate per day (the disposal rate) rose from 1.27 kilograms (kg) in 2011 to 1.33 kg in 2013, and the recovery rate dropped from 48% in 2011 to 37% in 2013. In 2013, more than 90% of recyclable materials were exported but the export values have dropped year-on-year since 2011. In this connection, will the Government inform this Council:*

*(1) whether it has studied why the disposal rate has continued to rise after the implementation of a number of waste reduction measures in recent years; whether it has assessed if the disposal rate will increase in the next few years; if the assessment outcome is in the affirmative, of the new measures the authorities have in place to achieve the targets set out in the "Hong Kong Blueprint for Sustainable Use of Resources 2013-2022" (the Blueprint), i.e. to reduce the disposal rate to 1 kg and 0.8 kg or below by 2017 and 2022 respectively; if the authorities have no new measures, whether they will consider revising such targets;*

*(2) given that the aforesaid report pointed out that the recovery rate decreased mainly because of substantial fluctuations in export statistics of waste plastics, whether the authorities have assessed if such situation was due to the implementation of the "Operation Green Fence" by the mainland authorities; if the assessment outcome is in the affirmative, of the remedial measures; what measures the authorities have in place to increase the recovery rate in order to achieve the targeted recovery rate of 55% by 2022, as set out in the Blueprint; and*

*(3) given that the Government set up the Steering Committee to Promote the Sustainable Development of the Recycling Industry in 2013 to study measures to support the recycling industry, of the latest progress and outcome of the work of the committee; what new measures the authorities have in place to encourage the development of the local recycling industry?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, the Hong Kong Special Administrative Region Government has been adopting the principle of reduce, reuse and recycle to tackle the waste management challenges. Public awareness of waste reduction and recycling has been enhanced gradually with the co-ordination and support of various policies and actions. However, the waste recovery rate of Hong Kong fluctuated in the past few years under the influence of a number of external factors, such as economic fluctuations, weaker demand, tightened restrictions set by various countries on the import of recycling materials, and so on. Nevertheless, the quantity of waste disposed of has remained stable over the past years and has not produced any additional pressure on the landfills or compromised the actual effectiveness of our work on recycling.

The Government published the Blueprint for Sustainable Use of Resources 2013-2022 (the Blueprint) in May 2013 which sets out the target to reduce our per capita municipal solid waste (MSW) disposal rate by 40% by or before 2022. The key initiatives are threefold: First, to drive a change in behaviour striving to reduce waste at source through policies and legislation. Second, to launch territory-wide waste reduction campaigns. Third, to allocate resources to enhance waste-related infrastructure. The efforts we put on these fronts have made gradual achievements.

In regard to the questions raised by Mr CHAN Hak-kan, our replies are as follows:

(1) Hong Kong's daily per capita MSW disposal rate in 2013 was 1.33 kg, which was slightly higher than the 1.30 kg figure in 2012. This indicates that various economic activities, in particular, retail, food and beverage, service industries, and so on, in Hong Kong remain active. The relevant effect of these activities on waste disposal is expected to largely continue in the coming year. On the other hand, compared to the daily per capita MSW disposal rate before the implementation of A Policy Framework for the Management of Municipal Solid Waste (2005-2014), that is, 1.37 kg, the rate in 2013 has slightly decreased actually, indicating that the waste reduction programmes initiated by the Government over the years are effective in slowing down the rise in MSW disposal and even turn the trend around in Hong Kong.

On the other hand, food waste has taken up 38% of the total quantity of MSW disposed of in 2013, which was not a small proportion. In this regard, the Environmental Protection Department (EPD) has started to prepare the Food Wise Hong Kong Campaign since December 2012 to encourage active participation of different sectors in avoiding food waste at source. We expect that the positive effect of the campaign will gradually be seen in the relevant data in the next few years.

We will continue our efforts on promoting waste reduction and recycling according to the targets set out in the Blueprint. The details of our latest work concerned are attached in Annex 1.

(2) There was a drop in the recovery rate of MSW in Hong Kong in recent years, mainly due to a decrease in the waste paper and waste plastics recovered under the influence of external factors, such as the continued weak demand for raw materials, including recyclables, from the manufacturing industry of various countries. The Operation Green Fence launched by the Mainland authority since 2013 has also affected the value of recyclables, resulting in negative fluctuation in recycling activities in Hong Kong.

For instance, compared to the figure in 2012, the total quantity of MSW recovered has decreased by 150 000 tonnes. The major contributing factor is the decrease of waste paper recovered by 130 000 tonnes.

On the other hand, we observed that there had been a substantial change in the estimated recovery rate of wastes due to the unusual fluctuation in "domestic export" figures on waste plastics in recent years. In view of this, we commissioned a consultant in 2012 to review the overall situation of the generation, recovery and disposal of local waste plastics and to examine whether the current method of using mainly "domestic export" figures to estimate the quantity of waste recovered locally should continue. The result revealed that the current method remains the most desirable for Hong Kong. The formula we use in estimating the recovery rate is commonly adopted worldwide. We have also strengthened the verification work on the compilation of "domestic export" figures on waste plastics and the details of the work provided in Annex 2.

We wish to emphasize that reducing the per capita MSW disposal rate should be regarded as the first priority pursuant to the policy objectives stipulated in the Blueprint. We will continue to promote recycling to attain the target set out in the Blueprint.

(3) Since its establishment in 2013, the Steering Committee to Promote the Sustainable Development of the Recycling Industry chaired by the Chief Secretary for Administration has conducted in-depth discussion and study on the situation of local recyclables' collection and disposal, relevant policies and support measures, as well as viable measures to support the recycling industry. These include providing infrastructure such as land sites and dedicated berths in Public Cargo Working Areas, training and development of the industry's workforce, encouraging research and investment in relevant technologies, and fostering community support for recycling and enhancing the collection network of recyclables. Relevant departments are actively following up to implement these policies and measures.

One of the key foci of our work is to set up a Recycling Fund to facilitate the upgrading of the operational capabilities and efficiency of the relevant industry practitioners for sustainable development. The Government has earmarked $1 billion for the Recycling Fund. The Legislative Council Panel on Environmental Affairs has indicated support for setting up of the Recycling Fund. The Recycling Fund is currently pending deliberation by the Legislative Council Finance Committee. On the other hand, the EPD has commissioned a consultancy study on the land requirements of the recycling industry. It has also conducted a review of the tendering arrangement in letting out short-term tenancy sites in order to facilitate the Government in formulating relevant land support measures. Another consultancy study was commissioned by the EPD to review and expand the list of government procurement items with green specifications, as well as to improve the verification mechanism to facilitate green purchase by departments. Furthermore, the Government will form a working group on a "clean recycling" campaign this year with representatives from the industry to promote source separation and cleaning of wastes at the community level. By doing so, the recycling value and recovery rate of recyclables will be increased.

President, the Government will continue to push ahead various waste reduction strategies and measures set out in the Blueprint. However, the effectiveness of our work hinges on the actual support and participation of the public. In the coming years, it will be a crucial juncture for the implementation of the Blueprint, including the volume-based waste charging scheme. In collaboration with the Council and various sectors in the community, we wish to work towards achieving the targets set out in the Blueprint.

Annex 1

The Government's latest work on promoting waste reduction and recycling according to the targets set out in the Blueprint

(i) MSW Charging: we consider that quantity-based charging can create financial incentive to drive changes in the public's waste-generating behaviour, thus achieving an overall reduction in waste disposal. In December 2014, the Council for Sustainable Development has made recommendations on how to implement quantity-based charging in accordance with the views collected during the public engagement process, and follow-up actions have already started. Details were reported to the Panel on Environmental Affairs in February 2015;

(ii) Producer Responsibility Scheme (PRS): we are now progressively implementing the PRS. The plastic shopping bag charging will be fully implemented on 1 April 2015. Our funding application for the construction of the Waste Electrical and Electronic Equipment Treatment and Recycling Facility at EcoPark in Tuen Mun has been approved by the Legislative Council in February 2015, and legislation on the PRS was submitted to the Legislative Council for consideration last week. Regarding glass beverage bottles charging, the legislation is being drafted while the recycling network is being expanded progressively to prepare for the full implementation of the PRS;

(iii) Food Waste Reduction: we will continue with the Food Wise Hong Kong Campaign to promote public awareness of the food waste problem in Hong Kong. We will also encourage behavioural changes in various sectors of the community for reduction in food waste. As at February 2015, about 400 organizations have signed the Food Wise Charter and 23 workshops have been held to provide food waste reduction training to about 1 350 Food Wise Hong Kong Ambassadors. We will continue to give support to non-government organizations and encourage them to collect from business establishments such as supermarkets, wet markets, restaurants, clubs, hotels, and so on, food which is surplus but edible or is approaching but not reaching the expiry date for donation to the people in need;

(iv) Community Recycling: By implementing a territory-wide Source Separation of Domestic Waste as well as Commercial and Industrial Waste Programme, over 80% of the Hong Kong population now have recycling bins close to where they live and work. We will enhance our collaboration with government departments, district councils, schools, housing estates, property management companies, green groups and social services organizations in setting up more community recycling points to form a wider community recycling network to help develop the habit of clean recycling. Through the Environment and Conservation Fund, the Government is also giving active support to non-profit-making organizations in their education and promotion activities relating to community recycling. Furthermore, we have launched "Waste Less", a free mobile application, which provides information on the locations of recycling points in public places all over Hong Kong. It also provides updated information and knowledge about waste disposal as well as waste reduction and recycling to encourage public participation in waste reduction and recycling through easier accessibility; and

(v) "Community Green Stations": Apart from developing progressively Community Green Stations (CGSs) in each of the 18 districts in Hong Kong, we will also appoint non-profit-making organizations through open tender to operate the project and provide financial support for their operation. With the project in place, we expect that the quality and quantity of recyclables collected will be gradually enhanced and more recyclables of different types can be recovered for local processing. Implementation of the CGS will also enhance environmental education and community participation in promoting MSW charging and other waste reduction and recycling measures.

Annex 2

The Government's work on strengthening verification work on the compilation of "domestic export" figures on waste plastics

(i) In order to help declarants of waste plastics export (including recyclers and exporters) fully understand the statutory requirements on export declaration, the EPD has organized four thematic workshops since last year in collaboration with relevant government departments. A total of 53 companies were invited to participate. In the workshop, we introduced in detail legislations on export declaration and how the declarations on waste plastics could be completed correctly. Written guidelines were provided as well;

(ii) In order to prevent the declarants from declaring re-export waste plastics as domestic export by error, the Census and Statistics Department (C&SD) has strengthened the verification and statistical work on customs declarations since 2011. In case of suspected wrong entries, the declarants concerned will be notified for review and confirmation; and

(iii) As imported waste plastics certified to have been processed in Hong Kong may claim Hong Kong origin during export, the C&SD has, since last year, collected such additional information on "domestic export" of waste plastics from declarants so that the EPD may exclude these imported waste plastics from the calculation of waste plastics locally recovered.

**MR CHAN HAK-KAN** (in Cantonese): *President, as the Secretary acknowledged that one of the reasons for a drop in the recovery rate of solid waste is that plastic wastes cannot be exported. In fact, the largest amount of waste generated in daily life is waste plastics. However, while the price of recycled plastics is the lowest, waste plastics occupy a lot of space and have to be handled immediately. If these waste plastics cannot be handled, they will eventually be sent to landfills. Why has the Secretary not considered how the authorities can assist in exporting or recycling waste plastics? Instead, the Secretary has spent efforts on examining if the "domestic export" figures have been wrongly calculated, with the intention of "falsifying the figures", in order to reduce the export rate of waste plastics? Has the Secretary missed the point? President, I would like to ask the Secretary to explain whether the authorities will make efforts on or give policy support for waste plastics recycling.*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I thank Mr CHAN for his supplementary question. First of all, I wish to clarify that, as I have just mentioned, the most important factor that leads to the fluctuations of the MSW recovery rate is not waste plastics. For instance, as compared to the figure in 2012, the total quantity of MSW recovered has decreased by 150 000 tonnes and that of waste paper recovered has decreased by 130 000 tonnes. This is definitely the biggest difference in number and ratio. However, I agree with Mr CHAN that there is room for improvements regarding waste plastics. We have maintained close contact with the industry and the biggest problem is how to improve the quality of recyclable waste plastics to facilitate export. The export of waste plastics was relatively easy in the past because even if the recovered waste plastics were of poor quality, they could still be exported. Nevertheless, as the export standard of waste plastics in foreign places is higher than that in Hong Kong, we must keep abreast of the times.

I have just said that we want to improve the overall standard of the recycling industry in terms of quantity and quality, in order to cope with the challenges ahead. We will provide assistance in several areas such as setting up a Recycling Fund to upgrade the product quality of the relevant industries, especially the waste plastics industry, so as to facilitate exports. We will, through the Steering Committee led by the Chief Secretary for Administration, adopt a multi-pronged approach in providing support to the recycling industry in various aspects such as providing land. For instance, in view of the shorter-term tenancy at present, if the waste plastics industry intends to invest in machinery for the cleaning and decomposition processes in order to enhance the quality of export waste plastics, industry players have a lot of worries when actually contemplating such investment. So, we will carry out short, medium and long-term inter-departmental studies and reviews so as to consider the way in which longer-term tenancies may be offered to the industry to assist the waste plastics and recycling industries to invest in machinery.

In addition, we will work with some organizations, such as the Hong Kong Quality Assurance Agency, to establish a system similar to the certification system to help enhance the quality of the industry, including assisting in manpower training. We will support the industry by enhancing its quality through the Recycling Fund and the provision of land and training, with a view to enhancing the overall standard and recovery rate of the industry.

However, I mentioned in my reply that the major target of the Blueprint is to reduce our daily per capita MSW disposal rate, and the recovery rate is an objective reference. For example, we promote the Food Wise Hong Kong Campaign with the aim of reducing food waste at source and increasing the food waste recovery rate. I hope Members would understand this key point and objective.

**MISS CHAN YUEN-HAN** (in Cantonese): *For quite a long time in the past, we have already heard these remarks made by the Secretary in response to the question ― I do not intend to trace back to that time ― when we discussed the recycling of plastic bags during the Legislative Council term from 2004 to 2008, we had already raised the point that it was important to reduce waste at source and we also discussed how waste plastics could be used. Now, the export of waste plastics encounters difficulties and there are also a number of outstanding issues. When we discussed waste plastics from 2004 to 2008, we wanted to help the industries concerned at source, and we also knew that other places had a lot of experience in this area.*

*How much time has passed from 2004 to 2008? More than 10 years have passed but the Secretary is still talking ABC. Mr CHAN is right in raising this question because the Secretary is still repeating what has been said many years ago. Do the authorities have a timetable and a roadmap? This is the authorities' habit, and they adopted the same approach in respect of politics and waste plastics. Would the Secretary clearly tell us how work can be implemented according to the timetable?*

*Green groups are very much concerned about the problem and the authorities often  through certain funds  I hope the Secretary would provide some indicators as I do not want to wait 10-odd years for the outcome, or there may even not be any outcome *

**PRESIDENT** (in Cantonese):I hope Members' questions and the Secretary's answers would be as concise as possible so that other Members would have the opportunity to raise questions.

**MISS CHAN YUEN-HAN** (in Cantonese):*President, my supplementary question is very simple. I would like to ask the Secretary this question: Can he provide a timetable and a roadmap insofar as waste plastics are concerned, telling us how the disposal rate of waste plastics can be reduced and waste plastics can be expeditiously handled.*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, I thank Miss CHAN Yuen-han for her supplementary question. As far as waste plastics are concerned, we must understand that about 20% of the deposit in our landfills are plastic-related materials, including a large number of plastic bags which account for about one third of the total deposit. The number of plastic bottles is relatively small as compared to that of plastic bags. We will fully implement plastic shopping bag charging from 1 April, and this demonstrates that we have policy priorities. After the introduction of the first phase of plastic shopping bag charging, although it only covers thousands of retail outlets, the amount of plastic bags used has been reduced by 80% to 90%. This may not help increase the recovery rate of plastic goods but this can reduce the abuse of plastic bags at source. Members should understand that the crux of the relevant policies lies in reducing waste production, and we have no intention to boost the recovery rate in particular.

Of course, we cannot avoid disposing of some plastic goods in everyday life, and these goods have to be recovered. The work to be carried out in the next few years pursuant to the Blueprint is very clear. For example, it is stated in the Policy Address this year that we will implement a "clean recycling" campaign. If we throw dirty drink bottles into the recycling bins at source, they will contaminate all recyclable materials, and these materials will ultimately be sent to landfills. Therefore, we should change our behaviours at source and enhance clean recycling. This is a very important point. We will work together with the industry and the relevant groups this year to fully implement the "clean recycling" campaign, with one of the focuses being plastics recovery.

We have discussed with the industry about the Recycling Fund, and it is considered that the Fund could provide expeditious support to the recovery of different materials including waste plastics. We hope that funding approval may be granted by the Finance Committee of the Legislative Council as soon as possible in order to provide support to the industry.

I just mentioned that land is the most important factor. For example, the uncertainties surrounding the terms of tenancies have created difficulties and worries for the industry. The shorter tenancy term in the past was not conducive to the industry's investment in machinery. We must keep abreast of the times by using machinery to convert recovered waste plastics for export. This is a crucial point.

Yet, we must understand that all land issues bring great challenges. We will take on the challenges in a proactive manner and we will discuss with various departments how to extend the shorter tenancy term, with particular regard to the aspirations of the industries concerned, such as the waste plastics industry. We will put sites into the market as soon as possible, for application by the industry so as to optimize land use. We have timetables in many aspects and we wish to launch the "clean recycling" campaign and set up the Recycling Fund as soon as possible within this year. If we can accomplish this before the summer vacation, we could strongly assist the recycling industry in improving the export of waste plastics in terms of quality and quantity. We are having discussions with relevant departments, that is, the Development Bureau, and we would like to put sites into the market as quickly as possible.

**MR TONY TSE** (in Cantonese): *President, the Secretary stressed in his reply a while ago that the Government attached great importance to the sustainable development of the recycling industry. However, there were reports in the past that the development of EcoPark in Tuen Mun had been very slow in the past 14 years. It is also stated in the report published by the Audit Commission in 2010 that the operation of EcoPark has been delayed for three years. In this connection, I would like to ask the Secretary, regarding the operation of EcoPark, what measures has the Bureau recently adopted to proactively respond to the problem and improve the overall performance of EcoPark? Has it examined if these measures meet the required standards. On the overall management and operation of EcoPark, what are the areas that are calling for improvement?*

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese):President, I thank Mr TSE for his concern about EcoPark in Tuen Mun. I am also highly concerned about the operation of EcoPark. Looking back at the initial operation of EcoPark, there was an exploratory stage for the Government and the industry. But we are well aware of the challenges involved after a long period of co-operation and integration.

Let me cite a few examples. What is the way out for individual tenants after the construction of factories, the purchase of machinery and the completion of material recycling? Are price fluctuations conducive to their healthy operation? Owing to many internal and external factors, whether EcoPark tenants can have healthy and sustainable development is a challenge, and this will affect the operation of EcoPark and the industry as a whole. Hence, we cannot simply discuss the management and operation of EcoPark and we should consider the issue in a holistic manner.

In addition to working closely with different tenants and monitoring their work, it is also important to put in place complementary policies. For example, the Recycling Fund is conducive to the healthy development of the recycling industry to different extent. The promotion of "clean recycling" at source is also conducive to the industry's healthy development. The Government's recycling of Christmas trees earlier and its recycling of peach blossom trees after the Lunar New Year can facilitate the collection of materials by EcoPark tenants.

We require co-ordination in various aspects to assist in the healthy development of EcoPark tenants and their handling of recyclable materials. This is also of great benefit to our recycling industry. In short, we should not focus on individual cases in EcoPark and we must consider the overall situation.

**PRESIDENT** (in Cantonese):This Council has spent almost 23 minutes on this question. Apart from the Member raising the main question, only two Members can raise supplementary questions and the Secretary has spent more than four minutes on answering each supplementary question. I hope there would be more opportunities for Members to raise questions in future. Last oral question.

**Assessment of Performance of Government and Principal Officials**

6. **DR LAM TAI-FAI** (in Cantonese): *President, on the 5th of this month, the Premier of the State Council delivered the Report on the Work of the Government at the third session of the Twelfth National People's Congress. It was mentioned in the Report that "[t]here is still much to be improved in the work of the government, with some policies and measures not being satisfactorily implemented. A small number of government employees behave irresponsibly; shocking cases of corruption still exist; and some government officials are neglectful of their duties, holding onto their jobs while failing to fulfill their responsibilities". He also stated that "[w]e will work to improve the mechanisms for assessing performance, and commend those who perform well, admonish those who do not, and expose and hold to account those who are indolent, sloppy, or neglectful of their duties". In mentioning the streamlining of administration and delegation of powers, he emphasized that "[i]t goes without saying that powers should not be held without good reason". On the other hand, quite a number of comments and opinion polls indicate that the policy implementation by the current-term SAR Government has been difficult, the relationship between the Executive Authorities and the Legislature is poor, the popularity ratings of the Chief Executive and some principal officials have been persistently low, and people's dissatisfaction with the Government continues to rise. All of the above have reflected that the Accountability System for Principal Officials exists in name only, and a governance crisis has emerged. Regarding the assessment of the performance of the SAR Government and the principal officials according to the Premier's remarks, will the Government inform this Council:*

*(1) whether the Government has reviewed which policies and measures have not been satisfactorily implemented at present, and whether there are incompetent principal officials who have failed to fulfill their responsibilities, thereby resulting in their persistently low popularity ratings and the continuous rise in people's dissatisfaction with the Government; if it has conducted such a review, of the details; if not, the reasons for that;*

*(2) as there are comments that since the Government is supervised by the people, the low popularity ratings of officials reflect that people do not approve of their capabilities and performance, whether the Government has admonished and held to account principal officials with low popularity ratings who did not perform well, so that the Accountability System will not exist in name only; if it has, of the details; if not, the reasons for that; and*

*(3) given that subsequent to the authorities' withdrawal of the financial proposal relating to the establishment of the Innovation and Technology Bureau in the middle of last month due to filibustering by some members of the Finance Committee of this Council, the Chief Executive appointed a former Vice President of the Hong Kong Polytechnic University as his Innovation & Technology Adviser and as a non-official Member of the Executive Council, and quite a number of political parties have criticized such practice as rule-breaking, whether the Government has assessed if such practice is tantamount to using powers in a wilful manner; whether the Chief Executive has consulted Members of the Executive Council before deciding to make such appointments; if he has, of the details; if not, the reasons for that?*

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): President, in consultation with the Chief Executive's Office and relevant departments, I am authorized to respond to the question raised by Dr‍ LAM as follows:

(1) and (2)

The Political Appointment System was implemented in 2002 to recruit talents from both inside and outside the government structure to take up the positions of Secretaries of Department and Directors of Bureau, so that the Government could be more responsive to public sentiments during policy implementation, address modern management needs, and strengthen a permanent and professional Civil Service. Under the System, the top echelon of the Government comprises principal officials who are political appointees. The politically appointed principal officials are politically responsible for their respective policy areas and accountable to the Chief Executive. The Chief Executive, in forming his governing team, expects its members to share his vision and mission, and to implement the policies in the Chief Executive's Policy Address and the measures of various bureaux in the policy agenda in an earnest manner under his leadership.

According to the Code for Officials under the Political Appointment System (the Code), relevant officials shall be dedicated to their duties and be responsible to the Government of the Hong Kong Special Administrative Region (HKSAR). They shall act in the best interests of the HKSAR as a whole. Furthermore, politically appointed principal officials are responsible for their respective portfolios designated to them by the Chief Executive and lead the executive departments within their respective portfolios, and are also responsible for formulating, explaining and defending government policies as well as canvassing support from the public and the Legislative Council. In the event of any allegation of breach of duty or the provisions set out in the Code by the politically appointed officials, the Chief Executive after due process would decide whether the alleged breach is established and if so, the applicable sanctions, including warning, public reprimand, or even recommendation to the Central People's Government for their suspension or dismissal.

Policy initiatives carried out by the current Government were based on the policy address of the Chief Executive, policy agenda of various bureaux as well as the Election Manifesto of the Chief Executive before he assumed office. The pledges contained therein have been progressively implemented by the current Government since taking office with the full support and assistance from the politically appointed officials and civil servants, upon considering socioeconomic developments and the wishes of the public. The Chief Executive announces policy highlights through the annual policy address. In the 2015 Policy Address announced this year, the Chief Executive stated that the major objectives are "pursue democracy, boost the economy and improve people's livelihood", and proposed many initiatives benefiting people from all walks of life. In fact, for the current Government, politically appointed officials and permanent civil servants alike under the leadership of the Chief Executive, have been duly performing their duties and responsibilities with devotion and progressively implementing policy initiatives concerning the well-being of people in areas such as housing, poverty alleviation, elderly and environment protection as committed by the Chief Executive in his Manifesto, and these efforts are beginning to bear fruit. Despite the Government's efforts to roll out policy initiatives to promote the economy and improve people's livelihood, in recent years some Councillors and political parties, because of different political views, engage in filibustering and "unco-operative" movement, seriously affecting the efficiency of the Legislative Council in its operation, as well as delaying the scrutiny of the Government's funding applications. These actions not only obstructed government policies and delayed the implementation of many policy initiatives concerning Hong Kong's economy, society and livelihood, but also caused direct and concrete loss to the general public, which included substantially increasing the costs of infrastructure projects due to filibustering, causing a sustained fall in Hong Kong's competitiveness and productivity as well as putting Hong Kong in an disadvantaged position in competing in the international and regional arena. Filibustering by some Members had also delayed the scrutiny of funding applications for the early implementation of some livelihood initiatives in areas including poverty alleviation, elderly and helping the disadvantaged. These acts of being "unco-operative" are hindering the progress of our society and damaging the executive-legislature relationship; the situation is worrying. The majority of our Legislative Council Members have in mind the development of Hong Kong and the interests of our people.

The principal officials of the Government will as always continue to be dedicated in performing their duties in formulating, introducing and explaining government policies, as well as canvassing support from the public and the Legislative Council. We hope that those few Members involved in filibustering and "unco-operative" movement could get back onto the right track, work with the Government to help Hong Kong seize the opportunities and build Hong Kong together.

(3) The Government proposed to set up the Innovation and Technology Bureau since innovation and technology are important driving forces for the economy of Hong Kong 

(Mr LEUNG Kwok-hung stood up)

**PRESIDENT** (in Cantonese): Secretary, please hold on. Mr LEUNG, what is your point?

**MR LEUNG KWOK-HUNG** (in Cantonese): *Mr XI Jinping has not reprimanded us for filibustering, but the Secretary kept talking about filibustering which is irrelevant *

**PRESIDENT** (in Cantonese): Mr LEUNG, the point you raised is not a point of order. Please sit down immediately. Secretary, please continue.

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): The Government must proactively promote the development of innovation and technology in Hong Kong to strengthen Hong Kong's long-term competitiveness. The industry players have demanded for years, through the setting up of the Innovation and Technology Bureau, focused and high-level leadership for stronger policy co-ordination and execution across the innovation and technology industries and to fully capture the opportunities provided by advancements in technology and the commercial potential they offer.

The current Chief Executive, after he was elected in March 2012, immediately proposed reorganization of the Government Secretariat, an important part of which was to reorganize the Commerce and Economic Development Bureau into two Policy Bureaux to develop related industries and promote innovation and technology in Hong Kong. Unfortunately, filibustering in the Finance Committee of the Legislative Council, leading to lengthy and protracted meetings, made it impossible for the proposal to be endorsed before the end of the 2012 Legislative Council session.

In January 2014, the setting up of the Innovation and Technology Bureau was announced again by the Chief Executive in the 2014 Policy Address. The Commerce and Economic Development Bureau consulted the Panel on Commerce and Industry and the Panel on Information Technology and Broadcasting respectively in April 2014, and both Panels endorsed the proposal and requested for the establishment of the Bureau as soon as possible. The proposed personnel establishment was endorsed by the Establishment Subcommittee of the Legislative Council in June 2014 and the legislative amendments relating to the transfer of statutory functions to the proposed Director of Bureau and Permanent Secretary were passed by the Legislative Council on 29 October 2014. It is regrettable that, as a result of filibustering by pan-democratic Members of the Legislative Council, even after discussion of four sessions of the Finance Committee for 16 hours, the proposal for the establishment of the Innovation and Technology Bureau could not be passed at the meeting of the Finance Committee on 14 February, and the Innovation and Technology Bureau could not be established as planned.

There is a pressing need to take forward the development of innovation and technology; Hong Kong cannot continue to lag behind our competitors either. Therefore, the Chief Executive appointed Mr Nicholas YANG as a member of the Executive Council as well as Advisor to the Chief Executive on Innovation and Technology. The Executive Council is an organ for assisting the Chief Executive in policy-making, its role, composition and functions are clearly stated in the Basic Law. The Basic Law also states that Members of the Executive Council are appointed by the Chief Executive from among the principal officials of the executive authorities, Members of the Legislative Council and public figures; and that their appointment or removal is decided by the Chief Executive. Mr YANG has extensive experience and international perspective in innovation and technology. The Chief Executive believes that he can help the Government formulate more focused and timely policies relating to innovation and technology.

**DR LAM TAI-FAI** (in Cantonese): *President, it is an indisputable fact that policy implementation by the current-term SAR Government has been riddled with many obstacles. The main reasons are as follows: First, the Government's standard of administration is low. Second, the Government has failed to foster unity and cohesion in the community. As the Secretary said, the problem was caused by the repeated "unco-operative" movements and filibustering staged by the opposition camp.*

*President, the government of any civilized society would certainly be supervised by the public and it has to be accountable to the public. Therefore, it would give rewards and impose sanctions fairly, and would follow the rules and practices consistently. This would prevent government officials from holding onto their jobs while failing to fulfil their responsibilities, or prevent them from performing their jobs perfunctorily. However, if the Accountability System exists in name only, as I said earlier; if it is only an empty description and does not perform any practical function, the administration will become a complete mess in the less serious cases, and strong public resentment and social instability will result in the more serious situations.*

*President, my question is very simple. As I said in my main question, the Premier's Report pointed out that government officials who did not perform well should be admonished and those who were indolent, sloppy or neglectful of their duties should be exposed and held to account.*

*President, a number of accountability officials of the current Government have failed to fulfil their responsibilities. For example, some have failed to promote National Education; some have failed to build public housing which resulted in the prevalence of "sub-divided units"; and others have allowed some people to continuously advocate "Hong Kong independence", causing soaring social grievances.*

*My supplementary question for the Government is: can it identify, admit and rectify the mistakes in its policy implementation, as the Premier said, by facing the problems squarely and seriously, and putting the Accountability System into practice thoroughly? If it can, I hope the Secretary can explain in detail to the public today how the Government will put the Accountability System into practice thoroughly. For example, I hope the Secretary can tell us whether the Government will establish a mechanism for assessing the performance of accountability officials, so as to stop them from deceiving everybody and muddling through.*

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): President, according to the Basic Law, the SAR Government certainly must be accountable to the Legislative Council. In accordance with Article 64 of the Basic Law, the 12 Directors of Bureaux shall answer questions regarding their respective policy portfolios in the Legislative Council every week and discuss various legislative proposals with Members of the Legislative Council. The work of the Directors of Bureaux is also monitored by Members at meetings of the relevant panels of the Legislative Council every month. Outside the Legislative Council, our work is also monitored by the civil society and the media. Therefore, I believe the implementation of policies is, to a certain extent, already monitored and supervised under the present system.

Certainly, I believe Dr LAM Tai-fai's love for the SAR Government makes him very critical of it. Earlier on, Dr LAM mentioned some problems in the areas of land, housing, and so on. In fact, the Chief Executive has proposed a number of solutions in the policy addresses in the past two or three years and as I said in the main reply, the efforts are beginning to bear fruit.

Of course, we have also encountered problems which cannot be resolved instantly. Problems such as land and housing are in this category. Take housing as an example. Hong Kong has an area of only 1 100 sq km, we cannot‍ 

(Dr LAM Tai-fai stood up)

**PRESIDENT** (in Cantonese): Secretary, please hold on. Dr LAM, what is your point?

**DR LAM TAI-FAI** (in Cantonese): *I really think that the Secretary is filibustering. May I repeat my supplementary question? He is filibustering.*

*My supplementary question is: will the Government please explain to the public in detail today how it will put the Accountability System for Principal Officials into practice thoroughly, for example, will it establish a mechanism for assessing the performance of accountability officials?*

**PRESIDENT** (in Cantonese): Secretary, please answer the supplementary question raised by the Member.

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): President, I remember that in the past, particularly among the officials of the Government of the last term, there were occasions where principal officials were warned by the then Chief Executive. The then Chief Executive considered the Director of Bureau concerned had performed unsatisfactorily when discharging his/her duties during his/her term of office and such performance had also caused repercussions in society. Thus, he issued a warning to the official. As I said in the main reply, the Government has put in place a four-tiered mechanism of sanctions under the recommendation of the former Chief Justice Andrew LI.

I believe that, under this mechanism, if necessary, the Chief Executive would, as suggested by Dr LAM Tai-fai, admonish principal officials in relation to their work performance, personal issues or other matters. I consider it superfluous to set up any committee for this purpose under the existing mechanism.

**MR ALBERT CHAN** (in Cantonese): *President, while Dr LAM's supplementary question is similar to the Election Manifesto of the Chief Executive, the Government's reply shows that the Secretary suffers from filibuster-phobia and he has not focused on the question.*

*The question raised by Dr LAM Tai-fai is about the problems mentioned by Premier LI Keqiang, including dereliction of duties on the part of government officials. If the dereliction of duties on the part of government officials was caused by we three Members filibustering, which has rendered the whole government (including Secretaries of Departments, Directors of Bureaux and the Chief Executive) impotent, then the government is really too vulnerable and should immediately be disbanded *

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

**MR ALBERT CHAN** (in Cantonese): *President, I will raise my supplementary question now. LEUNG Chun-ying said in a high-profile manner recently that voters could vote out some Members of the Legislative Council. Regarding the handling of political crisis and important political issues, if a government fails to obtain the endorsement of a policy initiative by the democratic legislature, it is common for that government to dissolve the legislature and call for a re-election. The motion on establishing the Innovation and Technology Bureau has been vetoed on two consecutive occasions. Besides, the constitutional reform package may not be passed. I hope the Government will not speak aggressively but act impotently. President, there is actually a more vivid description on the Internet, but I will not use it because it is abusive; I will only say "speak aggressively but act impotently". Will the Secretary ask LEUNG Chun-ying to dissolve the Legislative Council? As LEUNG Chun-ying said, let the voters decide who will become Members of the Legislative Council by their votes. If the Secretary can make the request, we can use LEUNG Chun-ying as a bet. We can conduct a referendum and fire LEUNG Chun-ying so that he will not remain as the Chief Executive.*

*Members of the public can choose their legislators by voting in an election, but they cannot choose their Chief Executive. Yet, the one they want to kick out the most is "689", the impotent Chief Executive *

**PRESIDENT** (in Cantonese): Mr CHAN, let the Secretary reply your supplementary question.

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): President, according to the Basic Law, the term of office of the Legislative Council shall be four years, subject to the provisions in Articles 49 and 50. These Articles provide for a mechanism to dissolve the Legislative Council when an important bill or a budget cannot be passed in the Legislative Council.

Mr Albert CHAN mentioned two matters just now. The first one relates to the failure to obtain the Finance Committee's approval of a funding application. As I said in the main reply, the matter did not involve a bill. Regarding the motion on constitutional reform to be proposed by the Government later, it will not be a local bill. Therefore, Articles 49 and 50 of the Basic Law are not applicable.

**MR ALBERT CHAN** (in Cantonese): *If the constitutional reform package cannot be passed, will the Government dissolve the Legislative Council and call for a re-election? The bill on constitutional reform will be an important bill.*

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

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): President, as I said earlier, and as my predecessor had explained in answering a question in the Legislative Council in the past, our understanding is that any amendments to Annex I to the Basic Law are not amendments to local legislation. According to our understanding, the reference to important bills in Articles 49 and 50 of the Basic Law only concerns amendments to local legislation. Therefore, the two articles are not applicable in the case mentioned.

**MR IP KWOK-HIM** (in Cantonese): *President, after hearing Mr Albert CHAN's most passionate speech, I think he should give Hong Kong people a chance and allow them to choose the Chief Executive by "one person, one vote" in 2017. Since Mr CHAN has spoken so passionately, I would ask him not to oppose *

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

**MR IP KWOK-HIM** (in Cantonese):  *not to deprive Hong Kong people of their right. I will ask the Secretary this question. As members of the public, Members of the Legislative Council and the media are aware, the executive-legislature relationship is really unsatisfactory. To make things worse, the pan-democratic Members and Members of the opposition camp repeatedly staged filibusters. As a result, a number of government policies cannot be introduced or implemented. Even the proposal to establish the Innovation and Technology Bureau mentioned earlier has been bogged down by the filibusters and so the Bureau cannot be established. Under the circumstances, the popularity rating of the Government has been dragged down to a very low level. I would like to ask the Secretary: has he reviewed how various government policies can be effectively implemented in the future? Has he, in the process of review, taken into account such factors as the abuse of the Rules of Procedure by Members of the opposition camp and the filibusters staged by them. Will the Government adopt corresponding strategies and measures?*

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): President, I thank Mr IP Kwok-him for the supplementary question. I believe we have to consider the matter from two perspectives. First, we certainly have to consider the system which has been put in place, including the Rules of Procedure governing how meetings are to be conducted in the Legislative Council and the rules of the Finance Committee. If I remember correctly, Mr IP Kwok-him has put forward proposals to enhance the rules and procedures of the Finance Committee so as to raise the efficiency of the operation of the legislature.

Second, while the SAR Government provides services to the public, the Legislative Council represents public opinion. Hence, the public will monitor both the efficiency of the SAR Government in implementing policies and the efficiency of the Legislative Council in deliberating policy issues. Actually, the SAR Government, public officials and Members of the Legislative Council have obtained different performance ratings in various opinion polls conducted in the past. Under the circumstances, let us support each other. I hope that officials of the SAR Government and Members of the Legislative Council can carefully consider the aspirations of the public on the executive-legislature relationship. Is a continuation of the present standoff or the rather tense executive-legislature relationship something which the public would like to see? My hope is that we can support each other for the long-term benefits of society as a whole.

**MR LEUNG KWOK-HUNG** (in Cantonese): *President, what Mr IP Kwok-him said was really nonsense. In 2012, LEUNG Chun-ying was returned as the Chief Executive with a low number of votes and actually, it was the lowest number of votes ever obtained in such coterie elections. I was returned with a high number of votes and he lost out to me in this respect. Although LEUNG Chun-ying made strenuous efforts in the election, he was returned as the Chief Executive with only a low number of votes. What can he say? Simply put, *

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

**MR LEUNG KWOK-HUNG** (in Cantonese): *I will certainly raise my supplementary question. President, Premier LI Keqiang did not mention the word "filibustering" and Dr LAM Tai-fai's question was not on "filibustering", but the government official kept talking about "filibustering". I will ask a very simple question now. LEUNG Chun-ying is really formidable. After hearing what the Secretary just said, I realize that LEUNG Chun-ying's sophistry is actually very influential *

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

**MR LEUNG KWOK-HUNG** (in Cantonese): *Okay. Secretary Raymond TAM, regarding the case of the Director-General of Civil Aviation who is now selling the third runway project, he wasted public money by turning his office into his own palace. Also, in the case of the Director of Marine, he was involved in the marine tragedy. Since you said that a mechanism is in place, have the above two persons been warned, reprimanded in public, held to account or admonished? Have such actions been taken? If so, tell us; if not, tell us. Yes or no? Under the existing four-tiered mechanism  President, let me finish *

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

**MR LEUNG KWOK-HUNG** (in Cantonese): *No, I am afraid that others may not understand my point. Dr LAM Tai-fai suggested that the Government should establish a mechanism according to what Premier LI Keqiang said and asked the Secretary to adopt a four-pronged approach, but the Secretary did not respond. I will ask him: Under the existing four-tiered mechanism, have the two bootlickers or the two bad guys been sanctioned? Have they?*

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

**MR LEUNG KWOK-HUNG** (in Cantonese): *Cut the crap if they haven't.*

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Cantonese): President, in my main reply, I mentioned the mechanism of sanctions in relation to politically appointed officials. In fact, there is a similar mechanism under the civil service system. In general, after disciplinary problems have been identified, the management of the department concerned or the Civil Service Bureau, depending on the rank of the civil servant concerned, will conduct an internal disciplinary investigation and impose the relevant sanctions. Regarding performance appraisals, there certainly is a system of annual appraisal reports under the civil service system which has worked well over the years. Therefore, the performance of politically appointed officials and civil servants is assessed according to the respective systems.

Earlier on, the Honourable "Long Hair", no, I should say the Honourable LEUNG Kwok-hung mentioned two examples. Due to the nature of the cases, I am afraid I cannot comment any further.

**MR LEUNG KWOK-HUNG** (in Cantonese): *President *

**PRESIDENT** (in Cantonese): Mr LEUNG, the Secretary has clearly answered your supplementary question.

**MR LEUNG KWOK-HUNG** (in Cantonese): * you are wrong because Premier LI Keqiang did not say accountability officials, he only said "government officials". Therefore, it is right for Dr LAM to ask about "government officials".*

*Alright, I will not say anything more. Those people are not "government officials".*

**PRESIDENT** (in Cantonese): This Council has spent 24 minutes on this question. Oral questions end here.

**WRITTEN ANSWERS TO QUESTIONS**

**Arrest and Prosecution of Participants in Social Movements**

7. **MR GARY FAN** (in Chinese): *President, some participants in social movements have relayed to me that since the occurrence of the occupation movement on 28 September last year, the Police have spared no efforts in suppressing social movements, including making indiscriminate arrests and prosecutions of the persons concerned. In this connection, will the Government inform this Council:*

*(1) of the numbers of people demanded to produce their identity cards, and had the relevant information of them recorded, by police officers because of their participation in various kinds of social movements (including the occupation movement, "shopping tour" protests and "anti-parallel goods smugglers" protests) since 28 September last year (set out separately in the table below), the purposes of the Police recording such information and the uses of such information;*

|  |  |
| --- | --- |
| *Social movement* | *Number of people* |
| *Occupation movement* |  |
| *"Shopping tour" protest* |  |
| *"Anti-parallel goods smugglers" protest* |  |
| *Others (list separately)* |  |

*(2) of the numbers of people arrested since 28 September last year because of their participation in various kinds of social movements (set out separately in the table below); and*

|  |  |
| --- | --- |
| *Social movement* | *Number of people* |
| *Occupation movement* |  |
| *"Shopping tour" protest* |  |
| *"Anti-parallel goods smugglers" protest* |  |
| *Others (list separately)* |  |

*(3) of the respective numbers of people arrested for alleged commission of offences while participating in social movements from January 2013 to August last year and since 28 September last year and, among them, the numbers of people under (ii) to (v) in the table below (set out in tables of the same format as the table below)?*

| *Number of people* | | *Offence involved* | | | |
| --- | --- | --- | --- | --- | --- |
| *Assaulting police officer* | *Unlawful assembly* | *Contempt of court for violating injunction order* | *Other offences (list separately)* |
| *(i)* | *Arrested* |  |  |  |  |
| *(ii)* | *Charge dropped* |  |  |  |  |
| *(iii)* | *Released on bail pending investigation* |  |  |  |  |
| *(iv)* | *On remand pending investigation* |  |  |  |  |
| *(v)* | *Prosecuted* |  |  |  |  |
| *Among the people under (v):*  *― Pending judgment* | |  |  |  |  |
| *― Convicted* | |  |  |  |  |
| *― Acquitted* | |  |  |  |  |

**SECRETARY FOR SECURITY** (in Chinese): President, the duty of the Police as a professional law-enforcement agency is to maintain law and order. Police deal with all unlawful acts in the same manner, and treat all members of the public, including those participating in "social movements" or public order events (POEs), equally. Only when there are suspected illegal acts shall arrests be made in accordance with the law. That the Police have been "suppressing social movements" and "making indiscriminate arrests and prosecutions", and so on, as purported is never to be agreed. The political stance of the arrestees is definitely not a consideration for prosecution. All prosecutions against persons arrested in relation to POEs are appropriately handled according to the established guidelines.

Hong Kong residents enjoy the freedom of and the right to peaceful assembly, procession and demonstration under the Basic Law. It has been the policy of the Police to strike a balance between facilitating all lawful and peaceful public meetings and reducing the impact of such meetings on the community and road users, and to ensure public order and public safety. Any person who plans to organize a POE with an attendance exceeding the stipulated limit should inform the Police in accordance with the law of the specific arrangement of the event as soon as possible so that the Police may draw up and adopt corresponding measures to facilitate the conduct of the event, and ensure public safety and public order. Participants of POEs have to remain law-abiding, peaceful and orderly when expressing their views and refrain from behaviour that is detrimental to public order or violent.

From the illegal "Occupy Movement" that went on for 79 days last year to the recent spate of so-called "shopping tour" and "anti-parallel trader" activities, there were various forms of unruly behaviour, verbal abuses, nuisances, violent acts and wilful disruption, seriously upsetting the rule of law, public safety and social order in Hong Kong. The HKSAR Government has expressed its severest condemnation of such blatant defiance of the law. The Police will definitely take resolute enforcement actions against illegal acts, which are by no means tolerated.

Our reply to Mr Gary FAN's question is as follows:

(1) Police officer may, in accordance with the law, demand any person to produce proof of identity for inspection. The Police do not have such statistical figures by POE.

Police officers shall ensure that such personal data are recorded for the lawful purpose of execution of duties and that the data so recorded are no more than necessary. Police will conduct investigation of suspects with regard to individual cases and different circumstances. Personal data recorded during law enforcement shall be handled in accordance with the established procedures by the Police to ensure that there shall be no contravention of the Personal Data (Privacy) Ordinance.

(2) and (3)

During the illegal "Occupy Movement" in 2014, 955 persons were arrested for various alleged offences. As at 15 March this year, 48 persons were arrested after the Movement.

As for the so-called "anti-parallel trader" activities staged in different places in Hong Kong on several weekends in February and March this year, the Police arrested 69 persons in total as at 15 March.

Except for the above POEs which are of greater concern, the Police do not have relevant statistics of other POEs by purpose and subject-matter.

Figures on arrest and prosecution in relation to POEs in 2013, 2014 and 2015 (as at 28 February) are at Annex.

Annex

Figures on arrest and prosecution in relation to POEs

in 2013, 2014 and 2015 (as at 28 February)

|  | *2013* | *2014* | *2015*  *(as at 28 February)* |
| --- | --- | --- | --- |
| Number of POEs | 6 166 | 6 818 | 891 |
| Number of POEs resulting in prosecutions | 29 | 48 | 4 |
| Number of persons arrested in relation to POEs in the year | 82 | 1 726 | 44 |
| Number of persons prosecuted in relation to POEs in the year | 41 | 163 | 14 |
| Offences prosecuted | Common assault, criminal damage, taking part in unlawful assembly, and so on. | Taking part in unlawful assembly, obstruction in public place, possession of offensive weapon, common assault, assaulting Police officer, and so on. | Fighting in public place, taking part in unlawful assembly, assaulting Police officer, and so on. |

**Development of Home-stay Lodgings**

8. **MS STARRY LEE** (in Chinese): *President, some members of the tourism industry have pointed out that as shown by the experience of Taiwan, Japan and the United Kingdom, home-stay lodgings offer an alternative travel experience which is highly attractive to both local and overseas travellers. On the premise of preserving humanistic features and not damaging the natural environment, home-stay lodgings may not only make economic contributions to the remote areas, but also further enrich tourism resources. In Hong Kong, on the contrary, premises used as home-stay lodgings are required to comply with building and fire safety requirements as stringent as those applicable to licensed guesthouses and hotels, which has hindered the development of home-stay lodgings. In this connection, will the Government inform this Council whether:*

*(1) it has made reference to the successful experience of other places and studied the feasibility of developing home-stay tourism in Hong Kong, so as to enrich the tourism resources in Hong Kong; if it has, of the details; if not, the reasons for that;*

*(2) it will consider enacting a dedicated legislation to provide for a simpler and less stringent licensing system for home-stay lodgings, so that village houses can be used for operating home-stay lodgings after minor alteration works only; if it will, of the details; if not, the reasons for that; and*

*(3) it will regard home-stay tourism as an emerging industry and formulate policies to encourage young people to join the industry; if it will, of the details; if not, the reasons for that?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Chinese): President, the Government acknowledges that there are some suggestions of developing tourist accommodation facilities premised on the concept of "home-stay lodgings" in Hong Kong, with reference to the experiences of some overseas countries and regions. From the tourism perspective, developing more diversified tourist accommodation facilities can help attract a wider range of visitors to Hong Kong and enrich our visitors' travel experience in Hong Kong. Nevertheless, Hong Kong is a small yet densely populated city. Any kind of tourist accommodation facilities, including those premised on the concept of "home-stay lodgings", should be regulated under the laws to ensure quality and safe accommodation be provided to our visitors.

With input from the Home Affairs Bureau, our consolidated reply to the Ms Starry LEE's question is as follows:

(1) Some overseas countries or regions promote the provision of "home-stay lodgings" by subletting private residential units to tourists. Yet the development of tourist accommodation facilities premised on such concept of "home-stay lodgings" in Hong Kong has to be further examined. First of all, quite a number of such "home-stay lodgings" in the overseas are located in rural areas, where the farms, fishing villages and village houses located therein can provide tourists with a strong rural home feeling. This is the prerequisite and edge of developing this kind of tourist accommodation facilities. The living environment in Hong Kong is generally more crowded as compared with the abovementioned overseas rural areas. It is hard to make available space from village houses or residential flats for subletting to tourists. The concept also faces challenges on various fronts, including fire safety, environmental hygiene, personal safety of tourists and third party risks insurance, and so on. Thus, it would be rather difficult to offer safe and comfortable accommodations to visitors through such concept in Hong Kong.

(2) To ensure the safety of our visitors, any kind of tourist accommodation facilities premised on the concept of "home-stay lodgings" should be regulated under the laws as in the case of licensed hotels and guesthouses. This is also in line with the visitors' legitimate expectation. At present, operation of hotels and guesthouses in Hong Kong, which refer to any premises whose occupier, proprietor or tenant provides sleeping accommodation at a fee for any person presenting himself, is regulated by the Hotel and Guesthouse Accommodation Ordinance (Cap. 349) (the Ordinance). The primary aim of the Ordinance is to, through a licensing regime, ensure that premises intended to be used as hotels or guesthouses comply with the statutory building structure and fire safety standards in order to safeguard the lodgers and the public.

Any premises with the mode of operation falling within the definition of "hotel" and "guesthouse" under the Ordinance must obtain a licence from the Office of the Licensing Authority (OLA) under the Home Affairs Department before commencing operation, unless the premises is provided with a tenancy period of 28 consecutive days or more for each letting which is exempted from the application of the Ordinance.

In accordance with the existing licensing mechanism, application for a hotel and guesthouse licence can be made for any New Territories Exempted House in the New Territories which complies with the requirements set out in the Buildings Ordinance (Application to the New Territories) Ordinance (Cap. 121) with a Certificate of Compliance or a letter of No Objection to Occupy issued by the District Lands Office, and complies with the lease conditions for residential purpose. Having regard to the design of village type houses in the New Territories and the unique rural environment, the OLA has all along been adopting a flexible and practical approach and has formulated basic building and fire safety requirements applicable to the New Territories village type houses. Upon receipt of an application for licence, the OLA will conduct site visit to inspect the premises and specify the applicable building structure and fire requirements for individual application. At present, around 120 holiday flats on outlying islands are licensed under the above arrangement.

As far as the Home Affairs Bureau understands, "home-stay lodgings" or similar tourist accommodation facilities in other jurisdictions are also required to comply with the building and fire safety requirements as prescribed in respective domestic legislations. Such requirements are comparable to those currently applicable to holiday flats in Hong Kong.

(3) In this year's Policy Address, the Chief Executive proposes to set up a $300 million Youth Development Fund (YDF) to support innovative youth development activities which are not covered by existing schemes, including subsidy in the form of matching funds for non-governmental organizations (NGOs) to assist young people in starting their own business. The Home Affairs Bureau is consulting the Commission on Youth on the Fund's operational details (for example, eligibility criteria, approval procedures and allocation priority, and so on). The preliminary thinking is that the Government will co-operate with NGOs of different nature and background. These NGOs will be responsible for vetting the application under the YDF, and providing various forms of support such as linking up the youths with mentors with relevant experience, provision of business information and guidance, assistance in establishing business networks, and so on. As for other recommendations proposed by the Legislative Council Members, the Home Affairs Bureau will consider them together with other views collected.

**Medical Parole for Prisoners**

9. **DR CHIANG LAI-WAN** (in Chinese): *President, it has been reported that an incident recently occurred in Kaohsiung, Taiwan, in which prison officers were held hostage by some prisoners, and such prisoners eventually committed suicide by shooting themselves in the head. These prisoners had made a number of demands and accused the authorities of applying inconsistent criteria for vetting and approval of prisoners' applications for medical parole. Regarding medical parole for prisoners in Hong Kong, will the Government inform this Council:*

*(1) of the number of prisoners in Hong Kong who suffered from serious illnesses and, among them, the number of those who died as a result, in each of the past 10 years;*

*(2) of the number of prisoners in each of the past 10 years who submitted applications for remission of sentence or parole on grounds of serious illness, together with a breakdown by application outcome; and*

*(3) whether it knows the countries or places in which there are legislative provisions on prisoners' application for medical parole; whether the laws of Hong Kong allow prisoners to apply for medical parole on grounds of serious illness; if they do not, whether the authorities will amend the relevant legislation by making reference to the practices adopted in those countries or places?*

**SECRETARY FOR SECURITY** (in Chinese): President, our reply to the different parts of the question is as follows:

Persons in custody (PICs) who are serving their sentences at correctional institutions enjoy the same basic medical benefits as provided to the general public. In all correctional institutions, there are hospitals or clinics which are manned by medical officers (MOs) from the Department of Health and correctional services staff with nursing qualifications providing basic medical services. PICs who feel unwell will be arranged to receive treatment from MOs at the hospitals or clinics of the institutions and, if necessary, they will be referred to visiting specialists or transferred to the specialist out-patient departments of public hospitals for treatment or hospitalization. MOs of the institutions will follow up the cases concerned and draw reference from diagnoses, prescribed treatment plans and prognoses of the specialists on the PICs.

For cases of serious illnesses, MOs of the institutions shall, taking into account advice of specialists of public hospitals, consider making recommendations in writing to the Commissioner of Correctional Services for submission to the Chief Executive under Rule 148 of the Prison Rules whenever they are of the opinion that any PIC will not survive his sentence, or that his life will be endangered by his continuance in prison, or that he is totally or permanently unfit for prison sentence. Chief Executive may consider exercising his power under Article 48(12) of the Basic Law to pardon the PIC concerned or commute his penalty. Over the past decade (2005-2014), a total of 58 PICs, who were mostly patients of terminal cancer, liver failure and cerebrovascular diseases, were granted early release under the abovementioned arrangement.

Under Rule 104 of the Prison Rules, upon the death of a PIC, the Correctional Services Department shall give immediate notice to the coroner, who will hold an inquest with a jury to investigate into and draw conclusion for such a death case. Over the past decade (2005-2014), a total of 178 deaths of PICs were recorded.

Under the existing legislation, eligible PICs may apply to serve part of their sentences outside prisons under the two early release schemes specified in the Prisoners (Release Under Supervision) Ordinance. Any PIC who is serving a determinate sentence of imprisonment of three years or more and has served not less than one-half or 20 months of that sentence (whichever is the greater) is eligible to apply for early release under the Release Under Supervision Scheme. Any PIC who is serving a determinate sentence of imprisonment of two years or more and is within six months prior to the earliest date of discharge is eligible to apply for early release under the Pre-release Employment Scheme. Both schemes aim at facilitating PICs' early reintegration into society as law-abiding citizens. The Release Under Supervision Board is responsible for screening early release applications submitted by eligible PICs, specifying supervision conditions in supervision orders, the variation or cancellation of such conditions, handling requests for a review of Chief Executive's decision by unsuccessful applicants, considering revocation of supervision orders and making recommendations to the Government. There are no statistics on whether the applicants under the early release schemes were seriously ill or not.

We understand that the practice in allowing PICs to receive medical treatment outside correctional institutions varies from one country or region to another. As far as Hong Kong is concerned, the Government has no plan to set up another mechanism for PICs to apply for early release solely on medical grounds given that PICs enjoy the same basic medical benefits which include specialist out-patient treatment or admission to public hospitals as other members of the public.

**System of Declaration of Interests for District Councils**

10. **MR ALBERT HO** (in Chinese): *President, section 68 of the District Councils Ordinance (Cap. 547) provides that "[a] District Council may make standing orders for regulating its procedure and that of its committees". It is learnt that individual District Councils (DCs) have, on the basis of the model District Council Standing Orders (model DCSO) prepared by the Home Affairs Department, made their own standing orders which invariably have incorporated the following provision of the model DCSO on declaration of interests: the DC Chairman shall decide whether a DC member (other than the DC Chairman) who has disclosed an interest in a matter may speak or vote on that matter, may remain in the meeting as an observer, or should withdraw from the meeting (or if the DC Chairman has disclosed an interest in a matter, the DC Vice Chairman shall make such a decision). Regarding the system of declaration of interests for DCs, will the Government inform this Council:*

*(1) whether the authorities know if there is any DC Chairman who, when making a decision in accordance with the aforesaid provision, currently adopts the following practice: requiring DC members who are unremunerated (i.e. without any honorarium, allowances or other material benefits) directors of public or private companies/organizations (including non-profit-making welfare organizations) (i) to disclose such connections and/or withdraw from the meeting when a funding proposal relating to such companies/organizations is being discussed by the DC or its committees, and (ii) to refrain from voting when a vote is taken on such a funding proposal; if there is, of the details; and*

*(2) whether the authorities will review the provisions of the model DCSO on declaration of interests and incorporate the practice mentioned in (1) into the model DCSO, as well as recommend various DCs to consider adopting such practice; if they will, of the details; if not, the reasons for that?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): President, to avoid conflict of interests, the Home Affairs Department has, with reference to the guidelines for a two-tier reporting system devised by the Independent Commission Against Corruption, formulated provisions on the operation of District Councils (DCs), under which DC members are required to declare their general pecuniary interests or other material benefits upon resumption of office, and make a declaration when there is any conflict of interests.

The provisions concerning declaration of interests have been incorporated by the 18 DCs into their District Council Standing Orders for compliance by DC members.

The two-tier reporting system comprises:

(i) *Register of Members' Interests*

DC members shall provide respective DC Secretaries with particulars of their personal interests, including remunerated proprietorships, partnerships or directorships of public or private companies; remunerated employments, offices, trades or professions; financial sponsorships received; land or property ownerships; and shareholdings by them, their spouses and infant children.

(ii) *Declaration of Interests at Meetings*

Any DC member who has pecuniary or other interests in any matter under consideration by the DC concerned or has connections with the beneficiaries or potential beneficiaries, including those on tender, quotation and DC Funds, must, as soon as practicable after being aware of it, declare such to the DC concerned prior to the discussion of the relevant item. The DC Chairman shall decide whether the member may speak or vote on that matter, or should withdraw from the meeting.

Generally speaking, the DC Chairman will consider if a DC member has potential or genuine conflict of interests in the item being dealt with by the DC concerned based on the interests declared by the member, and decide on such options as whether he should withdraw from the meeting, or may be in attendance while refraining from voting or discussion, may discuss while refraining from voting, may discuss and vote, and so on.

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

(1) According to the records of the 18 DC Secretariats, from January 2012 to February 2015, no DC Chairman required DC members who are directors of public or private companies/organizations (including non-profit-making welfare organizations) and unremunerated (or without any honorarium, allowances or other material benefits) (i) to disclose such connections and/or withdraw from the meeting when a funding proposal relating to such companies/organizations is being discussed by the DC or its committees, and (ii) refrain from voting when a vote is taken on such a funding proposal.

(2) As the reporting system in the sample District Council Standing Orders is running effectively and is generally accepted by and familiarized to all DCs, there is no need at present to review the provisions on declaration of interests therein.

**Shortage of Technical Personnel Engaged in Electrical and Mechanical Works Under Construction Industry**

11. **MR KWOK WAI-KEUNG** (in Chinese): *President, it has been reported that the Secretary for Labour and Welfare has recently indicated that there is a shortfall of 10 000 to 15 000 technical workers in the construction industry in Hong Kong each year at present. Regarding the shortage of technical personnel engaged in the electrical and mechanical works under the construction industry in Hong Kong, will the Government inform this Council:*

*(1) of the criteria based on which the authorities have arrived at the aforesaid figures;*

*(2) of the respective shortfalls in (i) professional/technologist, (ii) technician, (iii) tradesman/craftsman, and (iv)**semi-skilled worker/general worker engaged in the various trades of the electrical and mechanical works under the construction industry in each of the past five years (set out in the table below); if the authorities cannot provide such figures, of the reasons for that, and whether they will consider conducting expeditiously a survey on such shortfalls;*

| *Technical*  *personnel*  *Trade* | *(i)* | *(ii)* | *(iii)* | *(iv)* |
| --- | --- | --- | --- | --- |
| *Plumbing* |  |  |  |  |
| *Air-conditioning and refrigeration* |  |  |  |  |
| *Vehicle* |  |  |  |  |
| *Fire services* |  |  |  |  |
| *Gas* |  |  |  |  |
| *Electronic equipment* |  |  |  |  |
| *Lift and escalator* |  |  |  |  |
| *Electrical equipment* |  |  |  |  |
| *Mechanical equipment* |  |  |  |  |
| *Water supply* |  |  |  |  |
| *Gas supply* |  |  |  |  |
| *Electricity supply* |  |  |  |  |
| *Transport* |  |  |  |  |
| *Railway* |  |  |  |  |
| *Others* |  |  |  |  |

*(3) whether it knows the institutions which organized training courses for personnel in the trades listed in (2) in each of the past five years, as well as the titles, durations of study and numbers of graduates of such courses; and*

*(4) whether it will formulate new measures to boost the supply of local technical personnel in the electrical and mechanical works of the construction industry and enhance their levels of skills; if so, of the details; if not, the reasons for that?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): President, since 2013, the Government has worked with the Construction Industry Council (CIC) to assess the overall construction expenditure of both public and private sector works as well as the supply and demand of construction workers over a 10-year horizon. According to the latest report on manpower forecast for construction workers released by CIC in October 2014, there will be a shortage of about 10 000 to 15 000 skilled workers in the construction industry in the coming years, which also has been cited above by the Secretary for Labour and Welfare.

My reply to the four parts of Mr KWOK's question is as follows:

(1) With regard to the abovementioned forecast of the supply and demand of construction workers, CIC collects relevant data from the industry and the relevant government departments. It has formed a task force, comprising representatives of the relevant trade associations, labour unions, professional institutes, the Development Bureau and the Census and Statistics Department to formulate the projection methodology, and to discuss and endorse the results of the forecast. The manpower forecast has taken into account the latest forecast construction expenditure of public and private sectors, the number of in-service workers and their age distribution, and training and other relevant factors. CIC will regularly update the manpower forecasts and release the results.

(2) Apart from the construction-related trades, manpower resources of the electrical and mechanical industry are also engaged in other industries, such as shipbuilding and ship repair industry and gas industry. With regard to the manpower forecast mentioned in part (1) of the reply, it is difficult to provide the data on shortage of electrical and mechanical workers in the construction industry specifically since the distribution of electrical and mechanical workers in the construction industry and other industries has not been fully grasped. That said, the Vocational Training Council (VTC) has been conducting biennial manpower surveys to gauge the job vacancies in various trades through interviews with employers in the electrical and mechanical industry. According to VTC's 2011 Manpower Survey Report on Electrical and Mechanical Services Industry, the job vacancies of the relevant trades are set out as below:

| *Technical*  *personnel*  *Trade* | *Professional/*  *Technologist* | *Technician* | *Tradesman/*  *Craftsman* | *Semi-skilled/*  *General Worker* |
| --- | --- | --- | --- | --- |
| Plumbing | 5 | \* | 10 | \* |
| Air-conditioning and refrigeration | 18 | 21 | 263 | \* |
| Vehicle (data collated from the 2012 Manpower Survey Report on Automobile Industry) | 5 | 21 | 355 | 162 |
| Fire services | 23 | 23 | 89 | \* |
| Gas | 4 | 6 | 13 | 23 |
| Electronic equipment | 11 | 81 | 350 | \* |
| Lift and escalator | 2 | 2 | 19 | \* |
| Electrical equipment | 91 | 44 | 507 | \* |
| Mechanical equipment | 40 | 19 | 224 | \* |
| Water supply | \* | \* | \* | \* |
| Gas supply | \* | \* | \* | \* |
| Electricity supply | \* | \* | \* | \* |
| Transport | \* | \* | \* | \* |
| Railway | \* | \* | \* | \* |
| Others (for example, building services installations, draughtsman, and so on) | 62 | 145 | 201 | 94 |
| Total | 261 | 362 | 2 031 | 279 |

Note:

\* Data are not available since the trade classification in the survey is different from that in the above table.

According to the VTC's 2013 Manpower Survey Report on Electrical and Mechanical Services Industry, the job vacancies as reported by employers are set out as below:

| *Technical*  *personnel*  *Trade* | *Professional/*  *Technologist* | *Technician* | *Tradesman/*  *Craftsman* | *Semi-skilled/*  *General Worker* |
| --- | --- | --- | --- | --- |
| Plumbing | 15 | \* | 16 | \* |
| Air-conditioning and refrigeration | 70 | 55 | 432 | \* |
| Vehicle (data collated from the 2014 Manpower Survey Report on Automobile Industry) | 3 | 77 | 530 | 294 |
| Fire services | 14 | 23 | 207 | \* |
| Gas | 4 | 6 | 33 | 6 |
| Electronic equipment | 20 | 57 | 14 | \* |
| Lift and escalator | 2 | 44 | 253 | \* |
| Electrical equipment | 88 | 109 | 603 | \* |
| Mechanical equipment | 21 | 53 | 180 | \* |
| Water supply | \* | \* | \* | \* |
| Gas supply | \* | \* | \* | \* |
| Electricity supply | \* | \* | \* | \* |
| Transport (aircraft maintenance)# | 41 | 12 | 148 | \* |
| Railway# | \* | 23 | 17 | \* |
| Others (for example, building services installations, draughtsman, and so on) | 78 | 157 | 277 | 696 |
| Total | 356 | 616 | 2710 | 996 |

Notes:

\* Data are not available since the trade classification in the survey is different from that in the above table.

# The aircraft maintenance and railway-related trades have become separate categories since the 2013 Manpower Survey.

(3) Please refer to the Annex for the course titles, course durations and numbers of graduates of full-time training courses for the electrical and mechanical engineering trades related to the construction industry organized by the education institutions funded through the University Grants Committee, VTC, the Employees Retraining Board, CIC, and the Electrical and Mechanical Services Department in the past five years.

(4) The Government will continue to enhance the skill levels of local electrical and mechanical technical personnel in the construction industry and uplift the image of the industry through training and enhancing publicity.

With regard to the training for technical personnel, VTC has launched the Pilot Training and Support Scheme (the Pilot Scheme) since the 2014-2015 academic year to attract more young people to join the industries with a keen demand for labour, including the relevant electrical and mechanical trades in the construction industry. Under the Pilot Scheme, apprenticeship training for targeted industries will be provided to trainees alongside incentive allowances from the industries and the Government as well as a level of salary guaranteed by the industries. The Pilot Scheme will benefit a total of 2 000 trainees.

On the other hand, since the 2013-2014 academic year, CIC has subsidized trainees to attend the first study year of the Diploma in Vocational Education (Craftsmen) course run by VTC for the relevant electrical and mechanical trades in the construction industry. Furthermore, as a new initiative, CIC will subsidize about 400 trainees to join the VTC's Diploma in Vocational Education (Technician) course in the 2015-2016 academic year in order to attract more trainees who have completed senior secondary education or equivalent to enrol in these technician courses.

Moreover, the industry has set up a Working Group for the Promotion of Electrical and Mechanical Industry in Hong Kong to promote the electrical and mechanical industry. In 2014, the abovementioned working group rolled out 13 roving exhibitions and large scale publicity events in secondary schools and other venues, including the TV series entitled "Engineering, Life and Dream". As for 2015, the Working Group has scheduled 23 roving exhibitions to publicize the electrical and mechanical services industry to young people. Furthermore, its member organizations, labour unions and trade associations will also collaborate in the promotional activities. The new publicity initiatives in the pipeline include a competition of microfilm on life pieces of the electrical and mechanical industry, fun day for electrical and mechanical personnel, and so on.

Annex

The Course Titles, Course Duration and Number of Graduates of Training Courses on Electrical and Mechanical Engineering Services Related to the Construction Industry over the Past Five Years

Professionals (Source: Education Bureau)

| *Training Institution* | *Course title* | *Course Duration* | *Number of graduates* | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *2008-*  *2009* | *2009-*  *2010* | *2010-*  *2011* | *2011-*  *2012* | *2012-*  *2013* |
| Education Institutions funded through the University Grants Committee | Bachelor Degree(1) ― Building Services Engineering, Electrical Engineering, Mechanical Engineering | 3 to 4 years | 394 | 442 | 460 | 430 | 452 |
| VTC ― School for Higher and Professional Education | Bachelor of Engineering (Electrical Engineering) (Honours)(2) | 2 years | - | - | - | - | - |
| Bachelor of Engineering (Mechanical Engineering) (Honours)(2) | 2 years | - | - | - | - | - |

Notes:

(1) The new academic structure (four years) has been put in place since 2012-2013 academic year. The statistics on the graduates of the 2013-2014 academic year are not available for the time being.

(2) These are top-up degree programmes co-organized with the Royal Melbourne Institute of Technology. The first batch of students will graduate in 2016.

Technicians/Workers

| *Training Institution* | *Course title* | | *Course Duration* | *Number of graduates* | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *2010* | *2011* | *2012* | *2013* | *2014* |
| Hong Kong Polytechnic University ― Hong Kong Community College (Source: Education Bureau) | Higher Diploma (HD) in Mechanical Engineering | | 2 years | - | 19 | 34 | 50 | (3) |
| VTC ― Hong Kong Institute of Vocational Education (Source: VTC) | HD in Building Services Engineering | | 2 to 3 years | 56 | 55 | 75 | 89 | 187 |
| HD in Electrical and Mechanical Services | | 2 to 3 years | 27 | 38 | 49 | 44 | 57 |
| HD in Electrical Engineering | | 2 to 3 years | 253 | 219 | 214 | 279 | 386 |
| HD in Electrical Services Engineering | | 2 to 3 years | - | 12 | 13 | 16 | (4) |
| HD in Environmental Engineering and Energy Management | | 2 to 3 years | 25 | 53 | 65 | 68 | (4) |
| HD in Intelligent Building Technology & Automation Engineering | | 2 to 3 years | 43 | 31 | 37 | 30 | 24 |
| HD in Mechanical Engineering | | 2 to 3 years | 131 | 137 | 183 | 150 | 279 |
| VTC ― Youth College (Source: VTC) | DVE (Building Services Engineering) | | 1 or 3 years(5) | 223 | 285 | 92 | 122 | 97 |
| DVE (Electrical Engineering) | | 1 or 3 years(5) | 244 | 299 | 117 | 165 | 93 |
| DVE (Mechanical Engineering) | | 1 or 3 years(5) | 208 | 220 | 38 | 107 | 169 |
| Electrical and Mechanical Services Department (EMSD) (Source: EMSD) | EMSD Technician Training Scheme  ― Mechanical | | 3 to 4 years | 21 | 20 | 28 | 20 | 27 |
| EMSD Technician Training Scheme  ― Vehicle | | 14 | 11 | 2 | 6 | 2 |
| EMSD Technician Training Scheme  ― Electrical | | 7 | 18 | 23 | 27 | 38 |
| EMSD Technician Training Scheme  ― Air-conditioning | | 3 | 1 | 10 | 14 | 11 |
| EMSD Technician Training Scheme  ― Electronics | | 4 | 3 | 4 | 7 | 6 |
| Hong Kong Institute of Technology (Source: Education Bureau) | Yi Jin Diploma Course ― Building Services Studies | | 1 year (Full- time) | The Yi Jin Scheme did not include construction-related E&M training courses before 2012. With the implementation of the new academic structure and the suspension of the HKCEE in 2012, the Education Bureau introduced the Yi Jin Diploma Programme in 2012-2013 to replace the former Project Yi Jin Programme. | | | 31 | 24 |
| CIC  (Source: CIC) | Contractor Cooperative  Training Scheme ―  E&M Trade including: | | 150 days | 0 | 0 | 0 | 0 | 41 |
| - | Electrical Wireman |
| - | Fire Service Electrical Fitter |
| - | Fire Service Mechanical Fitter |
| - | Lift Mechanic |
| - | Escalator Mechanic |
| - | Refrigeration/  Air-conditioning/  Ventilation Mechanic (Air System) |
| - | Refrigeration/  Air-conditioning/  Ventilation Mechanic (Thermal Insulation) |
| - | Refrigeration/  Air-conditioning/  Ventilation Mechanic (Water System) |
| Employees Retraining Board  (Source: Labour Welfare Bureau)(6) | Foundation Certificate in Electrical Wireman Training (Intermediate Trade Test) | | 260 hours | 680 | | | | |
| Foundation Certificate in Welder Training | | 200 hours | 30 | | | | |
| Foundation Certificate in Plumber Training for Interior Renovation (Intermediate Trade Test) | | 160 hours | 130 | | | | |
| Certificate in Electrical Worker Training | | 144 hours | 20 | | | | |
| Module Certificate in Fire Services (Electrical) System (Installation Skills) | | 51 hours | 60 | | | | |
| Module Certificate in Fire Services (Water) System (Installation Skills) | | 51 hours | 20 | | | | |
| Module Certificate in Data Analysis for Carbon Audit | | 36 hours | 10 | | | | |

Notes:

(3) The statistics on the 2014 graduates are not available for the time being.

(4) Courses merged or renamed after restructuring.

(5) Course duration is normally three years for trainees who have completed Secondary Three or equivalent and one year for trainees who have completed Secondary Six or equivalent.

(6) The number of graduates between 2010-2011 and 2014-2015 only tabulates the data as at 28 February 2015.

**Outsourcing of Services by Government Departments and Public Organizations**

12. **DR KWOK KA-KI** (in Chinese): *President, regarding the employees hired by employment agencies and outsourced service contractors (collectively referred to as "outsourced service providers") for providing services to government departments or public organizations (outsourced service staff), will the Government inform this Council:*

*(1) of the total number of outsourced service staff members in various government departments and public organizations (including the Hospital Authority and the Vocational Training Council) in each of the past three years, with a breakdown by department/organization; whether it has studied if the remuneration packages for outsourced service staff are inferior to those of civil servants and employees of other private enterprises who have comparable responsibilities, and if the durations of their employment contracts are shorter than those of the employees of other private enterprises; if it has studied, of the details;*

*(2) of the specific criteria adopted by various government departments and public organizations for selecting outsourced service providers; of the details of outsourcing of services by them in the past three years, including the nature of such services and the duration of the contracts, as well as the total amount of savings achieved each year by outsourcing such services;*

*(3) of the number of complaints received, in each of the past three years, by various government departments from outsourced service staff members about alleged defaults on payment of wages or deduction of wages by outsourced service providers, or about poor working environment; the details of the follow-up actions taken by the authorities in respect of such complaints and, among them, the number and details of those cases in which the outsourced service providers concerned were penalized because the complaints against them had been found substantiated;*

*(4) of the date and details of the Government's last review of its mechanism for monitoring the remuneration packages offered by its outsourced service providers to the outsourced service staff; and*

*(5) of the respective numbers of posts deleted by outsourcing of services in each of the past three years, and those to be deleted in each of the next three years, by various government departments and public organizations; whether they have plans to employ staff directly to provide such services in place of outsourcing of services; if they do, of the details?*

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Chinese): President, outsourcing is one of the ways adopted by government departments to deliver public services. Whether outsourcing of services is required is at the discretion of individual departments having regard to their operational needs.

Regarding the employees hired by employment agencies and outsourced service contractors for providing services to government departments or public organizations as well as their remuneration packages, this Bureau does not have the relevant information. According to the Survey on Government Outsourcing published by the Efficiency Unit in May 2013, the total annualized expenditure on outsourced service contracts incurred by the top 10 government departments constituted 87% of the total of the Government. They include the Architectural Services Department, Civil Engineering and Development Department, Drainage Services Department, Environmental Protection Department, Electrical and Mechanical Services Department, Food and Environmental Hygiene Department, Highways Department, Housing Department, Leisure and Cultural Services Department and Water Supplies Department. Based on the information provided by the above departments, I give my reply to various parts of the question as follows:

(1) The total numbers of outsourced service staff members in each of the above government departments in the past three years (as at 31 December of 2012, 2013 and 2014 respectively) are listed as follows:

| *Department* | *2012* | *2013* | *2014* |
| --- | --- | --- | --- |
| Architectural Services Department\* | 198 | 174 | 163 |
| Civil Engineering and Development Department#\* | 158 | 176 | 198 |
| Drainage Services Department\* | 1 174 | 1 080 | 908 |
| Environmental Protection Department\* | 89 | 90 | 142 |
| Electrical and Mechanical Services Department\* | 81 | 84 | 88 |
| Food and Environmental Hygiene Department | 12 142 | 12 426 | 12 188 |
| Highways Department\* | 40 | 53 | 74 |
| Housing Department\* | 30 834 | 30 777 | 31 125 |
| Leisure and Cultural Services Department | 10 476 | 10 555 | 11 295 |
| Water Supplies Department\* | 785 | 839 | 863 |

Notes:

\* There are some other service contracts for which the exact number of outsourced service staff members is not available.

# The information from the Civil Engineering and Development Department does not include contracts for the construction and engineering works.

No study has been made by the aforesaid departments to examine whether the remuneration packages for their outsourced service staff are inferior to those of civil servants and employees of other private enterprises who have comparable responsibilities, and whether the durations of these staff's employment contracts are shorter than those of the employees of other private enterprises.

(2) In selecting outsourced service providers, depending on the nature and value of the service contracts, the above departments either adopt price as the sole criterion or use a marking scheme. For the latter, the factors taken into account include the qualifications, experience, past performance, technical proposals, implementation plans, employees' remunerations, employees' maximum number of working hours and proposed contract price of the service providers.

Details on the outsourced service contracts awarded by the above departments in the past three years in terms of nature and duration are listed in the Annex. The departments concerned do not have information on the total amount of savings achieved each year through outsourcing.

(3) The number of complaints received, in each of the past three years, by the above departments from outsourced service staff members about alleged defaults on payment of wages or deduction of wages by outsourced service providers, or about poor working environment, as well as the number and details of those cases in which the outsourced service providers concerned were penalized because the complaints against them had been found substantiated are tabulated as follows:

| *Department* | *2012* | | | *2013* | | | *2014* | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Number of complaints* | *Number of substantiated complaints* | *Number of penalized cases* | *Number of complaints* | *Number of substantiated complaints* | *Number of penalized cases* | *Number of complaints* | *Number of substantiated complaints* | *Number of penalized cases* |
| Architectural Services Department | 7 | 0@ | 0@ | 7 | 0@ | 0@ | 5 | 0@ | 0@ |
| Electrical and Mechanical Services Department | 0 | 0 | 0 | 0 | 0 | 0 | 1Δ | 0 | 0 |
| Food and Environmental Hygiene Department | 3 | 3 | 3 | 5 | 1 | 1 | 12 | 0 | 0 |
| Housing Department | 56 | 44 | 44 | 28 | 15 | 15 | 41 | 21 | 21 |
| Water Supplies Department | 12 | 7 | 1 | 11 | 9 | 3 | 4 | 3 | 1 |

Notes:

@ The department has no relevant record as the complaint cases have either been referred to contractors for follow-up direct and/or referred to the Labour Department for follow-up.

Δ The Labour Department is considering taking legal action.

Of these 89 penalized cases, the departments concerned have taken legal actions in two cases, issued warning letters in 86 cases and issued warning letter, deducted contract sum as well as issued default notice leading to award of one demerit point according to the Demerit Point System[[1]](#footnote-2)(1) in one case.

(4) The remuneration packages offered by the outsourced service providers to their outsourced service staff are determined by the demand and supply in the labour market. However, to protect the interests of non-skilled workers, the Legislative Council endorsed the Minimum Wage Ordinance (MWO) in July 2010, and the Government implemented the first statutory minimum wage on 1 May 2011. The MWO stipulates that the statutory minimum wage level has to be reviewed at least once every two years. For government service contracts that rely heavily on the deployment of non-skilled workers, the Government revised the "Standard Employment Contract" on 8 March 2013 as a result of the adjustment in statutory minimum wage. Government service contractors have to sign the "Standard Employment Contract" with their non-skilled workers with specification that the remuneration of staff should be adjusted in accordance with future revisions of the prescribed minimum hourly wage rate under the MWO, and the employee's wage should not be lower than the adjusted wage level.

(5) According to the Civil Service Bureau, government departments have been involving the private sector in the delivery of public services through outsourcing. This helps maintain a lean and efficient Civil Service. While enhancing economic benefits and allowing more flexibility for the mode of service delivery, outsourcing also allows departments to focus their civil service resources on providing core services and tackling priorities.

The procuring departments have the discretion to decide on whether public services provided by their departments are to be delivered through outsourcing and determine details of the outsourcing arrangements. The Civil Service Bureau does not have information on the outsourced services of the departments. However, for services which should be provided by the Government direct and are not suitable to be delivered through alternative modes of service delivery after careful deliberation, civil servants should be employed to meet the long-term operational needs. It is the Government's established policy that no civil servants would be made redundant due to outsourcing of public services. If there are staff members so affected, the departments concerned would make appropriate arrangements for them through natural wastage, internal redeployment or deployment to other duties, and so on.

Annex

Outsourcing Service Contracts by Department

| *Department* | *Service Categories* | | | | | | | | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *2012* | | | | | | | | *2013* | | | | | | | | *2014* | | | | | | | |
| *(a)* | *(b)* | *(c)* | *(d)* | *(e)* | *(f)* | *(g)* | *Total* | *(a)* | *(b)* | *(c)* | *(d)* | *(e)* | *(f)* | *(g)* | *Total* | *(a)* | *(b)* | *(c)* | *(d)* | *(e)* | *(f)* | *(g)* | *Total* |
| Architectural Services Department | 55 | 1 | 0 | 1 | 2 | 0 | 0 | 59 | 57 | 1 | 0 | 1 | 2 | 0 | 0 | 61 | 61 | 1 | 0 | 1 | 1 | 0 | 0 | 64 |
| Civil Engineering and Development Department# | 0 | 4 | 0 | 1 | 7 | 10 | 29 | 51 | 0 | 4 | 0 | 2 | 7 | 14 | 34 | 61 | 0 | 4 | 0 | 8 | 9 | 10 | 37 | 68 |
| Drainage Services Department | 79 | 0 | 2 | 0 | 0 | 5 | 1 | 87 | 77 | 1 | 0 | 1 | 2 | 10 | 1 | 92 | 68 | 1 | 1 | 0 | 0 | 17 | 2 | 89 |
| Environmental Protection Department | 0 | 3 | 0 | 1 | 4 | 3 | 13 | 24 | 0 | 3 | 0 | 1 | 5 | 2 | 14 | 25 | 0 | 3 | 0 | 1 | 8 | 6 | 26 | 44 |
| Electrical and Mechanical Services Department | 35 | 3 | 1 | 0 | 0 | 1 | 1 | 41 | 42 | 3 | 0 | 0 | 0 | 1 | 3 | 49 | 56 | 4 | 2 | 0 | 0 | 1 | 3 | 66 |
| Food and Environmental Hygiene Department | 0 | 9 | 0 | 72 | 43 | 16 | 9 | 149 | 0 | 15 | 1 | 66 | 56 | 6 | 15 | 159 | 0 | 3 | 0 | 63 | 38 | 9 | 15 | 128 |
| Highways Department | 28 | 1 | 0 | 37 | 0 | 10 | 34 | 110 | 30 | 1 | 0 | 27 | 0 | 8 | 25 | 91 | 24 | 3 | 0 | 33 | 0 | 10 | 24 | 94 |
| Housing Department | 174 | 161 | 22 | 77 | 68 | 14 | 125 | 641 | 234 | 166 | 19 | 93 | 69 | 14 | 120 | 715 | 276 | 152 | 27 | 96 | 68 | 14 | 111 | 744 |
| Leisure and Cultural Services Department | 0 | 12 | 0 | 0 | 0 | 60 | 84 | 156 | 0 | 10 | 0 | 0 | 0 | 53 | 91 | 154 | 0 | 11 | 0 | 0 | 0 | 43 | 87 | 141 |
| Water Supplies Department | 29 | 6 | 3 | 19 | 0 | 9 | 2 | 68 | 29 | 8 | 0 | 21 | 6 | 10 | 4 | 78 | 20 | 6 | 1 | 21 | 1 | 14 | 4 | 67 |

Service Category

(a) Services for construction and engineering works

(b) Property and facility management services

(c) Mechanical plant and equipment maintenance services

(d) Information management and information system services

(e) Environmental hygiene services

(f) General administrative, management, financial and public relations services, and so on

(g) Others

Note:

# The information from the Civil Engineering and Development Department does not include contracts for the construction and engineering works.

Duration of Outsourcing Service Contracts by Department

| *Department* | *Service Categories* | | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *2012* | | | | | | *2013* | | | | | | *2014* | | | | | |
| *Less than one year* | *One Year to less than two years* | *Two Years to less than three years* | *Three Years to less than four years* | *Four Years or more* | *Total* | *Less than one year* | *One Year to less than two years* | *Two Years to less than three years* | *Three Years to less than four years* | *Four Years or more* | *Total* | *Less than one year* | *One Year to less than two years* | *Two Years to less than three years* | *Three Years to less than four years* | *Four Years or more* | *Total* |
| Architectural Services Department | 19 | 8 | 7 | 3 | 22 | 59 | 21 | 12 | 8 | 1 | 19 | 61 | 17 | 4 | 12 | 0 | 31 | 64 |
| Civil Engineering and Development Department# | 13 | 24 | 7 | 5 | 2 | 51 | 19 | 25 | 9 | 6 | 2 | 61 | 10 | 34 | 16 | 6 | 2 | 68 |
| Drainage Services Department | 21 | 2 | 22 | 13 | 29 | 87 | 29 | 6 | 20 | 13 | 24 | 92 | 27 | 9 | 18 | 11 | 24 | 89 |
| Environmental Protection Department | 11 | 10 | 3 | 0 | 0 | 24 | 13 | 9 | 3 | 0 | 0 | 25 | 17 | 17 | 10 | 0 | 0 | 44 |
| Electrical and Mechanical Services Department | 7 | 9 | 4 | 18 | 3 | 41 | 3 | 11 | 8 | 27 | 0 | 49 | 7 | 10 | 11 | 37 | 1 | 66 |
| Food and Environmental Hygiene Department | 38 | 53 | 53 | 1 | 4 | 149 | 11 | 65 | 77 | 0 | 6 | 159 | 21 | 53 | 53 | 0 | 1 | 128 |
| Highways Department | 59 | 12 | 22 | 4 | 13 | 110 | 43 | 11 | 12 | 6 | 19 | 91 | 42 | 18 | 17 | 1 | 16 | 94 |
| Housing Department | 51 | 125 | 141 | 141 | 183 | 641 | 43 | 137 | 154 | 187 | 194 | 715 | 39 | 148 | 161 | 215 | 181 | 744 |
| Leisure and Cultural Services Department | 54 | 6 | 96 | 0 | 0 | 156 | 41 | 12 | 101 | 0 | 0 | 154 | 35 | 8 | 98 | 0 | 0 | 141 |
| Water Supplies Department | 2 | 35 | 15 | 13 | 3 | 68 | 4 | 41 | 25 | 7 | 1 | 78 | 6 | 41 | 16 | 4 | 0 | 67 |

Note:

# The information from the Civil Engineering and Development Department does not include contracts for the construction and engineering works.

**Regulation of Mortgage Loan Business of Finance Companies and Mortgage Intermediaries**

13. **MR PAUL TSE** (in Chinese): *President, it has been reported that the number of finance companies in Hong Kong has surged from around 300 in 2009 to about 1 200 this year, and such finance companies are heavily engaged in the mortgage loan business. There are comments that under the existing system, the banks providing the first mortgage loans may not be aware that the property owners concerned have taken out second, third and fourth mortgage loans from finance companies on the same properties. As finance companies charge high mortgage interest rates (reportedly as high as 30% to over 40%), there is a high risk of such borrowers not being able to repay the mortgage loans. Besides, it has been reported that many banks and financial companies have partnered with mortgage intermediaries to compete for mortgage business. Yet, mortgage intermediaries are not subject to the monitoring by the Hong Kong Monetary Authority (HKMA) and the Estate Agents Authority, and they often resort to problematic practices to induce people to borrow money. According to the press report concerned, a certain mortgage intermediary under an estate agency claimed that it had the support of 18 banks and could, gearing to borrowers' needs, make arrangements for the borrowers to apply, in the name of private companies, to banks for loans to small and medium-sized enterprises and that the overall loan-to-value ratio could be as high as 100% of the property value. In this connection, will the Government inform this Council:*

*(1) whether it has compiled statistics on the number and the total amount of mortgage loans provided by finance companies and, among them, the respective numbers and total amounts of second, third and fourth mortgage loans;*

*(2) of the authorities' measures to regulate (i) the aforesaid situation of banks and finance companies providing multiple mortgage loans on the same property, and (ii) the levels of mortgage interest rates charged by finance companies;*

*(3) as it has been reported that some finance companies have obtained loans not relating to mortgage from banks and then used such funds for their mortgage loan business charging high interest rates, of the authorities' measures to regulate such practice;*

*(4) of the authorities' measures to ensure that the mortgage loan business of finance companies will not affect the stability and robustness of Hong Kong's banking system;*

*(5) whether it has studied if the aforesaid practice of mortgage intermediaries helping borrowers to take out mortgage loans of a loan-to-value ratio of as high as 100% will undermine the effectiveness of the measures taken by HKMA for preventing the financial system from being exposed to excessive risk in the mortgage business; if it has studied, of the findings; if not, whether it will conduct such a study expeditiously;*

*(6) whether it has studied if the aforesaid practices of mortgage intermediaries in promoting and operating their business have breached the law; if it has studied, of the findings;*

*(7) whether it has assessed if mortgage intermediaries' marketing practices and finance companies' offering multiple mortgage loans at high interest rates will add fuel to the over-heated property market; if the assessment outcome is in the affirmative, of the authorities' counter measures; and*

*(8) of the authorities' new measures to protect members of the public from being misled by finance companies and financial intermediaries into taking out mortgage loans beyond their repayment capability?*

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

(1) The Government does not have statistics on the overall number and value of property-related loans granted by finance companies, as well as the overall number and value of second or multiple mortgages granted by them.

However, according to the information available to the Hong Kong Monetary Authority (HKMA), as at the end of 2014, 29 finance companies had obtained financing from banks and engaged in property-related lending. The total amount of property-related loans extended by these finance companies was approximately $9.2 billion, representing only about 1% of the banking sector's total outstanding residential mortgage loans, which stood at about $990 billion.

(2) When calculating the debt-servicing ratio of a mortgage loan applicant, the HKMA requires banks to take into account all the liabilities of that applicant, including the mortgage loan for which the applicant is applying and any other mortgage financing of the applicant for purchasing the property concerned.

The HKMA also encourages banks to conduct regular sample checking on individual mortgage loans drawn by borrowers. If banks note from the checking that borrowers have not informed them of any second or multiple mortgages, the HKMA expects banks to follow up with the borrowers concerned.

In providing first mortgage loans, banks will set out clauses in the mortgage loan agreement requiring borrowers to seek the consent of the banks before taking out a second mortgage on the same properties. Besides, before releasing the first mortgage loans to borrowers for completing property transactions, banks will ascertain through lawyers whether the borrowers have taken out any second or multiple mortgages. Separately, banks offering first mortgage loans have the right to repossess the mortgaged properties in the event of a default. The proceeds from selling the repossessed properties will first be used to offset the outstanding amount of the first mortgage, and any remaining proceeds will then be used to repay other liabilities of the borrowers. Therefore, banks' priority of using the proceeds to offset the outstanding mortgage loans given their capacity as lenders of first mortgage will not be affected by second or multiple mortgages.

As regards interest rate on loans, there is a statutory requirement under the Money Lenders Ordinance (Cap. 163) that any person (other than an authorized institution) shall not make, or offer to make, loans (including mortgage loans) to individuals at an effective interest rate exceeding 60% per annum.

(3) and (4)

According to information available to the HKMA, as at the end of 2014, the total amount of financing granted by banks to finance companies which engaged in lending business was only $27 billion, accounting for less than 0.4% of the total loans in the banking sector. Besides, the total amount of property-related loans extended by finance companies which obtained financing from banks and engaged in property-related lending represented only about 1% of the total outstanding residential mortgage loans of the banking sector. Therefore, property-related lending by finance companies has limited systemic implications for banking stability.

That said, to avoid the effects of the countercyclical macro-prudential measures being undercut, the HKMA has all along been advising banks which lend to finance companies to require the finance companies to either comply with the HKMA's guidelines when extending property mortgage loans to customers or risk losing the credit relationship with the banking sector.

In its circular to banks on 2 March 2015, the HKMA has reiterated that banks should request all finance companies with whom they maintain a credit relationship to confirm that they will not henceforth provide any mortgage finance in whatever form for borrowers' purchase of properties. If these finance companies wish to continue to provide mortgage financing to customers, they must confirm with banks their willingness and ability to adhere strictly to the HKMA's prudential guidelines. The HKMA is collecting information from banks for analysis.

It has to be emphasized that the requirement where finance companies have to adhere to the HKMA's guidelines on property mortgage lending is targeted at the first and second mortgage financing provided by finance companies to customers for the purchase of properties, rather than their business of providing short-term loans secured by properties.

(5) This marketing practice does not conform to the HKMA's countercyclical measures on property mortgage lending. Banks are well aware of the risk-based supervisory approach of the HKMA. The HKMA expects banks to refrain from offering any products which contravene the HKMA's regulatory requirements or principles for property mortgage lending. In fact, the Hong Kong Association of Banks has indicated that this marketing practice might be misleading, and stressed that banks would not provide property mortgage loans exceeding the applicable maximum loan-to-value ratios set by the HKMA.

(6) As explained in the reply to part (5), this marketing practice might be misleading. Generally speaking, the Trade Descriptions Ordinance (Cap. 362) applies to financial intermediaries, and also to other traders, as they must not engage in a commercial practice prohibited by that Ordinance, such as "false trade descriptions" or "misleading omissions". If this kind of practice involves fraud, relevant enforcement agencies will investigate it.

(7) The Government will continue to monitor the latest development of the money lending business and the property market, and the evolving external environment. We will not hesitate to introduce measures when necessary, in order to maintain the healthy and stable development of the property market and safeguard the stability of our macroeconomic and financial systems.

(8) As explained in the reply to part (2), the HKMA has all along been requiring banks to take into account all the liabilities of an applicant, including the mortgage loan for which the applicant is applying and any other mortgage financing of the applicant for purchasing the property concerned, with a view to preventing excessive borrowing by applicants. Meanwhile, the public should be very cautious when making decision on purchasing property, and carefully assess the potential risk they need to bear in case of a market downturn.

**Manpower Planning for Various Professions in Hong Kong**

14. **MR KENNETH LEUNG** (in Chinese): *President, regarding manpower planning for various professions, will the Government inform this Council:*

*(1) given that in its report "Developing Hong Kong's Human Capital in Financial Services" released in January this year, the Financial Services Development Council put forward certain recommendations to address the manpower demand of the financial services industry in the next three to five years, whether the Government has accepted and followed up these recommendations; if it has, of such recommendations; if not, the reasons for that;*

*(2) apart from the recommendations to be followed up as mentioned in (1), of the Government's specific plans in place to resolve the existing manpower resource imbalance problem in the financial services industry and to upgrade the overall professional standard of the practitioners in the industry; and*

*(3) whether it has plans to conduct comprehensive manpower studies for other professions (including the accounting profession) so as to formulate, after grasping the objective and specific situation of the manpower markets in the relevant professional sectors, timely and targeted medium and long term human resource policies (including examining the need for importing overseas talents) to cater for and promote the long-term and healthy development of various professions; if it has such plans, of the details; if not, the reasons for that?*

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

(1) and (2)

In his 2014-2015 Budget, the Financial Secretary requested the Financial Services and the Treasury Bureau to conduct a study on enhancing talent training for the financial services industry and submit recommendations to him. In the past year, we have consulted the industry while studying the relevant issues, including making reference to the report prepared by the Financial Services Development Council, which has put forth recommendations such as providing more information about various professions for tertiary students, thereby better preparing them for employment opportunities, and enhancing training for practitioners.

In fact, the industry has also suggested raising the awareness of the young generation about the financial services industry, its job nature and career prospects; facilitating young people to gain exposure to the financial services sector and to enter into the profession; and encouraging existing practitioners to receive ongoing training to sharpen their professional skills. Taking into account the views of the industry that manpower shortage is particularly acute in the insurance sector and the asset and wealth management sector, we propose to launch a three-year pilot programme to enhance talent training for these two sectors.

We propose to allocate $100 million to implement various initiatives underpinning the following three elements: (i) to enable the community, particularly students, to have a better understanding of the nature and career prospects of different jobs in the insurance sector and the asset and wealth management sector; (ii) to provide internship opportunities; and (iii) to enhance the contents of continuing professional development programmes and provide financial support to encourage practitioners to enrol in these programmes.

We are consulting the industry and the relevant stakeholders on the details of the initiatives of the programme to ensure that the programme devised can meet the needs of the industry and achieve its objectives. We will first implement the pilot programme and review its effectiveness. We may then consider whether to extend the programme to other sectors within the financial services industry with actual needs.

(3) The Government conducts manpower projection from time to time to project the broad trends of Hong Kong's manpower supply and requirements of our economy at the macro level for the medium term, and to assess the potential manpower imbalances at different education levels. Relevant bureaux/departments may conduct further sector-specific manpower planning or studies under their respective purviews, having regard to the future development and characteristics of the manpower supply and demand of the specific sectors concerned, the relevant policy and other practical considerations.

As for the manpower resources of the accounting profession, the Government will maintain communication with the stakeholders including the Hong Kong Institute of Certified Public Accountants. If there are any plans to conduct studies on the manpower resources of the accounting profession, we will consult them appropriately.

**Supply of Construction Workers**

15. **MR JAMES TO** (in Chinese): *President, recently, quite a number of major infrastructure projects, such as the Hong Kong-Zhuhai-Macao Bridge related local projects and Liantang/Heung Yuen Wai Boundary Control Point and associated works, have experienced delays and cost overruns. The authorities have pointed out that some of the main causes for cost overruns are surges in the wage levels of construction workers as well as the prices of construction materials and machinery, etc. Some members of the construction industry have pointed out that the cause for the soaring wages of the workers is related to the concurrent implementation of a number of infrastructure projects, resulting in competition for construction workers. In this connection, will the Government inform this Council:*

*(1) whether it has assessed the respective current total shortfalls of technical workers and unskilled workers for the various major infrastructure projects;*

*(2) whether it has any new plan to attract young people and employees from other industries to join the construction industry; if it does, of the details;*

*(3) whether it knows the number of graduated trainees of the training courses provided by the Construction Industry Council (training courses) in each of the past three years, together with a breakdown by course type;*

*(4) whether it has compiled statistics on the employment rate of the trainees of the training courses upon graduation and the percentage of the graduated trainees who did not join the construction industry in the total number of graduated trainees, in the past three years;*

*(5) whether it has conducted surveys to find out, among the trainees who graduated in the past three years from the training courses and joined the construction industry, the percentage of those taking up jobs in other industries within two years from graduation; and*

*(6) whether the authorities will, when drawing up plans for major infrastructure projects in future, plan for the implementation of such projects by phases on the premise of not importing foreign labour, so as to avoid labour shortages and project delays arising from competition among projects for construction workers?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): President, the Government has all along managed public works expenditure prudently. Our records show that for projects approved by the Finance Committee of the Legislative Council over the past 10 years from 2004-2005 to 2013-2014, except for individual projects that required increase in the Approved Project Estimate (APE) owing to actual circumstances, we managed to complete the projects under the Capital Works Programme within the original APE overall. Generally speaking, the major reasons for increasing the APE include the follows:

(i) Increased project contingencies (and associated provision for price adjustments) to account for unforeseeable circumstances as from the date the project obtained funding approval to tendering stage as well as during construction stage of the project. For example, they include higher-than expected tender return, worse-than-expected ground conditions and additional costs for extra works to meet local concerns; and

(ii) Increased provision for price adjustments to cover higher-than-expected escalation in labour and material costs. To cope with the manpower shortage in the construction industry, the Government has been closely collaborating with the Construction Industry Council (CIC) to adopt a multi-pronged approach to attract more entrants, particularly young people, to join the industry. The measures include stepping up training, publicity and promotion as well as enhancing the working environment and construction site safety, and so on.

My reply to the six parts of Mr TO's question is as follows:

(1) Since 2013, the Government has worked with the CIC to assess the overall construction expenditure of both public and private sector works as well as the supply and demand of construction workers over a 10-year horizon. According to the latest report on manpower forecast for construction workers released by the CIC in October 2014, there will be a shortage of about 10 000 to 15 000 skilled workers in the construction industry in the coming years. The manpower forecast has taken into account the latest forecast construction expenditure of public and private sectors, the number of in-service workers and their age distribution, training, and other relevant factors. The CIC will regularly update the forecasts and release its results.

The CIC forecasted that there will also be a shortage of unskilled workers in the coming years. However, unskilled workers in general need not undertake particular skill training and will find it easy to join the industry. Its labour supply is also susceptible to the manpower situation and remuneration of other sectors and hence is more volatile. In this connection, it is difficult to make a more accurate forecast on the shortage of unskilled workers.

(2) The Government obtained a total of $320 million from Legislative Council in 2010 and 2012 to support the CIC to strengthen its role in training local construction personnel and enhance promotion and publicity efforts to attract more new entrants to join the construction industry.

The following measures have been implemented to attract young people and job changers to join the construction industry:

(i) The Government collaborates with the CIC to launch the Enhanced Construction Manpower Training Scheme (ECMTS) to attract more new entrants, including young people and job changers, to join the trades facing labour shortage through providing enhanced training allowances using the aforementioned approved funding. As at end-2014, there have been more than 6 000 semi-skilled workers trained under the ECMTS and about 60% of them were aged below 35. This reflected that more younger people are interested in joining the construction industry;

(ii) The CIC collaborates with contractors in launching various collaborative training schemes, under which the trainees are hired and then trained on-site by contractors so as to acquire site experience at an early stage;

(iii) The CIC will continue to provide one-year full-time Basic Craft Courses with training allowance for individual trades to attract and train trainees, mainly those completed with junior secondary education, to become semi-skilled construction workers; and

(iv) The Government collaborated with the CIC to launch the "Build-Up Publicity Campaign" in 2011 and enhance the working environment and construction site safety to uplift the image of the construction industry.

To increase the supply of skilled workers to meet the needs of the industry, the Government will seek funding of $100 million for the CIC to kick-start new training measures to upgrade the skills of semi-skilled workers to the levels of skilled workers in the coming years. Currently, the CIC is consulting the industry stakeholders on the detailed arrangements. Subject to funding approval from Legislative Council, we will take forward this new initiative within 2015.

(3) According to the information provided by the CIC, the number of trainees that graduated from the abovementioned courses each year between 2012 and 2014 are set out as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| *Training courses* | *Number of Graduates (by year)* | | |
| *2012* | *2013* | *2014* |
| ECMTS | 1 108 | 1 625 | 2 082 |
| Collaborative Training Schemes and othersΔ | 205 | 230 | 1 234 |
| Full-time adult short courses | 827 | 1 103 | 1 079 |
| Basic Craft Courses | 266 | 236 | 483 |
| Total | 2 406 | 3 194 | 4 878 |

Note:

Δ Other programmes include basic craft certificate courses in electrical and mechanical engineering of the Vocational Training Council subsidized by CIC and training provided to inmates in the institutions of Correctional Services Department.

(4) According to the information provided by the CIC, the percentages[[2]](#footnote-3)(1) of the graduate trainees joining the construction industry between 2012 and 2014 are set out as follows：

|  |  |  |  |
| --- | --- | --- | --- |
| *Training courses* | *Employment rate (by year)* | | |
| *2012* | *2013* | *2014* |
| ECMTS | 93% | 94% | 92% |
| Collaborative Training Schemes | The trainees have been employed since undergoing training at construction sites | | |
| Full-time Adult Short Courses | 84% | 85% | 81% |
| Basic Craft Courses | 96% | 97% | 93% |

(5) To keep track of the retention situation of graduates of full-time training courses for construction workers, the CIC has been conducting telephone surveys on the employment situation[[3]](#footnote-4)(2) of its graduates 12 months after graduation. According to the information provided by the CIC, the retention rates of graduates of various training courses for 12 months after graduation in 2012 and 2013 are set out as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| *Training courses* | *Retention rate of graduates (approx.)*  *(by year of graduation)* | | |
| *2012*  *(12 months after graduation)* | *2013*  *(12 months after graduation)* | *2014*  *(6 months after graduation^)* |
| ECMTS | 65% | 69% | 69% |
| Collaborative Training Schemes | Not surveyed by the CIC | 53%# | 64% |
| Full-time Adult Short Courses | 65% | 67% |
| Basic Craft Courses | 86% | Data not available\* |

Notes:

^ Only trainees who have graduated for six months are included.

# The figure only covers graduates who completed the collaborative training schemes between September and December 2013.

\* New batch of trainees of Basic Craft Courses graduated in August 2014. The six-month retention rates for these graduates are not yet available.

From 2015 onwards, the CIC will extend to keep track the employment situation of graduates for 24 months after graduation. As the survey is still underway, the relevant data is not available for the time being.

(6) Infrastructure development can bring about huge benefits to the economy and society. It will create employment opportunities during construction stage, as well as spur economic activities and improve the living environment of the people after its completion. Over the past few years, the Government has continued to increase its investment in capital works so as to boost the economy, create employment opportunities, enhance Hong Kong's competitiveness in the long term and improve people's livelihood.

The Government has all along been adopting long-term planning for infrastructure development. While maintaining investment in infrastructure projects, the Government will deliver the Capital Works Programme in a prudent and realistic manner, with due consideration for the sustainability of public finances and the overall capability and capacity of the construction industry.

The Government will continue to study and formulate effective measures to further enhance its capacity in supervising works progress. The Government has been vigilant to the market trends of the construction industry and will take forward infrastructure projects in an orderly manner so as to meet the housing and other needs arising from the growing population in the coming 10 years and facilitate the development of Hong Kong.

We will continue to work with the CIC to help meet the keen manpower demand through local training and retraining as well as attracting new entrants to the construction industry. Nevertheless, Hong Kong is facing ageing population and dwindling labour force, and there are limitations in training local construction workers, the construction industry needs to import skilled workers in a timely and effective manner in order to cope with the acute shortage of skilled workers. With due regard for the unique characteristics of the construction industry and safeguarding the priority to the employment of local workers and their income levels, the Government will further enhance the Supplementary Labour Scheme so as to enhance the flexibility of deployment and the utilization of productivity of skilled workers.

**Use of Domestic Fuel in Subsidized Housing Estates/Courts**

16. **MR TANG KA-PIU** (in Chinese): *President, some members of the public have relayed to me that the criteria currently adopted by oil companies in setting the retail prices of domestic liquefied petroleum gas (LPG), including central LPG and bottled LPG, lack transparency. Also, the Government has not clearly explained the procedure for selecting central LPG providers for subsidized housing estates/courts, making it difficult for the public to monitor the prices of domestic LPG and the quality of gas supply service. In connection with the use of Towngas and central LPG in subsidized housing estates/courts, will the Government inform this Council:*

*(1) whether it has fully grasped and regularly monitors various oil companies' price data on domestic LPG, including changes in costs, as well as import and retail prices; if so, of the details;*

*(2) of the Home Ownership Scheme courts, courts under the Private Sector Participation Scheme, public housing estates and estates under the Hong Kong Housing Society (HKHS) which are currently using Towngas and central LPG respectively (set out such information in a table);*

*(3) of the criteria adopted by the authorities for determining, during construction of subsidized housing estates/courts, whether Towngas or central LPG will be used in such estates/courts in future; given that Fu Ning Garden in Tseung Kwan O, which was available for intake in 1990, uses central LPG while On Ning Garden in Tseung Kwan O, which was available for intake in 1991, uses Towngas, why these two subsidized housing courts with years of intake and locations being so close to each other use different domestic fuels; and*

*(4) of the method (e.g open tender) adopted by the Hong Kong Housing Authority and HKHS for selecting central LPG providers for their housing estates/courts?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Chinese): President, energy supply is under the policy purview of the Environment Bureau.

Regarding the use of Towngas and piped liquefied petroleum gas (LPG) in public housing estates/courts, with inputs from the Environment Bureau, my replies to Mr TANG Ka-piu's questions are as follows:

(1) The prices of domestic LPG (including piped LPG and cylinder LPG) have all along been determined by individual oil companies having regard to commercial practices and their operating costs. However, the Government understands and is concerned about the impact of LPG prices on the public and therefore encourages the industry to enhance transparency on price setting.

Since 1999, a major local LPG supplier (the Company) has established a price adjustment mechanism of domestic LPG on its own initiative, to enhance the transparency of price setting. The Government understands that the adjustments of listed prices of piped LPG and wholesale prices of cylinder LPG of other oil companies in the market generally follow those of the Company. Their price adjustments are therefore very close to each other.

In monitoring domestic LPG prices, the Government all along makes reference to the movement of international LPG prices (calculated based on Saudi Arabia monthly exporting Contract Price[[4]](#footnote-5)(1)) and local LPG import prices, and assess whether the Company's price forecasts are reasonable. The Government will also regularly meet with the Company during its price review to discuss and provide views on its price forecasts; and follow up with the Company on its positive or negative price adjustments due to the difference between actual and forecast price in its last review, and assess whether its annual adjustment of the operating cost is reasonable.

Under the above price adjustment mechanism, the Company has, since mid last year, adjusted the price of domestic LPG three times, at end July and end October 2014 as well as end January 2015. The listed price of domestic piped LPG has reduced by around 20% from $38 per cu m at the beginning of July 2014 to the latest price of less than $31 per cu m. The wholesale price of cylinder LPG has also been adjusted by the same magnitude. Comparing to the LPG import prices of the same period ($7.29 per kg for July 2014 and $5.81 per kg for December 2014)[[5]](#footnote-6)(2), the relevant adjustment magnitude is in tandem with the downward movement of the LPG import prices. The import price and retail price data of domestic LPG are set out at Annex A.

The Government will endeavour to ensure the reliability of energy supply, maintain an open market and remove barriers of entering the market in order to enhance competition.

(2) Information on the types of fuel gas adopted in the public housing developments undertaken by the Hong Kong Housing Authority (HA) and subsidized housing by the Hong Kong Housing Society (HKHS) are at Annex B.

(3) and (4)

To adopt piped LPG supply, it is necessary to construct a LPG storage compound within the site area concerned and provide a separation zone between the compound and residential units in accordance with the relevant safety requirements. This may affect the flexibility of land use and overall planning and result in substantial loss of available land for flat production, whereas adopting Towngas supply will not bring about such impact. Therefore, the HA would provide Towngas supply to residents as far as practicable. Given that some individual estates/courts are located in remote areas or Towngas supply might not be available at the time of construction, the HA would invite LPG suppliers to provide piped LPG supply through open tenders for these development projects.

Fu Ning Garden and On Ning Garden in Tseung Kwan O are Private Sector Participation Scheme (PSPS) developments. For earlier PSPS projects, no particular type of fuel gas supply was specified by the HA in the agreement with the developers. Hence, the developers could adopt Towngas or piped LPG supply according to the circumstances and prevailing market conditions at that time. A review was conducted by the HA in 1988. Thereafter, piped LPG supply could only be adopted in PSPS developments when Towngas was not available. Also, LPG supply contracts between the HA and LPG suppliers stipulated that the price paid by users shall be capped at the prevailing price level of the private market, and not more than the price paid by other LPG users in private properties.

Since the tender for the Fu Ning Garden development was issued before the aforesaid review, the developer had adopted piped LPG supply on consideration of the circumstances and prevailing market conditions at the time. Whereas, the tender for the On Ning Garden development was issued after the review and the developer had adopted Towngas supply in accordance with the HA's requirements.

As for the HKHS, in constructing its housing developments, it will, depending on the site area and design of each development project, consider the provision of piped LPG or Towngas. Selection of the gas supplier will be conducted by way of open tendering.

Annex A

Import Price and Retail Price Data of Domestic LPG

1. Import Price of Domestic LPG

The import prices of LPG provided to Legislative Council monthly by Census and Statistics Department (C&SD) are tabulated below:

| *2013-2014*  *(January to December)* | *LPG* | |
| --- | --- | --- |
| *2013*  *(HK$/Kg)* | *2014*  *(HK$/Kg)* |
| January | 8.30 | 8.97 |
| February | 8.00 | 9.07 |
| March | 7.90 | 8.09 |
| April | 7.35 | 7.59 |
| May | 6.76 | 7.25 |
| June | 6.78 | 7.25 |
| July | 6.93 | 7.29 |
| August | 7.19 | 7.13 |
| September | 7.10 | 7.05 |
| October | 7.28 | 6.85 |
| November | 7.72 | 5.93 |
| December | 8.56 | 5.81 |

Source: Paper provided by the C&SD to Legislative Council (vide Legislative Council Paper No. CB(4)433/14-15(01)) ― Table 1: Import Unit Values of Major Oil Products (For details, please refer to Legislative Council website at: <http://www.legco.gov.hk/yr14-15/chinese/panels/edev/papers/edevcb4-433-1-ec.pdf>).

2. Retail Price of Piped Domestic LPG

The retail prices of piped domestic LPG are tabulated below:

|  |  |
| --- | --- |
| *Effective Date* | *Piped Domestic LPG*  *(HK$/cu m)Note* |
| End of January 2013 | 39.90 |
| End of April 2013 | 35.15 |
| End of July 2013 | 37.76 |
| End of October 2013 | 39.86 |
| End of January 2014 | 42.20 |
| End of April 2014 | 38.04 |
| End of July 2014 | 39.16 |
| End of October 2014 | 33.29 |
| End of January 2015 | 30.61 |

Note:

The retail prices of piped domestic LPG of major gas suppliers.

Annex B

1. Information on types of fuel gas adopted in public rental housing (PRH) estates (as at 31 December 2014)

*Estates using Towngas (154 in total)*

Ap Lei Chau Estate, Chai Wan Estate, Chak On Estate, Cheung Ching Estate, Cheung Hang Estate, Cheung Hong Estate, Cheung Kwai Estate, Cheung Sha Wan Estate, Cheung Shan Estate, Cheung Wang Estate, Ching Ho Estate, Choi Fai Estate, Choi Fook Estate, Choi Hung Estate, Choi Tak Estate, Choi Wan (I) Estate, Choi Wan (II) Estate, Choi Ying Estate, Chuk Yuen (South) Estate, Chun Shek Estate, Chung On Estate, Easeful Court, Fortune Estate, Fu Cheong Estate, Fu Shan Estate, Fu Tai Estate, Fu Tung Estate, Fuk Loi Estate, Fung Wo Estate, Grandeur Terrace, Hau Tak Estate, High Prosperity Terrace, Hin Yiu Estate, Hing Man Estate, Hing Tung Estate, Hing Wah (I) Estate, Hing Wah (II) Estate, Ho Man Tin Estate, Hoi Lai Estate, Hong Tung Estate, Hung Hom Estate, Ka Fuk Estate, Kai Ching Estate, Kai Tin Estate, Kai Yip Estate, Kin Ming Estate, Ko Cheung Court, Ko Yee Estate, Kwai Chung Estate, Kwai Fong Estate, Kwai Luen Estate, Kwai Shing East Estate, Kwai Shing West Estate, Kwong Tin Estate, Lai King Estate, Lai Kok Estate, Lai On Estate, Lai Yiu Estate, Lam Tin Estate, Lee On Estate, Lei Muk Shue (I) Estate, Lei Muk Shue (II) Estate, Lei Muk Shue Estate, Lei Yue Mun Estate, Lek Yuen Estate, Lok Fu Estate, Lok Wah (North) Estate, Lok Wah (South) Estate, Lower Ngau Tau Kok Estate, Lower Wong Tai Sin (II) Estate, Lung Hang Estate, Lung Yat Estate, Ma Hang Estate, Ma Tau Wai Estate, Mei Lam Estate, Mei Tin Estate, Mei Tung Estate, Ming Tak Estate, Model Housing Estate, Nam Shan Estate, Oi Tung Estate, On Tin Estate, On Yam Estate, Pak Tin Estate, Ping Shek Estate, Ping Tin Estate, Po Tat Estate, Po Tin Estate, Sai Wan Estate, Sau Mau Ping Estate, Sau Mau Ping South Estate, Sha Kok Estate, Shatin Pass Estate, Shek Kip Mei Estate, Shek Lei (I) Estate, Shek Lei (II) Estate, Shek Mun Estate, Shek Pai Wan Estate, Shek Wai Kok Estate, Shek Yam East Estate, Shek Yam Estate, Sheung Lok Estate, Sheung Tak Estate, Shin Ming Estate, Shun Lee Estate, Shun On Estate, Shun Tin Estate, Siu Sai Wan Estate, Sun Chui Estate, Sun Tin Wai Estate, Tai Hang Tung Estate, Tai Hing Estate, Tai Wo Hau Estate, Tak Long Estate, Tin Chak Estate, Tin Ching Estate, Tin Heng Estate, Tin Shui (I) Estate, Tin Shui (II) Estate, Tin Tsz Estate, Tin Wah Estate, Tin Wan Estate, Tin Yan Estate, Tin Yat Estate, Tin Yiu (I) Estate, Tin Yiu (II) Estate, Tin Yuet Estate, Tsui Lok Estate, Tsui Ping (South) Estate, Tsz Ching Estate, Tsz Hong Estate, Tsz Lok Estate, Tsz Man Estate, Tung Wui Estate, Un Chau Estate, Upper Ngau Tau Kok Estate, Upper Wong Tai Sin Estate, Wah Fu (I) Estate, Wah Lai Estate, Wah Sum Estate, Wan Hon Estate, Wan Tsui Estate, Wang Tau Hom Estate, Wing Cheong Estate, Wo Che Estate, Wo Lok Estate, Yan On Estate, Yat Tung (I) Estate, Yat Tung (II) Estate, Yau Lai Estate, Yau Tong Estate, Yee Ming Estate, Yiu Tung Estate, Yue Wan Estate.

*Estates using piped LPG (15 in total)*

Butterfly Estate, Choi Yuen Estate, Kam Peng Estate, Kwong Fuk Estate, Lung Tin Estate, Nga Ning Court, Ngan Wan Estate, Oi Man Estate, On Ting Estate, Sam Shing Estate, Shui Pin Wai Estate, Tai Yuen Estate, Wah Fu (II) Estate, Wu King Estate, Yau Oi Estate.

2. Information on types of fuel gas adopted in Tenants Purchase Scheme estates (as at 31 December 2014)

*Estates using Towngas (35 in total)*

Cheung Fat Estate, Cheung On Estate, Choi Ha Estate, Chuk Yuen (North) Estate, Fu Heng Estate, Fung Tak Estate, Fung Wah Estate, Heng On Estate, Hin Keng Estate, Hing Tin Estate, Kin Sang Estate, King Lam Estate, Kwai Hing Estate, Kwong Yuen Estate, Lei Cheng Uk Estate, Lei Tung Estate, Leung King Estate, Long Ping Estate, Lower Wong Tai Sin (I) Estate, Nam Cheong Estate, Po Lam Estate, Pok Hong Estate, Tai Ping Estate, Tai Wo Estate, Tak Tin Estate, Tin King Estate, Tsing Yi Estate, Tsui Lam Estate, Tsui Ping (North) Estate, Tsui Wan Estate, Tung Tau (II) Estate, Wah Kwai Estate, Wah Ming Estate, Wan Tau Tong Estate, Yiu On Estate.

*Estates using piped LPG (four in total)*

Cheung Wah Estate, Fu Shin Estate, Shan King Estate, Tin Ping Estate.

3. Information on types of fuel gas adopted in Home Ownership Scheme (HOS) courts (as at 31 December 2014)

*Courts using Towngas (133 in total)*

Cheong Shing Court, Cheung Wo Court, Ching Lai Court, Ching Nga Court, Ching Shing Court, Ching Tai Court, Ching Wah Court, Ching Wang Court, Choi Fung Court, Choi Ming Court[[6]](#footnote-7)(1), Choi Po Court, Chun Man Court, Chun Wah Court, Chung Ming Court, Chung Nga Court, Fu Keung Court, Fung Chuen Court, Fung Lai Court, Fung Shing Court, Fung Ting Court, Hang Chun Court, Hang Tsui Court, Hin Ming Court, Hiu Lai Court, Hiu Tsui Court, Ho Ming Court, Hong Lam Court, Hong Nga Court, Hong Pak Court, Hong Shui Court, Hong Tin Court, Hong Wah Court, Hong Yat Court, Hong Ying Court, Hung Fuk Court, Ka Keng Court, Ka Keung Court, Ka Lung Court, Ka Shing Court, Ka Tin Court, Kai Tai Court, Kai Tsui Court, Kam Fung Court, Kam Hay Court, Kam Lung Court, Kam On Court, Kam Tai Court, Kam Ying Court, King Hin Court, King Lai Court, King Ming Court, King Nga Court, King Shan Court, King Shing Court, King Tin Court, King Tsui Court, Ko Chun Court, Kwai Chun Court, Kwai Hong Court, Kwai Yin Court, Kwong Lam Court, Kwong Ming Court, Lei On Court, Lok Nga Court, Lung Poon Court, Lung Tak Court, Lung Yan Court, May Shing Court, Mei Chung Court, Ning Fung Court, On Kay Court, Pang Ching Court, Po Hei Court, Po Lai Court, Po Ming Court, Po Nga Court, Po Pui Court, San Wai Court, Shan Tsui Court, Shun Chi Court, Siu Hei Court, Siu Hin Court, Siu Hong Court, Siu Kwai Court, Siu Lun Court, Siu Lung Court, Siu Pong Court, Sui Wo Court, Tak Keung Court, Tak Nga Court, Tin Chung Court, Tin Fu Court, Tin Lai Court, Tin Ma Court, Tin Oi Court, Tin Shing Court, Tin Wang Court, Tin Yau Court, Tong Ming Court, Tsui Yiu Court, Tsz Oi Court, Tsz On Court, Tung Chun Court, Tung Hei Court, Tung Lam Court, Tung Shing Court, Tung Tao Court, Tung Yan Court, Tung Yuk Court, Wo Ming Court, Yan Ming Court, Yan Shing Court, Yan Tsui Court, Yat Nga Court, Yau Chui Court, Yee Ching Court, Yee Kok Court, Yee Nga Court, Yee Tsui Court, Yi Fung Court, Yin Lai Court, Ying Fuk Court, Ying Ming Court, Yu Chui Court, Yu Ming Court, Yu Tung Court, Yue Fai Court, Yue On Court, Yue Shing Court, Yue Tin Court, Yuet Chui Court, Yuet Lai Court, Yuk Ming Court.

*Courts using piped LPG (10 in total)*

Lung Hin Court, Ming Nga Court, On Shing Court, Peng Lai Court, Siu On Court, Siu Shan Court, Tin Lee Court, Ting Nga Court, Wang Fuk Court, Yuk Po Court.

4. Information on types of fuel gas adopted in Private Sector Participation Scheme courts (as at 31 December 2014)

*Courts using Towngas (32 in total)*

Aldrich Garden, Bauhinia Garden, Beverly Garden, Broadview Court, Charming Garden, Cheerful Garden, Elegance Garden, Fok On Garden, Fu Fai Garden, Fullview Garden, Glorious Garden, Grand View Garden, Grandway Garden, Harmony Garden, Kingsford Terrace, Kornhill, Lok Hin Terrace, Lung Mun Oasis, Ocean Court, On Ning Garden, Rhythm Garden, Saddle Ridge Garden, Serene Garden, South Wave Court, Sun Lai Garden, Sunningdale Garden, Tsui Ning Garden, Walton Estate, Wing Fai Centre, Wing Fok Centre, Yau Tong Centre, Yuet Wu Villa.

*Courts using piped LPG (16 in total)*

Affluence Garden, Carado Garden, Chevalier Garden, Chi Lok Fa Yuen, Fu Ning Garden, Greenwood Terrace, Holford Gardens, Hong Sing Garden, Melody Garden, Neptune Terrace, Prime View Garden, Richland Gardens, Sun Hing Garden, Tai Po Plaza, Tsui Chuk Garden, Tsui Lai Garden.

5. Information on types of fuel gas adopted in Buy or Rent Option (BRO) and Mortgage Subsidy Scheme (MSS) courts (as at 31 December 2014)

*Courts using Towngas (six in total)*

Hoi Fu Court[[7]](#footnote-8)(2), Hong Keung Court, Kwun Fai Court, Kwun Hei Court, Lai Yan Court, Yung Shing Court[[8]](#footnote-9)(3).

6. Information on types of fuel gas adopted in subsidized housing under the HKHS

*Estates/courts currently using Towngas (26 in total)*

Bo Shek Mansion, Broadview Garden, Cho Yiu Chuen, Chun Seen Mei Chuen, Healthy Village, Jat Min Chuen, Ka Wai Chuen, Kwun Lung Lau, Ming Wah Dai Ha, Moon Lok Dai Ha, Prosperous Garden, Verbena Heights, Yue Kwong Chuen, Cronin Garden, Kai Tak Garden, Kingston Terrace, Park Belvedere, Sunshine Grove, Radiant Towers, The Pinnacle, Tivoli Garden, Hibiscus Park, Marina Habitat, Bel Air Heights, Cascades, Highland Park.

*Estates/courts currently using piped LPG (six in total)*

Clague Garden Estate, Kwun Tong Garden Estate, Lai Tak Tsuen, Lakeside Garden, Lok Man Sun Chuen, Sha Tau Kok Chuen.

In addition, Tui Min Hoi Chuen is currently using cylinder LPG.

**Community Participation Scheme**

17. **DR KENNETH CHAN** (in Chinese): *President, the Committee on the Promotion of Civic Education (CPCE) implements the Community Participation Scheme (CPS) every year to sponsor civic education projects organized by various bodies. Funded projects cover topics such as national education, promotion of the Basic Law and human rights education. The Research, Development, Community Participation and Management Subcommittee (the Subcommittee) under CPCE is responsible for vetting and approval of funding applications. In this connection, will the Government inform this Council:*

*(1) of the details, including the names, dates, nature, contents, target participants, numbers of participants and subsidized amounts, of the projects funded under CPS in the past three years (set out in a table);*

*(2) of the application procedures for CPS, as well as the procedure and criteria for vetting and approval of applications; and*

*(3) of the membership lists of the Subcommittee in the past three years, and the details of its mechanism for declaration of interests?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): President, my reply to the three parts of the question raised by Dr Kenneth CHAN is as follows:

(1) Through the Community Participation Scheme, the Committee on the Promotion of Civic Education (CPCE) grants sponsorship to community organizations to organize activities to promote civic education. Projects include a variety of activities, such as workshops, visits, performance, seminars, exhibitions, carnivals, and so on. The details of the supported activities for 2012-2013, 2013-2014 and 2014-2015 are summarized at Annexes 1, 2 and 3 respectively.

(2) The Research, Development, Community Participation and Management Subcommittee (the Subcommittee) of the CPCE plans and implements the Community Participation Scheme. Applications are assessed according to the criteria set out in the published guidelines, including creativity, scale, means of publicity, and so on, of the proposed projects.

(3) The Subcommittee comprises both official and non-official members of the CPCE. Its compositions in the past three years are at Annex 4. The CPCE has adopted a two-tier reporting system for declaration of interests and requested members to disclose their general pecuniary interests on appointment to the committee and declare interests prior to the discussion of the applications at the meeting. Members with potential conflicts of interests with the organizations seeking sponsorship will not be arranged to assess relevant applications.

Annex 1

Projects Approved under the Community Participation Scheme in 2012-2013

|  | *Name of Organization#* | *Name of Project#* | *Amount of Sponsorship ($)* |
| --- | --- | --- | --- |
| 1 | Roundtable Community Limited uRounders 2011-2012 | 暑期青少年培訓計劃Global Elites 2012 | 298,855 |
| 2 | 中華錫安傳道會有限公司 慈雲山錫安青少年綜合服務中心 | 翱翔新世代─正能量關愛社區計劃 | 137,400 |
| 3 | 心晴行動慈善基金有限公司 | "校園計劃"─情緒睇真D講座、延伸及支援項目 | 300,000 |
| 4 | 明光社 | 難為"權。責"定分界？─推廣青少年認識道德及公民責任計劃 | 212,145 |
| 5 | 東華三院 黃竹坑服務綜合大樓 | 愛滿紛─生命關愛網絡推廣計劃 | 189,053 |
| 6 | 東華三院 余墨緣綜合服務中心 | "愛香港"青年齊建共融社會計劃 | 130,146 |
| 7 | 致遠文化服務有限公司 大中華青年在線 | 齊齊坐，說說法─中港兩地專家座談《基本法》 | 231,500 |
| 8 | 香港中文大學 成長綠洲 | 傷健同心 關懷社羣 觸動你心 | 112,962 |
| 9 | 香港中華文化發展聯合會有限公司 | 墨子行動：結合墨家兼愛精神與義工訓練計劃 | 154,000 |
| 10 | 香港中華基督教青年會 石硤尾會所 | V-Banking 2012 | 167,974 |
| 11 | 香港兆基創意書院 | 打開戲流平台•"愛自己•愛家人•愛香港•愛國家"青年戲劇比賽 | 187,230 |
| 12 | 香港西區婦女福利會 松鶴老人中心 | 耆青共懷香港情 | 110,584 |
| 13 | 香港青少年服務處 賽馬會麗城綜合青少年服務中心 | 愛"德"起•關懷行動 | 117,268 |
| 14 | 香港青少年領袖發展協會 社會服務委員會 | 第三屆飛躍社會服務領袖計劃 | 236,490 |
| 15 | 香港青少年領袖發展協會 香港模擬立法會籌委會 | 第五屆香港模擬立法會 | 277,776 |
| 16 | 香港青年交流之友有限公司 | 夢想舞台2：兩岸四地青年學生夢想追逐賽 | 259,636 |
| 17 | 香港青年協會 文化藝術組 | "愛分享、分享愛"舞動奇蹟共融計劃 | 160,003 |
| 18 | 香港青年協會 賽馬會筲箕灣青年空間 | "愛。吾睦鄰"關社共融計劃 | 166,490 |
| 19 | 香港青年協會 天瑞青年空間 | "鄰舍原動力"社區發展計劃 | 137,642 |
| 20 | 香港青年聯會有限公司 | 青聯賢慧愛家日 | 143,475 |
| 21 | 香港律師會 | 青Teen講場2012 | 300,000 |
| 22 | 香港神託會有限公司 生命教育計劃 | "我的故事•我的家"～社區藝術參與計劃 | 163,774 |
| 23 | 香港神託會有限公司 連青網絡─香港神託會青少年綜合服務中心 | 家家起"義"獎勵計劃 | 186,700 |
| 24 | 香港基督少年軍有限公司 臻訓中心 | 領出個未來─青少年社區服務實踐計劃 | 100,200 |
| 25 | 香港聖公會麥理浩夫人中心 林植宣博士老人綜合服務中心 | 耆心童話正能量 | 147,799 |
| 26 | 香港路德會社會服務處 路德會賽馬會海濱花園綜合服務中心 | 多"Share"愛推廣計劃 | 163,831 |
| 27 | 基督教香港信義會 | "Care"小記者之"童心戰貧窮"計劃 | 124,276 |
| 28 | 新青年論壇有限公司 | 第七屆DV頭青年社會觀察行動 | 152,350 |
| 29 | 新福事工協會有限公司 關懷貧窮學校 | "2012關懷貧窮大使計劃" | 117,889 |
| 30 | 路德會啟聾學校 | 攜手"語"您。愛家國 | 107,680 |
| 31 | 鄰舍輔導會 東涌綜合服務中心 | "一家一"義放彩虹計劃 | 186,847 |
| 32 | 觀塘新青年論壇 | 青年政治學堂─公民社會體驗計劃2012：十二五規劃初探：大國公民的權利與義務 | 128,778 |
| 33 | 中山大學法律系香港同學會有限公司 | 第十三屆《基本法》及國民常識網上問答比賽及推廣活動 | 162,960 |
| 34 | 屯門區婦女會有限公司 山景服務處 | "十二五"規劃─我" 港"我思 | 117,700 |
| 35 | 匡智張玉瓊晨輝學校 | 和諧家園共手建 | 138,095 |
| 36 | 和富社會企業有限公司 | 傑出公民學生獎勵計劃 | 124,012 |
| 37 | 香港青年協進會有限公司 | "認識祖國•認識香港"問答比賽2012 | 282,260 |
| 38 | 香港基本法推介聯席會議 | 第九屆《基本法》大使培訓計劃 | 170,652 |
| 39 | 香港基督教協基會有限公司 黃埔綜合青少年服務中心 | 薈萃中港國情教育 | 175,750 |
| 40 | 香港循理會 循理會屯門青少年綜合服務中心 | "Four In Love 2012" | 190,548 |
| 41 | 蒲窩青少年中心 | "愛香港•愛文物"計劃 | 147,936 |
| 42 | 學友社 潛能發展中心 | 明日領航者計劃2012 | 238,196 |
| 43 | 學友社 | 第二十一屆全港中學生十大新聞選舉 | 182,363 |
| 44 | 香港各界婦女聯合協進會有限公司 | 香港各界婦女慶回歸十五周年 喜迎回歸十五載 社區共融愛香港 | 243,940 |
| 45 | 政府人員協會 | "家國濃情慶回歸•社區共融愛無限"計劃 | 126,009 |
| 46 | 香港婦聯有限公司 | 共慶回歸十五載、中華文化展風彩計劃 | 194,500 |
| 47 | 新界社團聯會婦女中心有限公司 | 情牽"家國"顯愛心計劃 | 135,100 |
| 48 | 新界青年聯會 | "樂聚力量Fun享愛"公民教育系列活動 | 203,111 |

Note:

# For some organizations and projects, only Chinese names are available.

Annex 2

Projects Approved under the Community Participation Scheme in 2013-2014

|  | *Name of Organization#* | *Name of Project#* | *Amount of Sponsorship ($)* |
| --- | --- | --- | --- |
| 1 | Ma On Shan Youth Association | 2013-14 Youth-Children Understanding Social Issues and Policy Summer Program | 260,000 |
| 2 | Roundtable Community Limited uRounders | 暑期青少年培訓計劃Global Elites 2013 | 300,000 |
| 3 | 九龍樂善堂 樂善堂李賢義裔群社─少數族裔支援中心 | 微笑城市─跨種族多元文化共融體驗 | 232,600 |
| 4 | 中山大學法律系香港同學會有限公司 | 第十四屆《基本法》及國民常識網上問答比賽及推廣活動 | 114,385 |
| 5 | 中華錫安傳道會有限公司 慈雲山錫安青少年綜合服務中心 | 奮力圖強─社區和諧大使計劃 | 127,240 |
| 6 | 仁愛堂有限公司 仁愛堂社區中心 | "家常有'仁'" | 104,925 |
| 7 | 孔教學院 德育及公民教育組 | 弘仁愛展關懷嘉年華 | 100,100 |
| 8 | 屯門婦聯有限公司 身心美服務中心 | "童理家友"小富翁計劃 | 120,816 |
| 9 | 匡智張玉瓊晨輝學校 | We love HK | 106,535 |
| 10 | 和富社會企業有限公司 | 傑出公民學生獎勵計劃2013 | 126,361 |
| 11 | 東華三院 黃竹坑服務綜合大樓 | Love Transmission- Mental Wellness Promotion Scheme | 102,770 |
| 12 | 長者安居服務協會 | 第十五屆"秘密天使 "關愛長者計劃 | 138,963 |
| 13 | 保良局何蔭棠中學 | Hand in Hand Serves the Community 2013-2014 "Love Our Community" Social Service Scheme | 106,620 |
| 14 | 政府人員協會 | "愛家愛國愛香港•同根同心共繁榮"計劃 | 161,834 |
| 15 | 致遠文化服務有限公司 大中華青年在線 | 《基本法》的實施與影響─中港兩地專家聯席講座 | 219,140 |
| 16 | 香港中文大學歷史系校友會 | CONCERN THE PUBLIC AND APPLY IN LIVING: Hong Kong Young Historian Leadership Development Institute | 182,220 |
| 17 | 香港兆基創意書院 | 打開戲流平台•"愛自己•愛家人•愛香港•愛國家"青年戲劇比賽2013-14 | 263,108 |
| 18 | 香港西區婦女福利會 松鶴老人中心 | 情繫"家"、"國"顯關懷 | 112,308 |
| 19 | 香港青少年領袖發展協會 香港模擬立法會籌委會 | 第六屆香港模擬立法會 | 275,383 |
| 20 | 香港青少年領袖發展協會 社會服務委員會 | 第四屆飛躍社會服務領袖計劃 | 230,600 |
| 21 | 香港青年交流促進聯會 | "發放夢想力！"夢想舞台2013 | 300,000 |
| 22 | 香港青年協進會有限公司 | "認識祖國•認識香港"問答比賽2013 | 292,460 |
| 23 | 香港青年協會 青年全健中心 | "網絡達人"─網絡青年論壇劇場 | 178,933 |
| 24 | 香港青年協會 賽馬會筲箕灣青年空間 | "家愛睦鄰"關社計劃 | 123,346 |
| 25 | 香港律師會 | 青Teen廣場2013 | 300,000 |
| 26 | 香港基本法推介聯席會議 | 第十屆《基本法》大使培訓計劃─建設共融社會，由認識《基本法》開始 | 255,773 |
| 27 | 香港基督教女青年會 屯門綜合社會服務處 | "快樂人生"之愛家•愛香港社區實踐計劃2013 | 116,007 |
| 28 | 香港基督教女青年會 蝴蝶灣綜合社會服務處 | i Project 愛•行動 | 131,209 |
| 29 | 香港基督教協基會有限公司 屯門綜合青少年服務中心 | "愛、分享"社區關懷計劃 | 105,230 |
| 30 | 香港基督教協基會有限公司 黃埔綜合青少年服務中心 | 磅礡中國─新中國現今未來意象 | 151,640 |
| 31 | 香港婦聯有限公司 | 愛我中華•香江"大戲"流 | 209,855 |
| 32 | 香港教育學院校友會 | 全港小學生•關心祖國•齊顯愛國情(第五屆) | 199,896 |
| 33 | 香港循理會 循理會屯門青少年綜合服務中心 | "Four In Love 2013" | 216,710 |
| 34 | 香港傷殘青年協會 賽馬會活動中心 | 傷健"演"義─成長活動計劃2013-2014 | 130,700 |
| 35 | 香港聖公會麥理浩夫人中心 林植宣博士老人綜合服務中心 | 耆愛童話正能量 | 108,338 |
| 36 | The Hong Kong Society for the Deaf ― Tseung Kwan O Multi Service Centre, Social and Recreation Centre | Deaf Awareness Community Education Campaign | 110,050 |
| 37 | 家長匯習有限公司 | 天使家長訓練班 | 220,000 |
| 38 | 基督教宣道會香港區聯會有限公司 基督教宣道會五旬節堂睦鄰中心 | "以愛還愛"關愛社區計劃 | 111,260 |
| 39 | 基督教宣道會香港區聯會有限公司 基督教宣道會利福長者鄰舍中心 | 耆義友善行動 | 123,030 |
| 40 | 新生精神康復會 安泰軒 | "愛•融•義"友伴同行在社區 | 162,100 |
| 41 | 新青年論壇有限公司 | 第八屆DV頭青年社會觀察行動 | 186,500 |
| 42 | 新界青年聯會 | "團結愛•青年樂滿載"公民教育系列活動 | 176,078 |
| 43 | 新婦女協進會 | 人權微影節 | 118,073 |
| 44 | 演活藝術教育舞台 | 生命劇場〈閃亮星星人生〉學校巡迴演出 | 168,960 |
| 45 | 蒲窩青少年中心 | "愛香港•愛文物"計劃2013 | 192,965 |
| 46 | 樂群社會服務處 北角服務中心 | 傳播愛，由己做起 | 139,180 |
| 47 | 學友社 | 第二十二屆全港中學生十大新聞選舉 | 212,403 |
| 48 | 學友社 潛能發展中心 | 明日領航者計劃2013 | 237,095 |
| 49 | 觀塘新青年論壇 | 青年政治學堂─公民社會體驗計劃2013："中港融合：香港發展與機遇" | 129,676 |

Note:

# For some organizations and projects, only Chinese names are available.

Annex 3

Projects Approved under the Community Participation Scheme in 2014-2015

|  | *Name of Organization#* | *Name of Project#* | *Amount of Sponsorship ($)* |
| --- | --- | --- | --- |
| 1 | Roundtable Community Limited uRounders | 暑期青少年培訓計劃Global Elites 2014 | 179,162 |
| 2 | 九龍社團聯會 婦女事務委員會 | "親子樂同行"計劃 | 104,682 |
| 3 | 九龍社團聯會黃大仙地區委員會 | 躍動全城─《基本法》大格鬥活動 | 217,722 |
| 4 | 九龍婦女聯會有限公司 | "'愛'穿越"儒學尋蹤•傳統中華文化知識─網上競答比賽 | 267,737 |
| 5 | 中山大學法律系香港同學會有限公司 | 第十五屆《基本法》及國民常識網上問答比賽及推廣活動 | 189,715 |
| 6 | 屯門婦聯有限公司 身心美服務中心 | "童理家友"E道篇 | 111,738 |
| 7 | 匡智張玉瓊晨輝學校 | 關愛互享樂社羣 | 153,170 |
| 8 | 和富社會企業有限公司 | 傑出公民學生獎勵計劃2014 | 181,666 |
| 9 | 明光社 | "愛與尊重：真愛同尋"─青少年交流體驗計劃 | 140,983 |
| 10 | 東華三院 學校社會工作服務 | "正向人生"青年大使培訓及社區教育計劃 | 112,620 |
| 11 | 東華三院 黃竹坑服務綜合大樓 | "天堂鳥"精神健康推廣計劃 | 144,350 |
| 12 | 青年新世界有限公司 | 逆流計劃Project Runway | 237,100 |
| 13 | 保良局何蔭棠中學 | Hand in Hand Serves the Community 2014/2015 "Beyond the Barrier" Social Service Scheme | 102,370 |
| 14 | 致遠文化服務有限公司 大中華青年在線 | 中港兩地專家聯席座談《基本法》 | 175,100 |
| 15 | 香港女童軍總會 | "家•伴你行"定向同樂日 | 116,928 |
| 16 | 香港小童群益會 賽馬會油塘青少年綜合服務中心 | 《油塘友好公盟》故事計劃 | 117,286 |
| 17 | 香港中文大學歷史系校友會 | 經世致用─香港歷史青年領袖學院 | 213,882 |
| 18 | 香港中華文化發展聯合會有限公司 | 華夏風情一分鐘 | 238,280 |
| 19 | 香港中華基督教青年會 天水圍天晴會所 | "暖LOVE•LOVE"關愛大行動 | 147,348 |
| 20 | 香港中華基督教青年會 顯徑會所 | 兒童議員計劃2014 | 143,708 |
| 21 | 香港西區婦女福利會 松鶴老人中心 | 心繫"家"、"國"顯濃情 | 132,324 |
| 22 | 香港青少年領袖發展協會 香港模擬立法會籌委會 | 第七屆香港模擬立法會 | 300,000 |
| 23 | Hong Kong Young Leaders Development Association ― Organizing Committee for Global Youth Ministers | Global Youth Ministers 2014 | 200,000 |
| 24 | 香港青少年領袖發展協會 社會服務委員會 | 第五屆飛躍社會服務領袖計劃 | 262,550 |
| 25 | 香港青年交流之友有限公司 | "發放夢想力!"夢想舞台2014 | 300,000 |
| 26 | 香港青年協進會有限公司 | "認識祖國•認識香港"問答比賽2014 | 217,190 |
| 27 | 香港青年協會 賽馬會Media 21媒體空間 | M21香港集作─"愛香港"拍攝48小時計劃 | 225,760 |
| 28 | 香港律師會 | 青Teen廣場2014 | 300,000 |
| 29 | 香港基本法推介聯席會議 | 第十一屆《基本法》大使培訓計劃 | 263,527 |
| 30 | 香港基督教女青年會 蝴蝶灣綜合社會服務處 | 一家一義，V are Family! | 109,904 |
| 31 | 香港基督教女青年會 將軍澳綜合社會服務處 | "攜手愛、共關懷"─社區和諧共融計劃 | 106,020 |
| 32 | 香港基督教協基會有限公司 黃埔綜合青少年服務中心 | 遼闊中國─國情教育運動 | 125,740 |
| 33 | 香港基督教協基會有限公司 基督教協基會屯門綜合青少年服務中心 | "傳愛無限"社區關懷計劃 | 125,350 |
| 34 | 香港婦聯有限公司 香港婦聯─梁潔華綜合服務中心 | 體驗愛世界 | 114,695 |
| 35 | 香港婦聯有限公司 | 節慶薈萃在中華計劃 | 206,170 |
| 36 | 香港傷殘青年協會 賽馬會活動中心 | 傷健旅程2014-2015 | 107,666 |
| 37 | 香港聖公會麥理浩夫人中心 林植宣博士老人綜合服務中心 | 耆樂童話正能量 | 114,855 |
| 38 | 香港聖公會麥理浩夫人中心 團體及社區工作部 | "愛家助鄰在葵涌"社區教育及推廣計劃 | 107,647 |
| 39 | 香港聾人福利促進會 | Deaf Awareness Community Education Campaign | 165,650 |
| 40 | 基督教宣道會香港區聯會有限公司 基督教宣道會五旬節堂睦鄰中心 | 家+有愛 | 113,115 |
| 41 | 博愛醫院 吳鴻茂紀念家庭多元智能中心 | "親愛一家人─互愛鄰里齊關懷" | 103,210 |
| 42 | 循道衛理觀塘社會服務處 牛頭角青少年綜合服務中心 | 愛無限•融"義"起動 | 120,661 |
| 43 | 新青年論壇有限公司 | 第九屆DV頭青年社會觀察行動 | 175,060 |
| 44 | 蒲窩青少年中心有限公司 | "愛香港•愛文物"計劃2014 | 191,851 |
| 45 | 學友社 潛能發展中心 | 明日領航者計劃2014 | 265,453 |
| 46 | 學友社 | 第二十三屆全港中學生十大新聞選舉 | 256,583 |
| 47 | 騁志發展基金有限公司 | 國際復康日2014：黑夜定向歷奇之旅 | 156,125 |
| 48 | 觀塘新青年論壇 | 公民社會體驗計劃2014：模擬大學社會體驗計劃 | 118,320 |

Note:

# For some organizations and projects, only Chinese names are available.

Annex 4

Compositions of the Research, Development, Community Participation

and Management Subcommittee\*

| *2012-2013* | *2013-2014* | *2014-2015* |
| --- | --- | --- |
| Ms PANG Melissa Kaye  (Convenor) | Ms PANG Melissa Kaye  (Convenor) | Ms PANG Melissa Kaye  (Convenor) |
| Dr Joseph LEE Chung- tak | Dr Joseph LEE Chung- tak | Dr Joseph LEE Chung-tak |
| Mr YEUNG Tsz-hei | Mr YEUNG Tsz-hei | Mr CHUNG Yam-cheung |
| Mr CHUNG Yam- cheung | Mr CHUNG Yam- cheung | Mr LIM Henry |
| Mr CHAN Yung | Mr CHAN Yung | Mr Henry WONG Chun-fai |
| Mr LIM Henry | Mr LIM Henry | Mr LAM Kwok-keung |
| Dr Carol MA Hok-ka | Mr LAM Kwok-keung | Ms MAN Ka-lai |
| Mr Henry WONG Chun- fai | Ms LEE Pik-yee | Ms HUNG Wing-chee |
| Hon CHAN Han-pan | Mr WONG Wai-kit | Ms LEE Pik-yee |
| Mr LAM Kwok-keung | Mr Clement WOO Kin- man | Dr MAK Yiu-kwong |
| Ms LEE Pik-yee | Representative from the Social Welfare Department | Prof Lena LEE Ying |
| Dr MAK Yiu-kwong | Mr WONG Wai-kit |
| Representative from the Social Welfare Department | Dr CHAN Cheuk-hay |
| Mr George LAU Ka-keung |
| Mr Timmy LEE Tan-chun |
| Representative from the Social Welfare Department |

Note:

\* Known as Research, Development and Community Participation Subcommittee in 2012-2013 and 2013-2014

**General Out-patient Clinics Telephone Appointment Service of Hospital Authority**

18. **DR ELIZABETH QUAT** (in Chinese): *President, quite a number of users of the General Out-patient Clinics Telephone Appointment Service (TAS) of the Hospital Authority (HA) have relayed to me that they hope HA will enhance TAS. In this connection, will the Government inform this Council if it knows:*

*(1) as some elderly users of TAS have said that the procedure for making telephone appointments is too complicated, whether HA will simplify such procedure; if HA will, of the details; if not, the reasons for that;*

*(2) as quite a number of elderly people have expressed that they do not know how to use TAS, whether HA will allocate additional resources for teaching the elderly people how to use TAS; if HA will, of the details; if not, the reasons for that;*

*(3) as some users have relayed that TAS does not offer an option of answering their calls by a real person, which makes it difficult for them to enquire about the details of the out-patient services, whether HA will consider afresh adding the option to TAS; if HA will, of the details; if not, the reasons for that; and*

*(4) as some users have relayed that the existing TAS does not provide any information on the remaining consultation quotas of various clinics, whether HA will consider providing such information in TAS; if HA will, of the details; if not, the reasons for that?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, my reply to the question raised by Dr Elizabeth QUAT is as follows:

(1) General out-patient services provided by the Hospital Authority (HA) are primarily targeted at serving the elderly, the low-income group and the chronically ill. Patients under the care of general out-patient clinics (GOPCs) comprise two major categories: chronic disease patients with stable medical conditions, such as patients with diabetes mellitus or hypertension; and episodic disease patients with relatively mild symptoms, such as those suffering from influenza, cold, gastroenteritis, and so on. For those with episodic diseases, consultation timeslots at GOPCs in the next 24 hours are available for booking through the HA's telephone appointment system. As for chronic disease patients requiring follow-up consultations, they will be assigned a visit timeslot after each consultation and do not need to make separate appointment by phone.

The HA's telephone appointment system operates round-the-clock and allows episodic disease patients to book consultation timeslots at GOPCs in the next 24 hours. The telephone appointment system forms a network which allows consultation quotas of the GOPCs nearby to be linked and pooled together for use. When a particular clinic has run out of consultation timeslots, the system will automatically search for available quotas in nearby clinics. Moreover, to enhance the accessibility of GOPC services to elderly patients, the HA has introduced and reserved some Elderly Appointment Quotas for patients aged 65 or above.

Taking into consideration the feedback from the public, the HA has introduced a number of measures to improve the operation of the system. These include: increasing the number of telephone lines from 350 to over 600; extending the response time to allow sufficient time for users (in particular the elders) to input data; replacing computerized voice with authentic human voice to make it easier for users to hear; simplifying data entry procedures to make the system more user-friendly for elders; and providing an SMS booking service for those with hearing impairment. The HA has further simplified the procedure of telephone booking since early 2013. Currently, when users are connected to the telephone appointment system, the system will automatically search for available quotas in the next 24 hours in the called clinic and its nearby clinics. If that particular clinic and nearby clinics have run out of consultation quotas, the system will inform right away without the need to enter personal information. This prevents situations where callers are informed of no available quota after entering their personal information.

(2) and (3)

To enhance patients' understanding of (especially our target patients such as the elders) the operation of the GOPC telephone appointment system, the HA has produced educational video clips and pamphlets for broadcasting and distribution at GOPCs. These resources are also uploaded to the HA's website. Meanwhile, help desks have been set up in GOPCs to assist those who may encounter difficulties in using the telephone appointment service.

The automated telephone appointment system allows consultation quotas of GOPCs nearby to be linked and pooled together for use and enables the search and allocation of available consultation quotas for the patients within the shortest time possible. The system copes with the large volume of GOPC services and thereby achieving effective utilization of resources. Also, patients do not have to commute between clinics in search of consultation opportunities. If manually operated telephone appointment service is to be provided, this would involve additional recurrent expenditure and would exert pressure on financial resources and manpower.

(4) At present, the telephone appointment system would identify the earliest available consultation session, and allocate consultation timeslot on a sequential basis to optimize the use of resources, avoid wastage of quotas and shorten the occupancy time of booking appointment. If the callers do not accept the offered timeslot, they may choose to search for available quotas in other sessions within the next 24 hours, such as morning, afternoon and evening. Besides, the HA also provides the information on "average GOPC unused quota for the preceding four weeks" through the HA website, giving patients an understanding of the quota usage among different districts in the past four weeks as a reference for choosing the suitable consultation sessions.

The HA would monitor the effectiveness of various measures of improving GOPC services closely, continue to collect the suggestions and feedback from the public and different parties, and consider all kinds of feasible improvement measures.

**Operation of Immigration Control Points**

19. **MR KENNETH LEUNG** (in Chinese): *President, regarding the current operation of various immigration control points (control points), will the Government inform this Council:*

*(1) of the total operational expenses and major categories of expenses of various control points in each of the past three years, with a breakdown by control point;*

*(2) of the staff establishments of various government departments at various control points in each of the past three years, with a breakdown by control point and department;*

*(3) of the respective numbers of times of visitors to Hong Kong, Hong Kong residents, as well as passenger and goods vehicles crossing the boundary via various control points in each of the past three years, with a breakdown by control point;*

*(4) whether the control points have any income (e.g. tax levied on visitors in transit and rents collected from shop operators); if they do, of the income of various control points in each of the past three years (set out the information by control point and source of income) as well as the use of such income;*

*(5) whether expansion/facility enhancement works are being or will be carried out at various control points; if so, of the details and the estimated expenses of such works; and*

*(6) whether it has plans to adjust the fees charged by the control points or introduce an arrival tax on visitors in order to increase the income of the control points to subsidize their operational expenses; if it has such plans, of the details; if not, the reasons for that?*

**SECRETARY FOR SECURITY** (in Chinese): President, the various parts of the question raised by Mr Kenneth LEUNG concern the work of Security Bureau and other bureaux and departments, the Government's consolidated reply is set out below:

(1) and (2)

Immigration control, customs clearance as well as quarantine measures at control points are mainly carried out by the Immigration Department, the Customs and Excise Department, the Hong Kong Police Force and the Department of Health. The staff establishment and relevant manpower expenditure of the said departments at various control points in the past three years are set out at Table 1.

As regards other operational expenses relating to operation of control points, they relate to the purview of various departments, the Government does not maintain breakdown of the relevant information.

(3) The passenger and vehicular traffic at various control points in the past three years is set out at Tables 2 and 3 respectively.

(4) The SAR Government currently does not impose departure tax on inbound and outbound passengers at land boundary control points and sea control points. (The embarkation fee, at $11 per passenger, is payable by cross-boundary ferry operators to the Marine Department based on the number of passengers. It is not a type of tax but a fee to recover the costs incurred by the Government in the provision of terminal facilities and related services.) The Air Passenger Departure Tax (APDT), at $120 per passenger, is payable by passengers departing from Hong Kong through the Hong Kong International Airport or the heliport at the Hong Kong-Macau Ferry Terminal, unless exemption applies. Details of the APDT collected over the past three years are as follows:

|  |  |
| --- | --- |
| *Financial year* | *Total amount of APDT collected*  *（$'000）* |
| 2012-2013 (Actual Revenue) | 2,029,188 |
| 2013-2014 (Actual Revenue) | 2,244,034 |
| 2014-2015 (Revised Estimate) | 2,313,535 |

The Government does not maintain breakdown on other revenue relating to control points. According to the Government's established principles of public finance management, all tax revenue and revenue of government departments are credited to the Government General Revenue Account. The Government will then allocate the resources to its different streams of work and services having regard to the priorities of the time so as to ensure that our work and services can cater for various needs of the community.

(5) The details of expansion or improvement works being undertaken at control points are set out at Table 4.

(6) According to the Government's general finance arrangement, the operational expenses of all departments are to be met with the Government's estimated provisions for the departments concerned under the relevant Head of Expenditures, instead of being subsidized by revenue generated from the operations of the departments. The arrangement is also applicable to the operational expenses of control points. The SAR Government does not have any plans to impose passenger arrival tax.

Table 1: The Staff Establishment of the Immigration Department, the Customs and Excise Department, the Hong Kong Police Force and the Department of Health at Various Control Points

(a) The Immigration Department

|  | *2012-2013* | *2013-2014* | *2014-2015*  *(As at February 2015)* |
| --- | --- | --- | --- |
| Airport | 855 | 876 | 877 |
| Lo Wu | 741 | 738 | 738 |
| Hung Hom | 93 | 93 | 93 |
| Lok Ma Chau Spur Line | 194 | 224 | 250 |
| Lok Ma Chau | 377 | 377 | 377 |
| Man Kam To | 82 | 81 | 87 |
| Sha Tau Kok | 53 | 53 | 53 |
| Shenzhen Bay | 337 | 366 | 387 |
| Macau Ferry Terminal | 189 | 189 | 189 |
| China Ferry Terminal | 168 | 168 | 168 |
| Harbour Control | 109 | 109 | 109 |
| Tuen Mun Ferry Terminal(1) | 30 | 30 | 30 |
| River Trade Terminal | 40 | 40 | 40 |
| Kai Tak Cruise Terminal(2)(3) | 35 | 66 | 94 |
| The total expenditure on relevant manpower  (on the basis of notional annual mid-point salary value)  ($ million) | 1,165 | 1,245 | 1,335 |

(b) The Customs and Excise Department

|  | *2012-2013* | *2013-2014* | *2014-2015*  *(As at February 2015)* |
| --- | --- | --- | --- |
| Airport | 946 | 987 | 987 |
| Lo Wu | 193 | 193 | 193 |
| Hung Hom | 56 | 56 | 56 |
| Lok Ma Chau Spur Line | 97 | 102 | 102 |
| Lok Ma Chau | 441 | 446 | 442 |
| Man Kam To | 141 | 159 | 159 |
| Sha Tau Kok | 118 | 119 | 122 |
| Shenzhen Bay | 382 | 382 | 392 |
| Macau Ferry Terminal | 75 | 75 | 75 |
| China Ferry Terminal | 68 | 68 | 68 |
| Harbour Control | 364 | 358 | 358 |
| Tuen Mun Ferry Terminal(1) | 23 | 23 | 23 |
| River Trade Terminal | 53 | 63 | 63 |
| Kai Tak Cruise Terminal(2) | 0 | 15 | 15 |
| The total expenditure on relevant manpower  (on the basis of notional annual mid-point salary value)  ($ million) | 929 | 991 | 1,045 |

(c) The Hong Kong Police Force

|  | *2012-2013* | *2013-2014* | *2014-2015*  *(As at February 2015)* |
| --- | --- | --- | --- |
| Airport | 430 | 429 | 429 |
| Lo Wu | 49 | 49 | 49 |
| Hung Hom | 21 | 21 | 21 |
| Lok Ma Chau Spur Line | 39 | 39 | 39 |
| Lok Ma Chau | 30 | 30 | 30 |
| Man Kam To | 16 | 16 | 16 |
| Sha Tau Kok | 10 | 10 | 10 |
| Shenzhen Bay | 86 | 86 | 86 |
| Macau Ferry Terminal | - | - | - |
| China Ferry Terminal | - | - | - |
| Harbour Control | - | - | - |
| Tuen Mun Ferry Terminal(1) | - | - | - |
| River Trade Terminal | - | - | - |
| Kai Tak Cruise Terminal(2) | - | 7 | 7 |
| The total expenditure on relevant manpower  (on the basis of notional annual mid-point salary value)  ($ million) | 213 | 214 | 234 |

(d) The Department of Health

|  | *2012-2013* | *2013-2014* | *2014-2015*  *(As at February 2015)* |
| --- | --- | --- | --- |
| Airport | 20 | 20 | 20 |
| Lo Wu | 36 | 36 | 36 |
| Hung Hom |
| Lok Ma Chau Spur Line |
| Lok Ma Chau |
| Man Kam To |
| Sha Tau Kok |
| Shenzhen Bay |
| Macau Ferry Terminal | 29 | 30 | 30 |
| China Ferry Terminal |
| Tuen Mun Ferry Terminal(1) |
| Kai Tak Cruise Terminal(2) | - |
| Harbour Control | - | - | - |
| River Trade Terminal | - | - | - |
| The total expenditure on relevant manpower  (on the basis of notional annual mid-point salary value)  ($ million) | 32 | 34 | 36 |

Notes:

(1) The Tuen Mun Ferry Terminal has been temporarily closed since 1 July 2012. Relevant Departments have deployed its manpower in a flexible manner in support of the operations at other busier control points.

(2) The first berth of the Kai Tak Cruise Terminal commenced operation in June 2013. The second berth also came into operation in September 2014.

(3) Apart from the overseas cruise liners berthing at Kai Tak Cruise Terminal, the manpower also handles cruise liners berthing at other anchorages, as well as Hong Kong-based passenger liners running regular daily high seas trips.

Table 2: Passenger Traffic (Arrival and Departure) at Various Control Points

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| *Control Point* | *2012-2013*  *Number of trips*  *(arrival and departure)* | | *2013-2014*  *Number of trips*  *(arrival and departure)* | | *2014-2015*  *(As at February 2015) Number of trips*  *(arrival and departure)* | |
| *Hong Kong Residents* | *Visitors* | *Hong Kong Residents* | *Visitors* | *Hong Kong Residents* | *Visitors* |
| Airport | 15 994 978 | 22 478 508 | 17 230 860 | 24 305 913 | 17 346 747 | 22 706 933 |
| Lo Wu | 70 494 317 | 25 623 917 | 64 203 527 | 26 111 826 | 55 937 356 | 23 890 931 |
| Hung Hom | 1 730 258 | 2 517 160 | 1 690 876 | 2 797 943 | 1 544 860 | 2 564 287 |
| Lok Ma Chau Spur Line | 30 016 532 | 13 247 753 | 30 691 783 | 16 998 979 | 31 534 946 | 20 896 497 |
| Lok Ma Chau | 20 323 053 | 9 041 990 | 18 773 087 | 9 439 736 | 16 725 328 | 9 694 202 |
| Man Kam To(1) | 226 049 | 17 171 | 849 756 | 1 050 260 | 1 480 842 | 2 202 321 |
| Sha Tau Kok | 2 195 793 | 1 121 696 | 2 113 027 | 1 197 672 | 1 884 221 | 1 094 366 |
| Shenzhen Bay | 15 084 458 | 14 477 203 | 15 695 879 | 17 820 591 | 16 112 562 | 18 988 962 |
| Macau Ferry Terminal | 11 160 143 | 6 762 706 | 10 580 265 | 7 087 755 | 9 510 213 | 6 659 740 |
| China Ferry Terminal | 4 434 621 | 4 439 196 | 4 228 985 | 5 036 351 | 3 528 864 | 4 818 606 |
| Harbour Control(2) | 281 748 | 478 189 | 166 115 | 241 261 | 5 578 | 48 373 |
| Tuen Mun Ferry Terminal(3) | 105 251 | 5 886 | 0 | 0 | 0 | 0 |
| River Trade Terminal | 19 | 114 | 13 | 76 | 21 | 151 |
| Kai Tak Cruise Terminal(4) | 0 | 0 | 185 128 | 319 516 | 702 319 | 692 804 |

Notes:

(1) Corresponding to the reconstruction of the Shenzhen Wenjindu Port Passenger Clearance Area, only goods vehicle, cross-boundary students and limited cross-boundary coaches were allowed to use the Man Kam To Control Point starting from 22 February 2010. Upon completion of the works, the control point resumed full operation on 26 August 2013.

(2) The numbers before 30 September 2013 include cruise passengers. Starting from 30 September 2013, these passengers are included in the numbers for Kai Tak Cruise Terminal.

(3) The Tuen Mun Ferry Terminal has been temporarily closed since 1 July 2012.

(4) The first berth of the Kai Tak Cruise Terminal commenced operation in June 2013. The second berth also came into operation in September 2014. The numbers also include passengers on cruise liners berthing at other anchorages, as well as Hong Kong-based passenger liners running regular daily high seas trips.

Table 3: Vehicular Traffic (Arrival and Departure) at Various Control Points

| *Control Point* | *2012-2013*  *Number of Vehicles*  *(arrival and departure)* | | | | *2013-2014*  *Number of Vehicles*  *(arrival and departure)* | | | | *2014-2015 (As at February 2015)*  *Number of Vehicles*  *(arrival and departure)* | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Private Vehicles* | *Coaches* | *Shuttle Buses* | *Goods Vehicles and Container Trucks* | *Private Vehicles* | *Coaches* | *Shuttle Buses* | *Goods Vehicles and Container Trucks* | *Private Vehicles* | *Coaches* | *Shuttle Buses* | *Goods Vehicles and Container Trucks* |
| Lok Ma Chau | 3 537 494 | 526 726 | 295 747 | 5 028 217 | 3 432 037 | 562 497 | 259 489 | 4 992 188 | 3 185 283 | 527 120 | 228 561 | 4 356 624 |
| Man Kam To(1) | 0 | 8 610 | - | 1 518 264 | 83 917 | 55 337 | - | 1 506 293 | 168 425 | 97 360 | - | 1 344 304 |
| Sha Tau Kok | 466 850 | 120 676 | - | 320 616 | 503 720 | 112 863 | - | 311 923 | 379 156 | 98 383 | - | 258 540 |
| Shenzhen Bay | 2 550 256 | 329 270 | - | 774 637 | 2 641 093 | 370 316 | - | 682 604 | 2 325 091 | 341 000 | - | 614 840 |

Note:

(1) Corresponding to the reconstruction of the Shenzhen Wenjindu Port Passenger Clearance Area, only goods vehicle, cross-boundary students and limited cross-boundary coaches were allowed to use the Man Kam To Control Point starting from 22 February 2010. Upon completion of the works, the control point resumed full operation on 26 August 2013.

Table 4: Expansion or Improvement Works at Control Points

| *Expansion or facilities improvement works in progress/to be conducted at control points* | *Expenditure involved/estimated expenditure* | *Details of the works* |
| --- | --- | --- |
| Improvement works at Lok Ma Chau Control Point | $19 million | The first phase of the project, including expansion of the Passenger Terminal Building (south bound for arrival) for e-Channels, was completed in 2013, while the second phase, including expansion of the Passenger Terminal Building (north bound for departure) for increasing the number of e-Channels to 16, commenced in the second quarter of 2013 and was completed in the first quarter of 2015. |
| Construction of additional private car kiosks at Lok Ma Chau Control Point | $18.14 million | There is a plan for construction of additional "one-stop" private car kiosks, including one arrival kiosk and one departure kiosk. The works commenced in the second quarter of 2014 and is expected to be completed in the third quarter of 2015. |
| Implementation of a new "Immigration Control System" | $910 million | In early 2013, the Finance Committee of the Legislative Council granted funding approval for the implementation of a new Immigration Control System by the Immigration Department to cope with continuous passenger growth. Amongst others, the development of the new Immigration Control System will upgrade the existing e-Channels to multi-purpose e-Channels and introduce over 100 new multi-purpose e-Channels to enable flexible deployment of e-Channel services according to passenger traffic pattern. The new Immigration Control System will be launched in phases between early 2016 and early 2017. |

**Communication Between District Councils and Heads of Government Departments**

20. **MR ALBERT HO** (in Chinese): *President, since 2008, the Government has implemented measures to enhance the role and functions of District Councils (DCs), including making arrangements for the heads of those departments with direct interface with the public to attend DC meetings, so as to strengthen the communication between the Government and DCs. In this regard, the Government issued an internal circular instructing 22 Heads of Departments (HoDs) to each attend at least one meeting of each DC within the current term (i.e. from 1 January 2012 to 31 December 2015) of DCs. Besides, core departments are required to send representatives to attend DC meetings regularly and, at the beginning of each calendar/financial year, submit annual district plans for that year to District Management Committees (DMCs) and DCs. In this connection, will the Government inform this Council:*

*(1) as at February this year, of the HoDs who attended, and those who have yet to attend, DC meetings of the current DC term pursuant to the aforesaid circular (set out one by one by DC district); the reasons for HoDs not attending DC meetings as instructed, and whether they have made arrangements for attending meetings of the DCs concerned before the end of the current DC term; if they have not, the reasons for that;*

*(2) as I have learnt that it is increasingly common for government departments not assigning their officers to attend the meetings of DCs or their committees, whether the authorities have assessed the reasons for that, and whether one of the reasons is that "the departments concerned have not attached sufficient importance to the communication with DCs"; if this is one of the reasons, of the authorities' improvement measures; and*

*(3) of those core departments which have not yet submitted annual district plans to DMCs and DCs pursuant to the aforesaid circular since the commencement of the current DC term and the reasons for that, and whether such departments will expeditiously submit such documents to the DMCs and DCs concerned?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): President, District Councils (DCs) are the Government's crucial partners in implementing the District Administration Scheme. The Government attaches great importance to its communication and interaction with DCs and their members. My reply to the three parts of the question is as follows:

(1) The Heads of the Departments (HoDs) that provide direct services to the public will, depending on respective DC agendas and schedules, visit the 18 DCs in each DC term to listen personally to the views of DC members as far as practicable. As in February 2015, these HoDs have attended 312 DC meetings. We will continue to arrange for the HoDs to attend the remaining DC meetings within the remainder of the current DC term as far as practicable. Relevant information is at Annex.

(2) Representatives of core departments attend meetings of DCs and their committees regularly to report on the progress of their work and answer questions raised by DC members.

Apart from arranging attendance of HoDs at DC meetings, policy bureaux and departments consult DCs from time to time on proposals and programmes that will have district-wise or territory-wide implications by sending representatives to attend such meetings.

In addition to core departments, DCs and their committees may invite representatives of other government bureaux or departments to attend their meetings. Depending on respective DC agendas and schedules, relevant bureaux and departments will arrange appropriate representatives to attend the meetings as far as practicable. In case they are not able to attend, written replies in response to questions raised will be provided to DCs or their committees, or follow-up actions will be taken as appropriate.

(3) All core departments report to District Management Committees (DMCs) regularly on district initiatives. DMCs collate matters discussed at their meetings, related work plans and progress, and report to their respective DCs and consolidate the views collected.

Annex

Attendance at meetings of 18 DCs by HoDs that provide direct

services to the public

(As in February 2015)

|  |  |  |
| --- | --- | --- |
| *DCs by district* | *Number of DC meetings attended by HoDs* | *Number of DC meetings yet to be attended by HoDs* |
| Central and Western | 18 | 4 |
| Eastern | 16 | 6 |
| Southern | 19 | 3 |
| Wan Chai | 16 | 6 |
| Kowloon City | 19 | 3 |
| Kwun Tong | 16 | 6 |
| Sham Shui Po | 17 | 5 |
| Wong Tai Sin | 16 | 6 |
| Yau Tsim Mong | 20 | 2 |
| Islands | 17 | 5 |
| Kwai Tsing | 17 | 5 |
| North | 18 | 4 |
| Sai Kung | 14 | 8 |
| Sha Tin | 18 | 4 |
| Tai Po | 20 | 2 |
| Tsuen Wan | 19 | 3 |
| Tuen Mun | 16 | 6 |
| Yuen Long | 16 | 6 |
| Total | 312 | 84 |

**Reduction of Vehicle Emissions as well as Training for and Shortage of Vehicle Mechanics**

21. **MR CHAN HAK-KAN** (in Chinese): *President, it is learnt that the lack of proper maintenance will increase the level of emissions by vehicles. Regarding the reduction of vehicle emissions in Hong Kong as well as the training for and shortage of vehicle mechanics, will the Government inform this Council:*

*(1) given that the Government launched the Ex-gratia Payment Scheme in March 2014 to gradually phase out more than 80 000 pre-Euro IV diesel commercial vehicles (DCVs) in Hong Kong, including light buses and non-franchised buses, with the aim of phasing out heavily polluting DCVs completely by 2020, whether the authorities have assessed the effectiveness of the Scheme since its implementation, including whether the targets can be achieved; if they have assessed, of the outcome;*

*(2) given the comment that the "idling emission test" method currently adopted in the annual examination of DCVs cannot effectively check the emission levels of nitrogen oxides and respirable suspended particulates, what improvement measures the Government has in place;*

*(3) given that the authorities have launched the Tax Incentives Scheme for Environment-friendly Commercial Vehicles to encourage vehicle owners to purchase environment-friendly commercial vehicles with low emissions, whether they have assessed the effectiveness of the Scheme; if they have assessed, of the outcome;*

*(4) given that the skills and qualifications of vehicle mechanics are classified and standardized under the voluntary registration scheme for vehicle mechanics implemented by the Government, of the respective numbers of various classes of registered vehicle mechanics under the scheme at present; whether it knows the respective percentages of such numbers in the total number of members of the vehicle maintenance trade;*

*(5) whether it knows the current number of training courses on vehicle maintenance offered locally; whether the Government will provide more resources to the Vocational Training Council to enhance skills training for vehicle mechanics; and*

*(6) as I have learnt that there has been a shortage of vehicle mechanics in recent years, what measures the Government has in place to mitigate this problem?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President,

(1) Diesel commercial vehicles (DCV) are one of the major sources of roadside air pollution in Hong Kong. To improve roadside air quality and better protect public health, the Environmental Protection Department (EPD) launched an incentive-cum-regulatory scheme in March 2014 with an aim to phasing out some 82 000 pre-Euro IV DCVs by the end of 2019 progressively. $11.4 billion are set aside for ex-gratia payment to assist the affected vehicle owners.

The scheme has progressed well since its launch. As at the end of February 2015, about 23 600 pre-Euro IV DCVs (that is, about 29% of the eligible vehicles) were retired under the scheme. To ensure all pre-Euro IV DCVs will be phased out before 2020 as scheduled, the timetable for not issuing vehicle licenses to the relevant DCVs was stipulated in the Air Pollution Control (Air Pollutant Emission) (Controlled Vehicles) Regulation, which was passed by the Legislative Council on 18 December 2013.

(2) Owing to technological limitations, smoke emission is still used as indicator to check if DCVs have been properly repaired. This practice is also implemented in other advanced regions in the world such as North America and Europe. To ensure the testing can reflect the smoke level of vehicles when driven on road, the EPD introduced in 2002, the dynamometer aided procedure for all smoke testing under the smoky vehicle control programme. The Transport Department also samples diesel vehicles to be tested by dynamometer during their annual roadworthiness inspections. The strengthened smoke vehicle control programme has successfully raised the attention of the society on smoky vehicles and vehicle owners' awareness in properly repairing their vehicles such that the number of smoky vehicles is substantially reduced. The number of reported smoky vehicles for smoke testing has been reduced by about 90%, from 46 263 in 2000 to 5 491 in 2014. We will continue to closely monitor the technological development for measuring other pollutants (such as nitrogen oxides and respirable suspended particulates) and will study the feasibility of implementation when appropriate.

(3) To improve roadside air quality, the EPD launched the Tax Incentive for Environment-friendly Commercial Vehicles on 1 April 2008 by offering tax concession on First Registration Tax to encourage vehicle buyers to choose commercial vehicles with better emission performance. In order to ensure that the tax incentive is available only to commercial vehicles with outstanding emission performance, the EPD reviews the qualifying standards annually in the light of technological advancement and the prevailing statutory emission standards for first registration of vehicles with the outcome being implemented in the following April.

As the supply of Euro VI heavy duty commercial vehicles (vehicle weight over 3.5 tonnes) is increasing, the EPD has thus tightened the qualifying standards of environment-friendly heavy duty commercial vehicles to Euro VI starting from 1 April this year to encourage vehicle buyers to choose Euro VI heavy duty commercial vehicles with lower emissions and vehicle manufacturers to introduce more Euro VI heavy duty commercial vehicle models into the Hong Kong market. This could help the early introduction of Euro VI as the statutory exhaust emission standard for first registration of heavy duty commercial vehicles.

By the end of February 2015, some 32 800 applications for tax concession of environment-friendly commercial vehicles have been approved since the launch of the Scheme which represents about half of the commercial vehicles registration during the period.

(4) According to the Electrical and Mechanical Services Department, 6 511 vehicle mechanics were registered under the voluntary registration scheme as of 1 March 2015, which was about 72% of the total vehicle mechanics in Hong Kong with reference to a survey conducted in 2014. The number of mechanics registered for mechanical and electrical class under the voluntary registration scheme were 4 629 and 1 007 respectively. Other registered classes include body repair, body painting, motorcycle maintenance, tyre work, battery work, lubrication work, car accessories work, air conditioning work and body building work. The number of mechanics of respective registered classes is provided in the table below:

| *Number of mechanics of respective registered classes(1)* | |
| --- | --- |
| M (Mechanical) | 4 629 |
| E (Electrical) | 1 007 |
| B1 (Body Repair) | 644 |
| B2 (Body Painting | 306 |
| S1 (Motorcycle Maintenance) | 111 |
| S2 (Tyre Work) | 84 |
| S3 (Battery Work) | 54 |
| S4 (Lubrication Work) | 50 |
| S5 (Car Accessories Work) | 51 |
| S6 (Air Conditioning Work) | 47 |
| S7 (Body Building Work) | 15 |

Note:

(1) A mechanic could register for more than one class.

(5) The Pro-Act Training and Development Centre (Automobile) [Automotive Industry Center] of the Vocational Training Council (VTC) organized 19 training courses on motor vehicle repair in 2014-2015 enrolling about 500 students. Similar numbers of classes and students are expected in coming academic year. If over-subscribed, the Automotive Industry Center will increase the number of classes to meet the demand of the industry.

In 2014-2015, the Employees Retraining Board (ERB) offers three training courses related to vehicle and motorcycle maintenance, namely the "Foundation Certificate in Car Maintenance, Beauty & Cleaning", the "Foundation Certificate in Vehicle and Motorcycle Servicing ― Youth Training Programme (Teen's Programme)" and the "Foundation Certificate in Vehicle and Motorcycle Servicing ― Youth Training Programme (Ethnic Minority Programme)". ERB may, having regard to demand, continue to offer these courses and determine the number of training places. In 2013-2014, the Government injected $15 billion into ERB to provide sustained and stable financial support for the Board. ERB may, having regard to the manpower requirements of our community, suitably and flexibly provide different training courses and determine the respective number of training places.

(6) With the funding approval of the Finance Committee of the Legislative Council in July 2014, the VTC has started to implement the Pilot Training and Support Scheme (Pilot Scheme) starting from the 2014-2015 academic year. The Pilot Scheme aims to attract and retain talent for specific industries with a keen demand for labour (including the Automobile industry), by integrating structured apprenticeship training programmes and clear career progression pathways. Under the Pilot Scheme, apprenticeship training for targeted industries will be provided to students alongside incentive allowances from the industries and the Government, as well as a salary level guaranteed by the industries. The training generally lasts for four years. The targets of the Pilot Scheme are Secondary Three to Secondary Six school leavers and eligible adult learners. It will benefit 2 000 students in total.

**Transport to and from Tseung Kwan O**

22. **DR ELIZABETH QUAT** (in Chinese): *President, some Tseung Kwan O residents have relayed to me that at present they mainly take MTR, franchised buses and public light buses to travel to and from Tseung Kwan O. As both the passenger throughput of the MTR Tseung Kwan O Line and the vehicular flow of the Tseung Kwan O Tunnel have already reached their maximum capacities during the morning and evening commuting peak hours, everyday those residents have to wait for several MTR trains before they can board the train, and road traffic congestion also results in a much longer journey time. In this connection, will the Government inform this Council:*

*(1) whether it has devised plans to alleviate the traffic congestion at the Tseung Kwan O Tunnel prior to the commissioning of the Tseung Kwan O - Lam Tin Tunnel; if it has, of the details; if not, the reasons for that;*

*(2) whether it has assessed, according to the current progress, if the Tseung Kwan O - Lam Tin Tunnel and the Cross Bay Link, Tseung Kwan O projects can be completed on schedule in 2020; if they cannot be completed on schedule, of the reasons for that; and*

*(3) given the continuous increase in the population of LOHAS Park in recent years, whether the Government will request the MTR Corporation Limited to study the construction of a railway extension to directly link up LOHAS Park Station with the Kwun Tong Line, with a view to cancelling the "2+1" train service arrangement; if it will, of the details; if not, the reasons for that?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Chinese): President, my reply to the various parts of Dr Elizabeth QUAT's question is as follows:

(1) The Government has been closely monitoring the road traffic conditions in all districts. The Tseung Kwan O Tunnel is the trunk road connecting Tseung Kwan O New Town with Kowloon. The current volume/capacity ratio at the tunnel during peak hours is about 1.13, indicating that traffic during this period is relatively slow with mild congestion but the situation is still acceptable.

We expect that the traffic conditions at Tseung Kwan O Tunnel will be further improved upon the commissioning of the Tseung Kwan O - Lam Tin Tunnel. In the short term, as other roads connecting Tseung Kwan O and Kowloon are very circuitous, they can hardly have a significant effect on diverting the existing traffic flow at Tseung Kwan O Tunnel. Thus, improvement of the traffic conditions could only made upon the commissioning of the Tseung Kwan O - Lam Tin Tunnel. In any case, the Transport Department will continue to closely monitor the traffic condition at the Tseung Kwan O Tunnel.

(2) The detailed designs for the Tseung Kwan O - Lam Tin Tunnel and the Cross Bay Link, Tseung Kwan O projects have already commenced and are in progress as scheduled. Subject to the smooth work progress and the Legislative Council's funding approval for the construction works, according to the current assessment, the proposed Tseung Kwan O - Lam Tin Tunnel is expected to be commissioned in 2020 at the earliest. We hope that the commissioning date of the Cross Bay Link, Tseung Kwan O could dovetail with that of the Tseung Kwan O - Lam Tin Tunnel.

(3) To plan our future railway development as early as possible, the Government commissioned a consultant to conduct a study for the Review and Update of the "Railway Development Strategy 2000" in 2011. Having considered the comments collected in the two rounds of Public Engagement exercise in 2012 and 2013 respectively, and the consultant's subsequent overall recommendations, the Transport and Housing Bureau announced the "Railway Development Strategy 2014" in September 2014. Having regard to transport demand, cost-effectiveness and the development needs of New Development Areas and other new developments, we recommended seven new railway projects be completed in the planning horizon up to 2031, including the Northern Link and Kwu Tung Station, Tuen Mun South Extension, East Kowloon Line, Tung Chung West Extension, Hung Shui Kiu Station, South Island Line (West) and the North Island Line. At present, the Government has no plan to study the construction of a railway extension to directly link up LOHAS Park Station with the Kwun Tong Line.

To increase the overall carrying capacity of the Tseung Kwan O Line during peak hours, the MTR Corporation Limited (MTRCL) has implemented a new "2+1" train service arrangement on the Tseung Kwan O Line since December 2014. Under this arrangement, for every group of three trains to North Point, the first two trains will depart from Po Lam Station and the third from LOHAS Park Station. This can help relieve crowdedness along the busiest section between Yau Tong and Quarry Bay stations during the morning peak hours. Meanwhile, the frequency of train service between LOHAS Park and North Point stations has also been reduced from 10 minutes to seven minutes. Since its implementation, the "2+1" train service arrangement on the Tseung Kwan O Line has generally received favourable response from passengers. The MTRCL will continue to closely monitor the passenger demand for train service on the Tseung Kwan O Line, and review its train service arrangements from time to time having regard to actual train operation.

**BILLS**

**First Reading of Bills**

**PRESIDENT** (in Cantonese):Bill: First Reading.

**Inland Revenue (Amendment) Bill 2015**

**CLERK** (in Cantonese):Inland Revenue (Amendment) Bill 2015.

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

**Second Reading of Bills**

**PRESIDENT** (in Cantonese):Bill: Second Reading.

**INLAND REVENUE (AMENDMENT) BILL 2015**

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Cantonese):President, I move the Second Reading of the Inland Revenue (Amendment) Bill 2015 (the Bill).

The purpose of the Bill is to extend the current profits tax exemption for offshore funds to private equity funds, so as to allow eligibility for tax exemption for offshore private equity funds.

We amended the Inland Revenue Ordinance in 2006 to provide for a profits tax exemption regime that is applicable to offshore funds, as with other major international financial centres. However, the present tax exemption does not apply to private equity funds. It is mainly because under the current exemption provisions, an offshore fund must perform "specified transactions", including transactions in securities, so as to qualify for tax exemption. The "specified transactions" concerned must be carried out through or arranged by "specified persons", which include corporations licensed under the Securities and Futures Ordinance to carry out such transactions. Nevertheless, while the current definition of "securities" does not generally include securities of a private company, private equity funds may not necessarily be managed by licensed corporations as well; thus, offshore private equity funds with profits derived from transactions in securities of private companies could be subject to Hong Kong profits tax.

In order to provide offshore private equity funds with equal eligibility for tax exemption, the legislative proposal in the Bill includes three main aspects.

Firstly, to extend tax exemption to offshore private equity funds. We propose that a transaction in securities in an eligible portfolio company held by an offshore private equity fund be put into the scope of definition of "specified transaction" by way of amending the definition of "securities", such that offshore private equity funds will be eligible for profits tax exemption. The Bill also stipulates the conditions that a portfolio company should meet to qualify for tax exemption, which include that the company must be a private company incorporated outside Hong Kong, or that the company should not, subject to a *de minimis* requirement, carry on any business and hold any immovable property in Hong Kong.

Secondly, to allow offshore qualified private equity funds to enjoy tax exemption. We propose to amend the existing exemption provisions, such that if an offshore private equity fund carrying out a "specified transaction" is a "qualifying fund", it could also be eligible for tax exemption without necessarily having conducted the transaction in securities in the portfolio company through a licensed corporation. The Bill also stipulates that a "qualifying fund" should satisfy prescribed conditions, so as to ensure that only *bona fide* private equity funds will be eligible for tax exemption.

Thirdly, to allow exemption from the payment of profits tax for Special Purpose Vehicles (SPVs). Given that private equity funds generally set up one or multiple-tier SPVs to hold their portfolio companies, the Bill allows exemption from the payment of tax for both profits of offshore private equity fund derived from the transaction in the securities in an eligible portfolio company through disposal of securities in an SPV set up in Hong Kong or overseas, and profits derived from a transaction in securities in an interposed SPV or an eligible offshore portfolio company.

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

In order to prevent abuse, the existing "deeming provisions" will equally apply to offshore private equity funds. That means if a resident person holding a beneficial interest of 30% or more in a tax-exempt private equity fund, profits earned by the fund will be deemed assessable profits. The Bill also makes a similar deeming provision for SPVs.

Deputy President, we propose to provide clear tax exemption to transactions conducted by offshore private equity funds in respect of eligible overseas portfolio companies, with a view to attracting more private equity fund managers to expand their business in Hong Kong and hire local asset management, investment and advisory services. This will not only be conducive to the further development of our asset management industry and strengthen Hong Kong's status as a leading centre for private equity funds in Asia, but also drive demand for other relevant professional services.

We have consulted the industry on the legislative proposal. The industry generally welcomes the proposal and urges for its early implementation. I hope Members may support the Bill to facilitate its early implementation, which would help strengthen Hong Kong's position as an international asset management centre and foster the further development of our financial services sector as a whole.

Deputy President, I so submit.

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

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

**Resumption of Second Reading Debate on Bills**

**DEPUTY PRESIDENT** (in Cantonese): We now resume the Second Reading debate on the District Cooling Services Bill.

**District Cooling Services Bill**

**Resumption of debate on Second Reading which was moved on 15 October 2014**

**DEPUTY PRESIDENT** (in Cantonese): Ir Dr LO Wai-kwok, Chairman of the Bills Committee on the above Bill, will address the Council on the Committee's Report.

**IR DR LO WAI-KWOK** (in Cantonese): Deputy President, in my capacity as Chairman of the Bills Committee on District Cooling Services Bill (the Bills Committee), I now submit the Bills Committee's Report to the Council and report on the highlights of the deliberations by the Bills Committee.

A District Cooling System (DCS) is an energy-efficient air-conditioning system which consumes 35% less electricity as compared with traditional air-cooled air-conditioning systems and 20% less electricity as compared with individual water-cooled air-conditioning systems using cooling towers. The object of the Bill is to provide for matters relating to district cooling services provided by the Government. The present Bill is only applicable to the DCS at the Kai Tak Development (KTD), but the scope of application the Bill can be expanded through future amendments to the Schedules.

The Bills Committee has held eight meetings to receive views from the public and conducted a site visit to the KTD. Members generally welcome and support the implementation of the DCS at the KTD. The Bills Committee notes that apart from energy saving, the DCS also has other benefits, such as reducing the total building cost by about 5% to 10%, enabling more flexible building designs, reducing heat island effects in the KTD, and providing a more adaptable air-conditioning system to the varying demand as compared to individual air-conditioning systems. In the course of deliberation, members have mainly expressed concerns and views about the justifications for providing district cooling services and charge for the services through legislative means, various issues relating to the provision of and charging for district cooling services as well as the appeal mechanism.

The Bills Committee requested the Administration to explain why it has to provide district cooling services and charge for the services through legislative means. The Administration explained that there are three reasons for the Government to legislate to provide such services: Firstly, according to a case of the House of Lords of the United Kingdom, there should be clear statutory authority based on which the Government may impose a charge or a fee. Secondly, in order to empower the Electrical and Mechanical Services Department (EMSD) to make use of the district cooling services charges and fees received by the Government to settle operation and maintenance fees for the DCS contractor directly, the Administration needs to introduce the relevant statutory provisions to provide for this offsetting arrangement. And, thirdly, it is necessary for the Government to provide for the necessary powers and duties in relation to the operation of the district cooling services such as access for inspection and maintenance, which all require legislation.

The Bills Committee notes that the district cooling services tariff set out in the Bill seeks to recover both the capital and operating costs of the DCS over its project life in 30 years. Some members have expressed concern that the Administration may not be able to achieve full cost recovery within the project life of the DCS. Some members opine that in view of rapid technology advancement, the DCS may no longer be an energy-efficient system in future and user buildings may choose not to subscribe to district cooling services. Under these circumstances, the DCS at the KTD may turn into a "white elephant project" and the capital and operating costs of the DCS may eventually be shouldered by only a few DCS users.

The Administration has advised that the level of tariff specified in Schedule 2 to the Bill has been worked out on the basis of the target rate of return, which taken into account the nature of the industry, the specific project related risk, the market interest rate as well as the expected rate of return for similar investment. The Administration has assured that the tariff will be set at a competitive level comparable to the cost of individual water-cooled air-conditioning system using cooling towers, which is one of the most energy-efficient air-conditioning systems available in the international market. The Administration expected that in the initial years of operation, the charges collected may not be able to cover all the operating costs for the district cooling services. However, as the number of completed developments increases in subsequent years, the project will be able to achieve a reasonably high subscription rate given the competitiveness of the DCS over other forms of air-conditioning.

Regarding the tariff adjustment mechanism, the Bills Committee notes that the proposed tariff comprises a capacity charge, a consumption charge, a capacity overrun charge and surcharges for unpaid charges, and the former two charges are the key tariff components. While the rate of the capacity charge will be adjusted annually based on the change in the Composite Consumer Price Index, the rate of the consumption charge will be adjusted annually based on the change in electricity tariff rate respectively. The Administration will conduct a comprehensive review of the level of district cooling services charges once every five years. The Bills Committee is of the view that more frequent reviews of the district cooling services tariff are necessary to ensure the competitiveness of the district cooling services charges. The Administration has assured that it will review the level of charges at least once every five years and additional reviews can be conducted if necessary and as appropriate. Any changes in the cost or revenue of the DCS brought about by future technological developments and managerial advancement will be taken into account in the reviews.

Members note that under clause 4 of the Bill, the owner or occupier of each building, or a person responsible for its management, may apply to the Director of EMSD to be the consumer of district cooling services for the building. Given that the Bill does not seem to preclude two or more persons who satisfy the requirements to make their respective applications, the Bills Committee is concerned about how the Director will handle this kind of applications.

The Administration has advised that applicants who have become approved consumer must satisfy the conditions specified in clauses 4(1) to 4(3), including the payment of the relevant fees and charges, and the installation and maintenance of the facilities for the building to receive district cooling services. That being the case, the possibility that two or more persons will apply at the same time should be very slim. In case this does happen, the Director will consider and assess the capability of the applicants to comply with the specified conditions of the Bill.

The Bills Committee asked if individual occupiers or tenants of a building may choose not to subscribe to the district cooling services. The Administration has advised that, as with the charging arrangements of any other buildings using central air-conditioning systems, individual tenants or occupants should negotiate and decide with the building owner or the management company on the charging arrangements for the use of the district cooling services. The services charges may form part of the rent or management fee, or may be separately charged.

Clause 22(1) of the Bill provides that a person who is aggrieved by any of the decisions and direction specified in the clause made by the Director may appeal to an appeal board. The Bills Committee is concerned that, under this clause, a decision made by the Director to suspend or terminate district cooling services due to the failure on the approved consumer's part to observe a requirement relating to the services is appealable, whereas a decision of the Director to suspend or terminate district cooling services relating to the operation, maintenance or safety of the DCS is not appealable. Members consider that all decisions to suspend or terminate district cooling services made by the Director should be rendered appealable under the Bill. It is undesirable to solve the grievances by means of judicial review. Taking into account members' views, the Administration agrees to move a Committee stage amendment (CSA) to expand the scope of appeal to the appeal board.

According to clause 25(2) of the Bill, an appeal board is to consist of five members and the Chairperson of the board must be legally qualified. The remaining four members must be appointed from the three categories of members specified in clause 24(1). The Bills Committee notes that it is the Administration's intent to appoint at least one member from each of the three categories to an appeal board. Having considered members' views, the Administration agrees to move a CSA to reflect such intent more clearly.

The Bills Committee notes that the Administration will also move a number of technical and textual amendments. The Bills Committee accepts the CSAs to be moved by the Administration and will not propose any other CSA to the Bill.

The Bills Committee has also discussed on a number of other provisions and the details are contained in the written report.

Deputy President, the following are my personal views on the Bill.

Deputy President, responding to climate change is a major challenge now faced by human beings. We must adopt a multi-pronged approach to reduce greenhouse gas emissions by all means, which include promoting the use of cleaner energy and renewable energy, as well as promoting energy efficiency and green building. As the Legislative Council Member representing the engineering sector and the Chairman of the Hong Kong Green Strategy Alliance, I will join hands with conscientious industry players to keep in view of Hong Kong's environmental protection policies and sustainable development, hoping that the SAR Government will provide clear targets and roadmap for the sustainable development of environmental protection and energy.

It goes without saying that the concept and planning of sustainable development must cover topics relating to energy efficiency and green building, I am therefore very delighted to take part in the scrutiny of the Bill and assume the role of Chairman of the Bills Committee. I have urged the Government time and again inside and outside this Council to specifically introduce measures from the perspective of demand for electricity, and proactively promote energy efficiency to reduce electricity consumption of buildings. In terms of Hong Kong's greenhouse gases emissions, electricity generation accounts for about two thirds of our total emissions and close to 90% of electricity is consumed in buildings. In other words, electricity consumed by buildings contributes to about 60% of Hong Kong's greenhouse gas emissions.

Given that enhancing the energy efficiency of buildings can effectively reduce greenhouse gas emissions and mitigate climate change, the Administration has therefore taken the initiative to install energy efficiency facilities in a number of government buildings, thereby providing greater encouragement to the industry. In 1998, the EMSD introduced the voluntary Hong Kong Energy Efficiency Registration Scheme for Buildings to promote the application of the Building Energy Codes (the Codes). Also, the Buildings Energy Efficiency Ordinance was fully implemented on 21 September 2012 to raise the energy efficiency requirements of commercial buildings by requiring the developers or owners of new buildings to ensure that the four major building services installations, including lighting, electrical, air conditioning and life and escalator installations of buildings, must comply with the design standards of the Codes.

The Steering Committee on the Promotion of Green Building was set up by the current-term Government in 2013 to enhance the co-ordination among departments and formulate strategies to promote green building. In the 2015 Policy Address, the Chief Executive again announced that the Government is setting a new target of achieving a 5% saving in electricity consumption for government buildings in the coming five years and conduct energy audits for major government buildings. The Government has also advised that it will work with public and private organizations to further foster a low-carbon and livable built environment to reduce Hong Kong's overall electricity demand. These measures will undoubtedly promote the development of local environmental protection and green building. The so-called green building is merely a building practice that can minimize the impact of buildings on the environment, ensuring that efficient use of energy and other resources as well as minimization of waste and pollution can be achieved in various stages, from the identification of site, design, construction, management to maintenance.

In sub-tropical Hong Kong, the high density of buildings has also posed a challenge to the quality of our environment. The Hong Kong Green Building Council launched the HK3030 Campaign to put forth a long-term proposal to reduce the electricity consumption of buildings in Hong Kong. Using the electricity consumption level of 2005 as the yardstick, it seeks to reduce the electricity consumption of buildings territory-wide by 30% by 2030. So far, 25 recommendations have been put forward to develop Hong Kong into a low carbon city.

Deputy President, against the abovementioned background, we can more appropriately assess the function and meaning of implementing the DCS at the KTD. The DCS is an air-conditioning system with relatively higher energy efficiency, which consumes 35% less electricity as compared with traditional air-cooled air-conditioning systems and 20% less electricity as compared with water-cooled air-conditioning system using cooling towers. Furthermore, the DCS may also reduce the total building cost by about 5% to 10%, enabling more flexible building designs, reducing heat island effects in the KTD, and providing a more adaptable air-conditioning system to the varying demand as compared to individual air-conditioning systems. The DCS helps to develop Kowloon East as a green community, and it is hoped that after gaining the relevant experience in development, the DCS can be further improved and promoted to serve as a role model of green building.

As a matter of fact, although the Bill only covers the DCS at the KTD, it can be further expanded to cover other DCSs through future amendments to Schedules 1 and 2. I am of the view that in planning other new development areas, the SAR Government should, if conditions allow, include planning element similar to green building to promote the district cooling technique.

The object of the Bill is to provide for matters relating to the district cooling services provided by the Government, and although the Administration has predicted the possible problems that may arise in the course of implementation and will move amendments at the Committee stage according to the views expressed by Bills Committee members, it is fair to say that no one has the crystal ball to clearly foretell the future development. If future technological developments and managerial advancement do have any implication on the cost or revenue of the DCS, prompt adjustments would have to be made accordingly.

Deputy President, what will be the future development of green building in Hong Kong? Will electricity consumption of buildings meet the target laid down by the Hong Kong Green Building Council in its HK3030 Campaign, that is, reducing electricity consumption by 30% of the 2005 level by 2030? I think the key lies in whether people from different strata of society, including the SAR Government, the relevant industry and members of the public, can earnestly work hand in hand for the sustainable development of Hong Kong. The DCS at the KTD will be a very good pilot project. Through green building, we can promote energy conservation territory-wide and forge a low-carbon lifestyle so as to develop Hong Kong into a low carbon city.

With these remarks, Deputy President, I implore Members to support the Bill.

**MR CHAN HAK-KAN** (in Cantonese): Deputy President, the District Cooling System (DCS) is nothing new as Europe has been using it for more than 20 years and its energy efficiency has been well proven by statistics. Just now, Ir Dr LO Wai-kwok has also mentioned the relevant statistics, and that is, the DCS consumes 20% to 35% less electricity as compared with ordinary air-conditioning systems and can significantly reduce carbon emissions. The Democratic Alliance for the Betterment and Progress of Hong Kong and I strongly welcome the implementation of the DCS at the Kai Tak Development (KTD), and hope that the DCS will also be implemented in the new development areas in future, such as the North East New Territories New Development Areas and the Hung Shui Kiu New Development Area.

The District Cooling Services Bill (the Bill) has provided a framework for the charging and services of the future DCS, and the enacted ordinance may also apply to other DCSs that may be constructed by the Government in the future. It has therefore laid down the framework for the future district cooling services.

The Government hopes to recover the building and operating costs of the DCS in 30 years. I would like to point out, in order for the Government to achieve this target, the Electrical and Mechanical Services Department must have good financial management and ensure that the services provided are competitive. In the course of operation, the Government should also improve and update the DCS facilities from time to time, with a view to keep abreast of the pace of energy saving and emission reduction. More importantly, the Government should promptly review the charges. High charges will undermine the attractiveness and competitiveness of the DCS, and only reasonable charges can ensure the sustainable use of the DCS in the private non-domestic development in the KTD.

The DCS in the KTD is mainly provided for use by the public and private non-domestic developments in the area, and the Phase I project was rolled out in February 2013 for the Kai Tak Cruise Terminal. Subsequently in May, the DCS was also provided to the Ching Long Shopping Centre. In these two years, we have not heard of any major failure of the DCS and I think the operation of the DCS has been pretty smooth so far. I am also aware that starting from the second quarter of this year, the Government will provide chilled water to other buildings, which include the Trade and Industry Tower, two schools and the Hong Kong Children's Hospital. Although the DCS has so far maintained a pretty good track record, I eagerly hope that the Secretary will put in place some contingency and failure prevention measures to ensure stable supply for all buildings.

Deputy President, 10 years have been spent from planning to implementation of the DCS, and it is a large-scale project which requires the laying of huge underground pipelines. If the Government really plans to build the DCS at the new development areas which I have just mentioned in the future, I hope that it should make proper arrangements for planning and development as early as possible. Furthermore, it should learn a lesson from the present case of insufficient funding. I recall that when the last-term Government proposed to build the DCS, the initial cost was $1.7 billion, but it has risen to nearly $5 billion as at May 2013, representing a huge difference from the anticipated cost. I hope that the Government will learn a lesson so as to prevent such huge difference in engineering or financial assessment when new DCSs are constructed in the future.

Deputy President, I also hope that the Government will conduct reviews on a regular basis. During the deliberation of the Bills Committee, the Electrical and Mechanical Services Department has undertaken to establish a customer liaison group to strengthen communication with individual approved customers and collect views on the operation and maintenance of the DCS. I also hope that the Government will constantly report to members of the relevant Panels on the project developments, so as to facilitate our decision on the construction of new DCSs in other areas.

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

**MS CYD HO** (in Cantonese): I speak in support of the project and the Bill on behalf of the Labour Party. In fact, the concept of district cooling was proposed by the last-term Government, and I believe that it is the dream of all town planners or people devoted to bringing in new facilities in urban development to develop a new area from scratch, because they may implement environmentally-friendly and energy-saving systems in a brand new area.

When the concept was put forward by the Environment Bureau of the last-term Government, it had a wider scope covering the centralized cooling system of all domestic developments in the area, including public rental housing and Home Ownership Scheme projects. At that time, we asked the Government whether individual residents would have a choice if a centralized cooling system was adopted. Owing to reasons of life-style or energy conservation, individual households may prefer switching off their air-conditioners to save energy, notwithstanding the higher energy efficiency of the new cooling system. Can such households choose to switch off their air-conditioners? It is only after the Government introduced the relevant bill that people are aware that the project does not apply to domestic buildings, but only covers non-domestic buildings such as existing government buildings, the Cruise Terminal, hospitals and future commercial buildings.

I think the tariff structure and the empowering of the Government to collect tariff will be a great challenge in the days to come, because if the District Cooling System (DCS) is to be expanded to cover domestic developments, all households will be required to pay tariff, implying that all households would be installed with the basic infrastructures and meters for electricity consumption and the DCS system. As the current Bill only covers non-domestic developments, each building will have only one applicant to negotiate with the Government or the Electrical and Mechanical Services Department (EMSD) on matters relating to installation, maintenance and charges. Although the proposed charging system facilitates the empowering of the Government to collect tariff and perform future administrative functions, it may not be effective in further encouraging energy conservation or changing the electricity consumption habit of households. Therefore, we wish to make our first step in the KTD. Although it may not achieve the most desirable result, the Government may, in the light of this project, make more detailed consideration in the future construction of DCSs in other areas, with a view to extending the DCS to domestic developments as well.

Problems found in the proposed tariff system are indeed a cause of concern. During the deliberation, the most frequently discussed issue is the duties of and relationship between the applicant (an approved consumer) and individual consumers of buildings. According to the proposed tariff structure, there will be one applicant for each building. But what if there are two organizations or two persons applying as pointed out by Ir Dr LO Wai-kwok just now? We have discussed this issue during our deliberation, and the Government states that it will only allow one applicant as approved consumer. What is the relationship between the approved consumer and the individual tenants of the building?

Let us first look at the charges. The Bill requires that the approved consumer should pay the full charges, who will then charge individual tenants in the form of rent, management fee or even air-conditioning charges calculated in terms of the area occupied, disregarding whether the tenants have energy-saving behavior. This is a common charging method currently adopted by many shopping malls or commercial buildings. Nonetheless, there are cases of poor management on the part of the applicant. The simplest example is late payment or non-payment to the EMSD, or the EMSD has to suspend the district cooling services due to the adverse financial position of the applicant. If the provision of cooling services of a shopping mall is suspended due to the personal problem of the approved consumer, other users in the mall will also be seriously affected. Should they install another ordinary air-conditioning system to ensure continuous operation, just in case the provision of cooling services by the management office is suspended and render them unable to do business?

In fact, during the deliberation of the Bill, government officials have committed to expeditiously deal with the matter and notify all users through, for example, the liaison group mentioned by Mr CHAN Hak-kan once electricity supply is cut. And yet, it is not enough to expeditiously notify the users. The prime task is to resume the provision of the cooling services. Then who will be liable to pay for the charges incurred for the period from the suspension of electricity supply to the resumption of cooling services? The Bill does have loopholes, but we will not stop the enactment because of these loopholes. Our kind Members hope that the above situation will not arise when the legislation is enforced, and that the Government will notify all users before the suspension of the cooling services, and identify another approved consumer. Alternative solution will only be sought when substitute applicant cannot be identified, but the premise is that the provision of cooling services of any building should not be arbitrarily suspended because of the personal problems of the approved consumers. Wouldn't it be a waste of resources if all users of a small commercial building install their own window type or split type air-conditioners, or even individual cooling towers? The Administration is duty-bound to expeditiously plug the loopholes so that the users of commercial buildings in the new development areas can rest assured in using the central air-conditioning system, thus obviating the need to buy movable or window type air-conditioners.

Regarding the relationship between individual users and the approved consumer of each building, a number of questions have been raised during the deliberation. Members from different political parties and groupings have provided valuable views, and the Administration should respond to these specific questions. Although the Secretary may not be able to answer all these questions today, I do hope that he will advise this Council how the loopholes can be plugged through administrative means before the cooling services are introduced territory-wide.

Deputy President, another issue is the recovery of costs. This legislation is enacted mainly because the Government must have the statutory power and legal justification to collect charges from the community, as in the case of the Inland Revenue Ordinance, and this is the purpose of enacting this legislation. We have therefore asked the Administration during the deliberation of the Bill whether the public nature of this large-scale environmentally-friendly project has prompted the Government to recover the full cost within a certain period of time, and thus users have to pay a higher tariff than that of the current power supply.

The fact is that there is still no concrete statistics to suggest an appropriate level of charges. Of course, during the deliberation of the Bill, officials of the Bureau have made pledges so as to secure the passage of the Bill, but the level of charges has yet to be set. We will certainly keep an eye on this, and as government officials have said, the tariff will be set at a competitive level. Nonetheless, environmental protection is not a pure commercial activity because if we do not exercise any restraint on electricity consumption or carbon emission ‍ The Secretary has been very concerned about this for many years, and he knows very well that this is not something that can be rectified by market behavior. Rather, this is the responsibility of the Government. Therefore, although he said the tariff will be competitive and will not far exceed that of the existing power supply services, we still earnestly hope that instead of aiming to achieve full cost recovery within a certain period of time, he would keep the new tariff below the existing level by all means. In that case, people will be happy to use the new service. I hope that the Administration will take this into account when determining the actual tariff.

Lastly, Deputy President, while the consequence of climate change will be borne by all human beings, those causing such change are the more affluent ones who can readily use resources and electricity. This is why the Labour Party always says that environment destruction and climate change are a matter of class interests, because only people who can afford to spend and even waste will consume large amount of resources and result in high carbon emission. But unfortunately, the loss of farm produce and soaring prices of food products resulted from climate change have only little impacts on the middle class as they will not suffer from hunger even if they dine out less frequently. So long as they do not desire luxurious lifestyle, their basic living needs will not be affected. However, for the grass-roots people who barely have enough food for each month, an increase in food prices by 10% will mean that they may suffer from hunger for a few days in a month.

Therefore, environmental protection, energy conservation and carbon emission reduction are the public administrative responsibilities of the Government. Let me reiterate my previous arguments, I hope that instead of focusing purely on cost recovery or the competitiveness of the tariff, the Administration should further promote the DCS so that people will be happy to use it. Furthermore, I also hope that the Administration will impose a lower tariff in the new development areas for the benefits of the people, especially the grassroots, so that they will not have to bear the long-term consequences brought about by climate change. Thank you, Deputy President.

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

(No Member indicated a wish to speak)

**DEPUTY PRESIDENT** (in Cantonese): If not, I now call upon the Secretary for the Environment to reply. The debate will come to a close after the Secretary has replied.

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): Deputy President, first of all I wish to extend my sincere gratitude to Ir Dr LO Wai-kwok, Chairman of the Bills Committee on District Cooling Services Bill (the Bills Committee), members of the Bills Committee and staff members of the Legislative Council Secretariat for their efforts. Eight meetings have been convened over the past four months or so. The Chairman of the Bills Committee and other Members of the Legislative Council even paid a site visit to the facilities of the District Cooling System at the Kai Tak Development. I would like to express my sincere gratitude to the Bills Committee for conducting thorough and in-depth discussions over the provisions of the District Cooling Services Bill (the Bill) and providing us with valuable views. I would also like to thank the two Members who have just spoken for their views.

The Government proposes the Bill to provide the Administration with the necessary legal backing for collecting charges from users for the use of the services provided by the District Cooling System (DCS), and for authorizing the Electrical and Mechanical Services Department to make use of the charges received to offset the operating costs for the DCS. The Bill also provides for matters relating to the district cooling services provided by the Government, including the imposition of charges for the services and other related matters.

The DCS is an energy-efficient air-conditioning system, and it is also one of the major infrastructure facilities in support of the sustainable and environmentally friendly development at the Kai Tak Development. To promote energy efficiency and conservation, and with the support of the Legislative Council, the Government is constructing a first-of-its-kind DCS at the Kai Tak Development with a planned total of about 1.73 million sq m of non-domestic air-conditioned gross floor area, requiring about 284 megawatt of refrigeration cooling capacity.

The DCS consumes 35% and 20% less electricity as compared with traditional air-cooled air-conditioning systems and individual water-cooled air-conditioning systems using cooling towers respectively. The technology has been widely adopted in other parts of the world, such as the United States, Europe and Singapore. Due to better energy efficiency, the maximum annual saving in electricity consumption upon completion of the entire DCS is estimated to be 85 million kilowatt-hours, with a corresponding reduction of nearly 60 000 tonnes of carbon dioxide emissions per annum.

Apart from energy saving, the DCS brings about other benefits for users. Some examples are reduction in upfront capital cost for installing chiller plants at their buildings, no noise and vibration arising from the operation of heat rejection equipment and chillers of air-conditioning plants, reduced heat island effects in the Kai Tak Development, air quality improvement and more flexible building designs for buildings.

The proposed tariff set out in the Bill enables the Government to achieve full cost recovery of the DCS over its project life in 30 years. It is lower than the cost of the air-conditioning systems available in the market. Long-term energy savings will translate into a reduction in cooling costs.

I thank Mr CHAN Hak-kan for his question. I would like to elucidate matters relating to project expenses. As a matter of fact, Phases I and II of the project have been completed, and there have been no cost overruns, which are basically within our expectation. As for Ms Cyd HO's concern about the provision of cooling services to public housing and Home Ownership Scheme flats, I would like to point out that generally speaking, centralized cooling will not be provided to such flats. From the perspective of the optimal use of resources, the provision of centralized cooling to such flats may not be most cost-effective. As for Members' query about the handling of non-payment of charges by approved consumers, the Electrical and Mechanical Services Department has undertaken to continue to maintain the stable provision of cooling services as far as possible. When it comes to actual operation, approved consumers are required to pay a deposit, which is roughly equivalent to the charges for two months.

Deputy President, owing to the comments of the Bills Committee, the Government has proposed a few amendments to the Bill in response to the suggestions of the members and to make some textual revisions. The amendments concerned have been submitted to the Bills Committee for deliberation and discussion, and the Bills Committee welcomes such amendments. For this reason, I will later move the relevant amendments at the Committee stage, and explain why such amendments are made.

Phases I and II of the DCS at Kai Tak had been completed in the first quarter of 2013 and third quarter of 2014 respectively. The project of the two phases had both been completed within the budgets approved by the Legislative Council. The System already provides district cooling services to Kai Tak Cruise Terminal building and Ching Long Shopping Centre under the Hong Kong Housing Authority. We anticipate that we will, from mid this year onwards, start providing district cooling services to non-government users and collect charges from them, and hence there is a need for the Bill to be passed by the Legislative Council expeditiously.

(THE PRESIDENT resumed the Chair)

President, I move the resumption of the Second Reading of the Bill. I implore Members to support the passage of the Bill and the amendments to be moved at the Committee stage in a moment, so as to expeditiously pass the Bill and put it into force. Thank you, President.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the District Cooling Services Bill be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

**CLERK** (in Cantonese): District Cooling Services Bill.

Council went into Committee.

**Committee Stage**

**CHAIRMAN** (in Cantonese): Committee stage. Council is now in Committee.

Members may refer to the Appendix to the Script for the debate and voting arrangements for the Bill.

**DISTRICT COOLING SERVICES BILL**

**CHAIRMAN** (in Cantonese): I will first deal with the clauses with no amendment. I now propose the question to you and that is: That the following clauses stand part of the District Cooling Services Bill.

**CLERK** (in Cantonese):Clauses 1, 3, 7, 8, 9, 11 to 21, 23 and 26 to 34.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

**CLERK** (in Cantonese): Clauses 2, 4, 5, 6, 10, 22, 24 and 25.

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): Chairman, I move the amendments to clauses 2, 4, 5, 6, 10, 22, 24 and 25 of, Schedule 1 to, as well as sections 1 and 5 of Schedule 2 to the District Cooling Services Bill (the Bill). The amendments are already set out in the paper circularized to Members.

During the scrutiny period, the Bills Committee offered many valuable views. We therefore put forward several amendments in response to members' views. The amendments are mainly textual and technical in nature. I will hereafter briefly explain such amendments.

Regarding clause 2, our proposed amendment seeks to add the definition of "agreed starting date" for ease of reference in other clauses of the Bill. We also propose to amend the definition of "approved consumer" and "estimated maximum cooling capacity", so as to achieve better clarity of and consistency between the Chinese and English versions of the relevant provisions in the Bill.

Regarding clauses 4, 5, 6 and 10, our proposed amendments seek to improve the presentation of the relevant clauses and achieve consistency between the wordings of the provisions, and are mostly consequential amendments following the introduction of the definition of "agreed starting date". In response to the amendment to clause 10, we propose to amend correspondingly the square-bracketed cross reference in Schedule 1.

Regarding clause 22(1)(c) and (1)(d), we propose to add sections (d), (e) and (f) to the clause in response to the views of the Bills Committee, so as to make decisions pertaining to section 7(1)(d), (e) or (f) appealable to the appeal board.

Regarding clause 24(1)(b), (1)(c) and (2)(b), we propose to amend the English version of the clause, so as to make more accurate reference to the professional organization concerned.

Regarding clause 25(2)(b), we propose an amendment in response to the views of the Bills Committee, so as to reflect the intent of the Administration regarding the composition of the appeal board more accurately, that is, at least one member from each of the three categories specified in clause 24(1)(b), (c) and (d) should be appointed to constitute the remaining four members of the appeal board other than the chairperson.

Lastly, regarding sections 1 and 5 of Schedule 2, our proposed amendments seek to improve the presentation of the sections concerned.

The Bills Committee has noted and supported the aforementioned amendments. I therefore implore Members to pass these amendments. Thank you, Chairman.

*Proposed amendments*

**Clause 2 (see** [**Annex I**](#anx01)**)**

**Clause 4 (see** [**Annex I**](#anx01)**)**

**Clause 5 (see** [**Annex I**](#anx01)**)**

**Clause 6 (see** [**Annex I**](#anx01)**)**

**Clause 10 (see** [**Annex I**](#anx01)**)**

**Clause 22 (see** [**Annex I**](#anx01)**)**

**Clause 24 (see** [**Annex I**](#anx01)**)**

**Clause 25 (see** [**Annex I**](#anx01)**)**

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

(No Member indicated a wish to speak)

**CHAIRMAN** (in Cantonese):I now put the question to you and that is: That the amendments moved by the Secretary for the Environment be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

**CLERK** (in Cantonese): Clauses 2, 4, 5, 6, 10, 22, 24 and 25 as amended.

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

(Members raised their hands)

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

(No hands raised)

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

**CLERK** (in Cantonese): Schedules 1 and 2.

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): District Cooling Services Bill 

**CHAIRMAN** (in Cantonese): Secretary for the Environment, please move the amendments to Schedules 1 and 2.

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): Chairman, I move the amendments to Schedules 1 and 2. Regarding sections 1 and 5 of Schedule 2, our proposed amendments seek to improve the presentation of the sections concerned.

I implore Members to pass these amendments. Thank you, Chairman.

*Proposed amendments*

**Schedule 1 (see** [**Annex I**](#anx01)**)**

**Schedule 2 (see** [**Annex I**](#anx01)**)**

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

(No Member indicated a wish to speak)

**CHAIRMAN** (in Cantonese): I now put the question to you and that is: That the amendments moved by the Secretary for the Environment be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

**CLERK** (in Cantonese): Schedules 1 and 2 as amended.

**CHAIRMAN** (in Cantonese): I now put the question to you and that is: That Schedules 1 and 2 as amended stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

**CHAIRMAN** (in Cantonese): Council now resumes.

Council then resumed.

**Third Reading of Bills**

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

**DISTRICT COOLING SERVICES BILL**

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, the Bills Committee has noted and supported the aforementioned amendments. I therefore implore Members to pass these amendments.

**PRESIDENT** (in Cantonese):Secretary for the Environment, this is the Third Reading stage, so please move that this Bill be read the Third time and do pass.

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese):President, the

District Cooling Services Bill

has passed through the Committee stage with amendments. I move that this Bill be read the Third time and do pass.

**PRESIDENT** (in Cantonese):I now propose the question to you and that is: That the District Cooling Services Bill be read the Third time and do pass.

Does any Member wish to speak?

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

**CLERK** (in Cantonese): District Cooling Services Bill.

**MEMBERS' MOTIONS**

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

Three 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 four items of subsidiary legislation in relation to the Competition Ordinance, which were laid on the table of this Council on 25 February 2015.

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

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

**MR ANDREW LEUNG** (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Four Subsidiary Legislation Related to Competition Ordinance Gazetted on 18 February 2015, I move that the motion under my name, as printed on the Agenda, be passed.

As the Subcommittee needs more time for its scrutiny work, I call upon Members to support the motion on extending the period for scrutinizing the subsidiary legislation to 15 April 2015.

With these remarks, President, I urge Members to support the motion.

**Mr Andrew LEUNG moved the following motion:**

"RESOLVED that in relation to the ―

(a) Competition (Application of Provisions) Regulation, published in the Gazette as Legal Notice No. 36 of 2015;

(b) Competition (Disapplication of Provisions) Regulation, published in the Gazette as Legal Notice No. 37 of 2015;

(c) Competition (Turnover) Regulation, published in the Gazette as Legal Notice No. 38 of 2015; and

(d) Competition Ordinance (Commencement) Notice 2015, published in the Gazette as Legal Notice No. 39 of 2015,

and laid on the table of the Legislative Council on 25 February 2015, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 15 April 2015."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese): Second motion: To extend the period for amending the Rating (Exemption) Order 2015, which was laid on the table of this Council on 18 March 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, I move that the motion, as printed on the Agenda, be passed.

At the House Committee meeting on 27 February 2015, Members decided to form a Subcommittee for the purpose of studying the Rating (Exemption) Order 2015. To allow the Subcommittee sufficient time for deliberation and report to the House Committee the result of its deliberation, I move on behalf of the Subcommittee that the deadline for scrutinizing the above subsidiary legislation be extended to 6 May 2015.

I urge Members to support the motion.

**Mr Andrew LEUNG moved the following motion:**

"RESOLVED that in relation to the Rating (Exemption) Order 2015, published in the Gazette as Legal Notice No. 42 of 2015, and laid on the table of the Legislative Council on 18 March 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 6 May 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):Third motion: To extend the period for amending the District Councils Ordinance (Amendment of Schedule 7) Order 2015 and the Maximum Amount of Election Expenses (District Council Election) (Amendment) Regulation 2015, which were laid on the table of this Council on 18 March 2015.

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

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

**MR IP KWOK-HIM** (in Cantonese):President, in my capacity as Chairman of the Subcommittee on District Councils Ordinance (Amendment of Schedule 7) Order 2015 and Maximum Amount of Election Expenses (District Council Election) (Amendment) Regulation 2015, I move the motion to extend the scrutiny period of the subsidiary legislation as set out in the motion to 6 May 2015.

At the House Committee meeting on 13 March 2015, Members decided to set up a subcommittee to study the subsidiary legislation as set out in the motion. As the Subcommittee needs more time for deliberation, I urge Members to support this motion to extend the scrutiny period of the subsidiary legislation as set out in the motion to 6 May 2015.

Thank you, President.

**Mr IP Kwok-him moved the following motion:**

"RESOLVED that in relation to the ―

(a) District Councils Ordinance (Amendment of Schedule 7) Order 2015, published in the Gazette as Legal Notice No. 49 of 2015; and

(b) Maximum Amount of Election Expenses (District Council Election) (Amendment) Regulation 2015, published in the Gazette as Legal Notice No. 50 of 2015,

and laid on the table of the Legislative Council on 18 March 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 6 May 2015."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

**PRESIDENT** (in Cantonese):Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Dutiable Commodities (Liquor) (Amendment) Regulation 2015.

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

I now call upon Mr SIN Chung-kai to speak and move the motion.

**Proposed resolution under section 34(2) of the Interpretation and General Clauses Ordinance**

**MR SIN CHUNG-KAI** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed. The Government's original proposal is to amend regulation 20(3) of the Dutiable Commodities (Liquor) Regulation to extend the maximum validity period of a liquor licence to two years.

I propose to amend the aforesaid proposal by adding a provision for public protection, which includes two points:

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

(i) the Liquor Licensing Board (Board) will extend the validity period of the licence to two years only if there is no substantiated complaint or enforcement action recorded against the liquor-licensed premises or the licensee concerned in the licences register for at least two consecutive years immediately before licence renewal, and no objection or adverse comment from the public on its licence renewal application notice has been received; or

(ii) the Board is satisfied that the liquor-licensed premises has not caused unreasonable nuisance to the persons residing in the vicinity before granting a liquor licence to the premises or renewing its licence.

Deputy President, according to the Government, the extension of the general validity period of a liquor licence from one year to two years allows the Board to have greater flexibility in granting liquor licences of a longer duration in meritorious cases. This proposal can reduce the Board's workload that would otherwise arise from the processing of straight-forward licence renewal cases, allowing the Board to focus their attention on handling new applications and contested licence renewal applications.

The Government has given a definition for good track record and I just incorporate this definition in the Regulation as regulation 20(4)(a).

The amendments to the Regulation originate from the Government's review of liquor licensing in 2011 in which relevant stakeholders, including the trade, the public and District Councils were consulted. After the conclusion of the consultation, the Government pointed out in the report submitted to the Legislative Council that, "By and large, the trade was supportive of the proposed trade facilitation measures but against tightening of the regulation over liquor-licensed premises including upstairs bars. In contrast, representatives and residents of local communities where larger numbers of bars existed urged the Government to impose more stringent control on liquor-licensed premises and enhance enforcement against premises causing nuisances. Most of them did not express views on the trade facilitation measures in the consultation document, although some did not agree with the proposed extension of the maximum licence period."

Moreover, under the subtitle "Other Views" in the report, it was stated that, "One point rather consistently raised during consultation with District Council members, and mentioned by some trade members, was that the relevant authorities should step up enforcement to ensure that liquor-licensed premises complied with their licensing conditions. The authorities should also take actions against unlicensed premises. Some respondents also suggested introducing a demerit point system for liquor-licensed premises. Some also expressed concerns that the Board tended to be more sympathetic towards the trade than the local residents when considering liquor licence applications."

The Government amends the Regulation after the consultation by introducing new provisions that only aim at facilitating the trade but not protecting the public. The Government explains that it is formulating, in consultation with the Board, a mid-term review mechanism for licences of a two-year period. The proposed administrative mechanism will be implemented after the amended Regulation comes into effect.

The administrative mechanism has no legal effect and the Board will consider whether premises granted with two-year licence will be further granted a two-year licence upon renewal. According to the Government, for liquor-licensed premises with record of enforcement action or substantiated complaints, the Board would critically consider, upon expiry of the current licence, whether the licensee should be granted a further two-year licence, which implies that after the Board has critically considered the case, some liquor-licensed premises may still have their licence renewed for two years even though they have record of enforcement action or substantiated complaints.

For liquor-licensed premises with a good track record, the Democratic Party does not have a strong view about extending the validity period of their licence from one year to two years upon licence renewal. However, for liquor-licensed premises with record of enforcement action or substantiated complaints, I think the Board should balance the interests of the public and the trade.

On this issue, as shown by government statistics, in 2014, 2 356 complaints were received, among them 1 138 were substantiated, which involved 511 liquor-licensed premises, meaning that about half of the liquor-licensed premises had repeated substantiated complaints against them. These premises represented only 7.5% of all liquor-licensed premises. Deputy President and Honourable colleagues, out of all 6 800 liquor-licensed premises in Hong Kong, the amendments that I propose will only affect 511 or 7.5% of them. In other words, some liquor-licensed premises have time and again attracted substantiated complaints, have been prosecuted, or received verbal or written warnings.

Deputy President, the purpose of my two amendments is to allow the Government, the Board or the future law-enforcement body sufficient time to focus their attention on handling liquor-licensed premises that have been complained against or have frequently attracted complaints, rather than routinely renew the licences for two years and then for another two years. Regarding my amendments, regulation 20(4)(a) relates to how to handle liquor-licensed premises having substantiated complaints against them, and regulation 20(4)(b) states that the Board must be satisfied that the premises in question has not caused unreasonable nuisance to persons residing in the vicinity upon deciding whether to renew the licence for two years, I think these two amendments can strike a balance, allowing the Board to focus its attention on handling liquor-licensed premises with repeated complaints against them without affecting the objective of amending the Regulation.

Deputy President, I am rather disappointed with the amendments proposed by the Government to the liquor licensing system because during its review, some Members proposed to strengthen the mechanism to give the Board the chance and the responsibility to listen to those who oppose the licence renewal, but the Government has totally ignored such views in proposing the amendments.

I find the Government's amendments regrettable in the sense that it has only listened to the trade but ignored the residents' voices. In fact, in many districts, including Central and Western District, Prince Edward, Yau Tsim Mong and Kowloon City, there are many liquor-licensed premises in close vicinity to people's residence. The present mechanism to handle the complaints against the nuisance caused by liquor-licensed premises is ineffective. At present, all complaints are referred to the Police but the Police is not specialized in handling problems related to liquor licence. According to the law, the Police have no power to handle complaints about noise nuisance inside the liquor-licensed premises. As for hubbubs outside street shops, the Police can only advise the perpetrators against such actions. Without an effective mechanism for handling complaints, the annual application for licence renewal by the licensees of liquor-licensed premises provides a very important channel for residents plagued by the nuisance to lodge complaints. If the maximum validity period of liquor licence is extended from one year to two years, the public are deprived of the chance to lodge complaints to the Board. In the end the liquor-licensed premises will be less and less alert to the nuisance they have caused to the community.

Although the Government proposes to formulate a mid-term review mechanism, if the liquor-licensed premises in question have no record of enforcement action or substantiated complaints, it will be deemed to have passed the mid-term review. We find the standard of the mechanism far too lax. It has no regulatory effect on the licensed premises whatsoever.

Deputy President, if over 90% of the 6 800 liquor-licensed premises do not have substantiated complaints against them over the past two years (mind you, I am talking about complaints that are substantiated, not just complaints) and substantiated complaints only account for less than half of all complaints, then on this premise, my two proposed amendments will balance the interests of the residents and the trade. I worry that if my amendments are not passed today, the Board will, after the commencement of the amended Regulation, lightly and automatically extend the validity period of all liquor licences from one year to two years and there are no channels for residents to voice their grievances against the licensed premises causing serious nuisances. As a matter of fact, many residents are deeply troubled by various kinds of nuisances, such as people clamouring outside bars, or vomiting on the street, causing hygienic problems, or fighting on the streets. But very often, when the Police arrive at the scene after receiving reports, either the perpetrators have left or the Police can do nothing other than advising the perpetrators, which has little deterrent effect on the premises in question.

We have actually proposed four amendments but two of them have been ruled out by the President or the Government on the ground that they fall outside the intended scope of this amendment exercise. As it has been ruled that Dr‍ Helena WONG cannot propose her two amendments, she will expound on them later. The two amendments aim at strengthening the mechanism for the Board to listen to public complaints. One of the amendments is to request the Board to make reference to the appeal system regarding the hearing of cases. If no less than 20 non-anonymous complaints are received from persons residing within a radius of 400 m from the premises in question, the Board has to conduct a hearing. Moreover, we consider it necessary to stipulate in the law that the application for liquor licences and related matters should be included in a district consultation process, such as posting a notice in the vicinity. I will leave it for Dr Helena WONG to elaborate on the details of the two amended that are not allowed to be introduced into the Legislative Council, as the President has ruled that they are outside the scope the proposed resolution.

Deputy President, I hope that Members of the Legislative Council will understand that my amendments are to protect the daily lives of the residents. Simply put, they will not have any impact on the trade because liquor-licensed premises have already been granted a one-year licence. Even if there are substantiated complaints recorded against some premises, they will still be granted a one-year licence, as in the present situation. It is only that if there are substantiated complaints recorded against these premises, the Board can only grant them a licence of one year instead of two years, which is no different from the present practice.

I hope that Members will understand that these amendments are very moderate and they will not increase the burden of the liquor-licensed premises being complained against. What we are asking is to have an annual review, which is no different from the present practice. In respect of those premises with a good track record, we believe that the validity period of their licence can be extended from one year to two years.

With these remarks, I hope that members of other political parties will study my amendments seriously because in many districts, especially in the Central and Western District, Yau Tsim Mong, Prince Edward and Kowloon City, many licensed bars are located in very close vicinity to people's residence and residents of these districts always lodge complaints at the office of District Council members. I hope that Honourable colleagues will support my amendments.

**Mr SIN Chung-kai moved the following motion:**

"RESOLVED that the Dutiable Commodities (Liquor) (Amendment) Regulation 2015, published in the Gazette as Legal Notice No. 20 of 2015 and laid on the table of the Legislative Council on 4 February 2015, be amended as set out in the Schedule.

**Schedule**

**Amendments to Dutiable Commodities (Liquor) (Amendment) Regulation 2015**

**1.** **Section 3 amended (regulation 20 amended (issue and duration of licences))**

(1) Section 3 ―

**Repeal subsection(2)**

**Substitute**

"(2) Regulation 20(3) ―

**Repeal**

"1 year or such lesser period as the Board shall determine"

**Substitute**

"2 years or such lesser period as the Board may determine in relation to an application for a liquor licence or if the Board is not satisfied with the matters in paragraph (4)(a) or (b) in relation to an application for renewal of a liquor licence, not more than 1 year".".

(2) Section 3 ―

**Repeal subsection(3)**

**Substitute**

"(3) Regulation 20 ―

**Repeal paragraph (4)**

**Substitute**

"(4) Before the granting of an application for renewal of a liquor licence, the Board must not grant a liquor licence which is valid for a period of more than 1 year unless it is satisfied ―

(a) that government authority or the Board does not have any substantiated complaint or enforcement action recorded against the licensed premises or the licensees for at least 2 consecutive years immediately before licence renewal and does not receive objection or adverse comment from the public from its licence renewal application advertisement; or

(b) the licensed premises have not caused unreasonable nuisance to the persons residing in the vicinity.".".

**DEPUTY PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr SIN Chung-kai be passed.

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): Deputy President, Mr SIN Chung-kai's proposed resolution aims to stipulate in the Dutiable Commodities (Liquor) (Amendment) Regulation 2015 (Amendment Regulation) that in the presence of certain factors, the Liquor Licensing Board (Board) shall not grant a liquor licence which is valid for a period of more than one year.

First of all, I must stress that the Government agrees to the importance of safeguarding residents against the unreasonable nuisance caused by liquor-licensed premises.

As a matter of fact, the Board has voluntarily revamped its procedures for dealing with applications for the renewal or transfer of liquor licence, aiming to provide added room for sensitive handling of voices from the neighbourhood. With effect from May 2013, for liquor-licensed premises applying to the Board for the renewal or transfer of liquor licence which (1) have drawn objections when the licence is renewed on the previous occasion; or (2) were the subject of complaints in the past 12 months, the District Council (DC) member of the respective geographical constituency where the premises are located would be consulted as a matter of course before the case is put before the Board.

Moreover, the Board published in December 2013 a set of guidelines capturing the factors that are taken into account when assessing liquor licence applications in order to enhance transparency. Due to their special physical environment and the relatively greater difficulties involved in taking enforcement actions and conducting inspections in respect of fire safety, noise, environmental hygiene and public nuisance, and so on, upstairs bars are prone to attract public concerns and draw complaints from the neighbourhood. It has been highlighted in the guidelines the vetting procedures that applications from upstairs bars would have to go through, as well as the more stringent conditions that the Board may impose, including those relating to capacity limit and measures to abate noise nuisance for premises with serious noise nuisance and other problems.

According to Mr SIN Chung-kai's proposed resolution, the Board shall not grant a liquor licence which is valid for a period of more than one year in the presence of certain factors. We have taken note that in proposing such factors, Mr SIN has generally made reference to our recommendations in the relevant Legislative Council Brief.

We have consulted the Board on a list of matters very similar to those proposed by Mr SIN and the Board is now examining the factors for consideration relating to the processing of licence renewal applications for two years, including the updating of the aforementioned guidelines.

Basically, we do not object to imposing certain requirements and factors for consideration on vetting licence renewal applications for two years, and we have actually made such a suggestion.

In accordance with regulation 17 of the Dutiable Commodities (Liquor) Regulations (Cap. 109B), the Board will grant a licence only when it is satisfied that (1) the applicant is a fit and proper person to hold the licence; (2) the premises to which the application relates are suitable for selling or supplying intoxicating liquor; and (3) the grant of the licence is not contrary to the public interest.

We understand that Mr SIN wishes to incorporate the requirements concerned into the law but we consider that such an approach will do more harm than good. First of all, to incorporate all the requirements into the law will limit the flexibility of the Board in considering other related factors and the weight accorded to each related factor. Once the Amendment Regulation takes effect and the Board finds other factors that are even more worthy of consideration, including some developments that we cannot foresee at the moment, they can only be implemented by means of legislative amendment; otherwise, the Board will have to grant a two-year licence in accordance with the law. To the residents in the neighbourhood, this may not be to their benefit.

In addition, Mr SIN has outlined in detail the requirement for processing the licence renewal applications for two years but the wording of his proposed resolution may give people the impression that a new licence application may also have the chance of being granted a two-year validity period. It is not the intention of either the Government or Mr SIN, but the drafting of the proposed resolution seems to give such an effect. According to the Government, all new liquor licence will only be valid for one year and only cases with a good track record for at least two consecutive years immediately before licence renewal will have a better chance for having the licence renewed for two years.

There are still other ambiguities in the proposed resolution. For example, Mr SIN proposes that if licensed premises have caused unreasonable nuisance to the persons residing in the vicinity, the Board shall not grant a liquor licence which is valid for a period of more than one year. But what are the definitions of "persons residing in the vicinity" and "unreasonable nuisance"? They are prone to be challenged in court. The usage of administrative terms such as "substantiated complaint recorded" in law may render the law difficult to enforce.

Deputy President, I reiterate that the Government recognizes the importance of safeguarding the persons living in the vicinity against any nuisance. At the meeting of the Subcommittee on Dutiable Commodities (Liquor) (Amendment) Regulation 2015 and Dutiable Commodities (Liquor Licences) (Fees) (Amendment) Regulation 2015, the Government promised to liaise with the Board and the Board is now discussing the incorporation of factors to be considered in processing licence renewal for two years into the Guidelines on Assessing Liquor Licence Applications for higher transparency.

On account of the aforesaid reasons, I hope that Members will oppose this proposed resolution.

Thank you, Deputy President.

**MR TOMMY CHEUNG** (in Cantonese): Deputy President, in my capacity as Chairman of the Subcommittee on Dutiable Commodities (Liquor) (Amendment) Regulation 2015 and Dutiable Commodities (Liquor Licences) (Fees) (Amendment) Regulation 2015, I am going to report on the Subcommittee's deliberations.

Some Subcommittee members and trade representatives support the proposal to extend the maximum validity period of a liquor licence from one year to two years. They consider it a trade facilitation measure. Some other Subcommittee members are concerned that following the implementation of the proposal, the Liquor Licensing Board (Board) may vet applications for renewing liquor licences in a lenient manner and approve a validity period of two years, irrespective of whether complaints or objections have been received from residents in the vicinity of the premises concerned.

In response to such concerns, the Government points out that the implementation of the proposal will reduce the workload of the Board, its secretariat and other departments in processing straight-forward licence renewal cases, that is, cases with a good track record, so that the Board can focus its attention on handling new applications and contested licence renewal applications. The Board will base on three criteria to determine whether a licence renewal application is a case with a good track record. First, the liquor-licensed premises do not have any substantiated complaint/enforcement action recorded against them or the licensees in the licences register for at least two consecutive years immediately before licence renewal; second, the liquor-licensed premises have been granted a full term licence at the time when their licences were last approved or renewed; and third, no objection or adverse comment from the public from its licence renewal application notice has been received.

The Government has also pointed out that following the enactment of the proposed amendment of extending the maximum validity period of a liquor licence to two years, the applicant for licence renewal will still be required to post notices in newspapers and on the Board's website to notify the public of its renewal application.

Mr SIN Chung-kai has indicated that he will move a proposed resolution to stipulate that when the Board decides to approve the licence renewal application for two years, it must consider the assessment criteria regarding whether a case has a good track record.

As regards the proposed mid-term review mechanism for licences of a two-year validity period, some members are concerned whether it will address the issue of the nuisances caused by liquor-licensed premises to the residents. The Government has stressed that the Board may revoke or suspend a licence immediately in case of major breaches of licensing conditions, irrespective of the licence duration and the Board must consult the District Council (DC) members concerned if there are complaints or adverse comments on the last application or renewal. In case the applicants or residents living near the premises concerned are aggrieved by the licensing decisions made by the Board, they may lodge an appeal or apply for judicial review.

Members have enquired why the Government has proposed to set the fees for a licence valid for more than one year at 1.5 times the fees prescribed for a one-year licence instead of doubling the fees. The Government explains that as two-year licences will only be granted to premises with a good track record, the procedures for processing straight-forward licence renewal cases are much simpler than new applications and contested licence renewal applications. Hence, the cost for processing a two-year renewal application will not be as high as double that for a one-year licence.

Deputy President, the following are my personal views.

I have strived for years for the extension of the validity period of liquor licence and food business licence, especially the liquor licence because a notice has to be published in newspapers for each licence renewal, which greatly increases the trade's administrative work and costs. However, under the atmosphere of "siding with the majority", the authorities very often ignore the aspiration of the trade. Therefore, it is rare that the Government heeds our aspiration. Although the maximum validity period of the liquor licence is only extended to two years and it is only applicable to cases with a good track record, we are already very happy. Hence, I would ask all Members a favour. Please do not obstruct the passage of this proposed resolution.

(THE PRESIDENT'S DEPUTY, MR RONNY TONG, took the Chair)

Deputy President, the Democratic Party is worried that once the proposed amendments are passed, residents will have no way to get their grievances redressed within the two-year validity period of the licence; this is absolutely not the case. On the contrary, residents can lodge complaints anytime and it is very simple to do so. They only need to ring the Police and if the Police can substantiate the complaint after arriving at the scene, the complaint will be recorded in the register even if only a verbal warning is issued and no prosecution is instigated. Should there be a noise nuisance, residents can also complain to the Environmental Protection Department. Hence, regardless of the duration of the licence, residents can lodge a complaint anytime. As regards whether a complaint is substantiated, it will depend on the investigation of the relevant departments.

Deputy President, I had been a member of the Board for over eight years. To be honest, I had been impartial. If it was substantiated that certain liquor-licensed premises caused nuisance to the neighbourhood, as a representative of the trade, I would also object to their licence renewal or even agree to suspend their licence. However, according to my experience, many complaints are lodged by DC members, especially those belonging to certain political parties. Every time they lodge complaints, they would just sign a printed letter with similar contents and only amend the name of the premises. However, these DC members are quite diligent and very often they would hand in the complaint letters in person, while other DC members do not do so.

The reason for their objection is rather harsh. They presume that all liquor-licensed premises, as Mr SIN Chung-kai just said, cause nuisance to the residents in the vicinity, or make noise nuisance and soil the streets. I have even heard some people who oppose the existence of liquor-licensed premises say that people would indecently assault his family after drinking, and so it would be best to bar the selling of alcohol in his neighbourhood.

As a matter of fact, if you ask anyone on the street, nine out of 10 do not want to have liquor-licensed premises in their neighbourhood. Not only liquor-licensed premises, it would be ideal if there is no rubbish. It would be ideal if there are gardens and swimming pools close to them. Therefore, under the present atmosphere of populism and votes are the prime concern, it is very easy to find over 20 persons residing within a radius of 400 m from certain liquor-licensed premises to lodge a complaint. In her proposed resolution, Dr‍ Helena WONG intended to require the Board to hold a hearing if 20 residents or more in the vicinity of the premises in question file complaints. Fortunately, her proposed resolution was ruled out of order by the President; otherwise it will be a disaster for the trade.

Deputy President, the Board is already endowed with great power. It can revoke or suspend a liquor licence immediately in case of major breaches of licensing conditions, irrespective of the licence duration. It can also impose stricter licensing conditions where appropriate, such as restricting liquor selling or music playing hours, requiring the premises to close the doors and windows, and restricting the capacity limit of the premises.

As a matter of fact, to address the concerns of residents in the vicinity and DC members, the authorities are formulating, in consultation with the Board, a mid-term review mechanism for licences of a two-year validity period. In the 11th month during the period, a relevant department will check the record of complaint and enforcement against the premises concerned and report to the Board. Liquor-licensed premises with no record of enforcement action or substantiated complaint will be allowed to carry on with their operation. There is little difference between this arrangement and the present practice because if the liquor-licenced premises have any problems within the duration of the licence, the Board will not lightly let them get off the hook.

Besides, only cases with a good track record are allowed to have their licences renewed for two years. The criteria for a "good track record" are rather stringent. In short, for any premises with a substantiated complaint recorded, their case will not be categorized as having a good track record. A complaint is regarded as substantiated if prosecution has been taken or verbal/written warning has been made against the premises concerned after investigation by the concerned departments.

The Government has also indicated that it is preparing to liaise with the Board on updating the Guidelines on Assessing Liquor Licence Applications (Guidelines) to reflect the relevant factors to be taken into account when the Board considers the applications for renewing a liquor licence for two years. Hence we can rest assured that the actual situation will not deviate from the policy intent.

The proposed resolution put forward by Mr SIN Chung-kai of the Democratic Party aims at incorporating all the relevant factors for consideration into the law, which I think is redundant. If colleagues read his proposed resolution carefully, they will find that the conditions listed are harsher than the Government's requirements. That will make the Board favour the residents' interest. I will not support it and urge colleagues to oppose it.

The first condition proposed by Mr SIN is practically the same as the Government's criteria for assessing if a case has a good track record. However, he rashly demands that the conditions listed in the Guidelines be incorporated into the law and he also specifies that apart from the Board, other government authorities also cannot have any substantiated complaint recorded against the licensed premises in question. The scope will thus be significantly enlarged. I worry whether complaints unrelated to liquor licence will also be incorporated? If, say, the Water Supply Department substantiates that the water meter of the premises malfunctions, will the premises consequently not be able to get their licence renewed for two years?

The second condition put forward by Mr SIN is, "the licensed premises has not caused unreasonable nuisance to the persons residing in the vicinity". It poses a bigger problem. What constitutes "unreasonable" and what does the "vicinity" refer to? Who is to make the judgment? Without a clear definition of these terms, disputes will arise. The residents or DC members can raise objection or file a judicial view anytime. This will cause great inconvenience to the premises applying for licence renewal.

Deputy President, it is estimated that 78% of liquor-licensed premises will meet the "good track record" test. There are a total of 6 800 liquor-licensed premises in Hong Kong, over 90% of them have restaurant licences and less than 20% have bar endorsement. Therefore, I estimate that most liquor-licensed premises with a good track record are restaurants but not bars.

It is obvious that Mr SIN Chung-kai's proposed resolution has completely missed the point. While it fails to combat bars, it will victimize restaurants. I urge Members to get a clear understanding of the Government's proposed legislative amendments and do not raise opposition simply because it is a trade facilitation measure.

Deputy President, I wish to talk about other matters relating to this legislative amendment. The authorities suggest setting the fee for a licence valid for more than one year at 1.5 times of the fee prescribed for a one-year licence. This will no doubt help lower the operating cost and administrative burden of the trade.

The projected cost recovery rate of the licence renewal service, calculated on a weighted average costing approach, will be lowered from the current 149% (that is, over 100%) to 119%, but the fee is still higher than the cost. With the Government making a profit, the trade should raise objection. However, considering that the current cost recovery rates for new issue of liquor licence is only 25%, after evening things out, the trade will not be seriously affected and so it has no objection. Still, I urge the authorities to take into account the affordability of the trade in future fee adjustments.

Another amendment proposed by the authorities is to facilitate more people to submit liquor licence applications by electronic means. It is suggested that applicants can make an electronic submission of their applications accompanied by a digital signature or a password assigned or approved by the Board. I support this suggestion. When I was a member of the Business Facilitation Advisory Committee years ago, I proposed to allow food business and related services to submit their licence applications by electronic means. But given that only a small number of applicants were equipped with a digital signature, the utilization rate was low. Therefore, I believe that this amendment will further facilitate the trade.

Lastly, I wish to reiterate that the authorities are duty-bound to balance the interests of various stakeholders. Other than regulating the trade, it should also promote the development of the trade. I urge the authorities to streamline all licence application processes and put in place the reserve licensee mechanism as soon as possible to resolve the problem of premises having to constantly reapply for a licence because of the high employee turnover rate. *(The buzzer sounded)*

Deputy President, I so submit.

**MR KWOK WAI-KEUNG** (in Cantonese): Deputy President, upstairs bars have been mushrooming in recent years. Apart from causing nuisance to residents living in the vicinity, they also pose great fire risks. But on the other hand, the trade aspires to streamline the licensing process. The Government consulted the public on the review of liquor licensing in 2011. The Panel on Food Safety and Environmental Hygiene of the Legislative Council has held many discussions on the liquor licensing system. In the past two years, the Government have implemented a number of administrative measures to improve the liquor licensing system, including imposing conditions for licence renewal application. If there are complaints against the premises or if objection about their licence renewal have been received, the Liquor Licensing Board (Board) will have to consult the District Council (DC) members of the relevant geographical constituency on the licence renewal application. The Board also published the Guidelines on Assessing Liquor Licence Applications (Guidelines) in December 2013, outlining the factors to be taken into account when assessing liquor licence applications for reference by the trade and the public.

One of the main points in the Government's current amendment is to extend the maximum validity period of a liquor licence from one year to two years, and the justifications have been stated in the Government's document published earlier. The majority, close to 90%, of the 6 800 liquor-licensed premises also hold a restaurant licence but relatively few premises have bar endorsement. The current amendment mainly aims at streamlining the licensing procedures for cases with a good track record so as to reduce the workload of the Board to enable it to focus its attention on handling new applications or contested licence renewal applications.

From the perspective of reducing the workload of the secretariat of the Board and enhancing its efficiency, we consider the Government's amendments desirable. However, we also understand that the extension of the validity period of the liquor licence from one to two years is like lengthening the nightmare of the harassed residents for another year. To put it in vulgar terms, the residents have to endure one more year. In considering that the Government's proposal will enable the Board to operate and process licence applications more effectively, and that only liquor-licensed premises with a good track record will be granted a two-year liquor licence, and a mid-term review will be conducted in the 11th month during the validity period of the licence, we believe that the Government's proposal can alleviate the conflicts that may arise after the legislative amendments become effective. Hence the amendments are appropriate and acceptable.

The Government has also specified that premises with a "good track record" refers to the premises that do not have any substantiated complaint/enforcement action recorded against them for at least two consecutive years immediately before licence renewal. The second condition is that the relevant premises have been granted a full term (one year) licence at the time when their licences were last approved or renewed; and the third condition is that the premises have not received objection or adverse comments from the public from their licence renewal application notice. We consider that if all the conditions are met, it is likely that the impact on residents will be reduced. Under such circumstances, the granting of a two-year licence is acceptable.

The Government's criteria for having a "good track record" are actually very similar to the amendments proposed by Mr SIN Chung-kai. We think the intent of the Government's amendments are to give the Board greater flexibility in processing liquor licence applications. Should the above criteria be written in the law, it will be too rigid, and the Board cannot carry out its work flexibly. Besides, apart from complaints lodged by residents who genuinely suffer from the nuisance and DC members, there is also the possibility that vicious complaints would be lodged by someone with ulterior motives, such as rivalry among competitors or other reasons. Under such circumstances, the licensee or the operator concerned may not be in full control of everything. For example, some customers may get drunk in the premises and create a disturbance on the street, thereby attracting complaints. If such incidents affect the applicant's licence renewal applications, they are unfairly treated. In our view, the relevant conditions should be incorporated into the Guidelines instead of written in the law, so that the Board will have more flexibility in processing the applications in the light of the actual situation. Hence, the Federation of Trade Unions opposes the amendments proposed by Mr SIN Chung-kai.

Deputy President, I would like to reiterate here that we are concerned about the nuisance suffered by the residents living in the vicinity of liquor-licensed premises and the Government must make specific response to the views of the affected residents. It cannot handle this problem merely from the perspective of facilitating business operation. We hope that the mid-term review proposed to be conducted in the 11th month during the validity period of a licence will have practical effect, and the authorities will not merely issue a warning or an advice and then renew the licence.

Lastly, in the face of the proliferation of upstairs bars, the Government has not proposed any measure to strengthen the regulation after the review on the licensing system, but has only put forward some trade facilitation measures and legislative amendments. We think the Government must follow up the problems caused by upstairs bars and step up regulation, so as to reduce the nuisance caused to residents in their vicinity and lower the potential risks of such premises.

Deputy President, I so submit.

**MR WONG KWOK-HING** (in Cantonese): Deputy President, I speak in support of the Government's motion and against Mr SIN Chung-kai's amendments.

Deputy President, I was a member of the Liquor Licensing Board (Board) under the former Urban Council. After the dissolution of the Urban Council, I was again appointed as a member of the Board and had served for six years. Since I was involved in the regulation of the issuance of liquor licences for a long period of time, I am very familiar with the trade, and I certainly know how people feel and think about this issue.

Regarding the improvement measures now proposed by the Government, I consider them worth supporting for several reasons. First, for liquor-licensed premises with a good track record, the granting of a two-year liquor licence is a form of encouragement. What merits will this incentive measure bring about? It will encourage the licensee to exercise self-discipline, comply with the law, strictly discharge the duty of a liquor licensee to manage the premises properly and avoid arousing complaints from people living in the vicinity. If their customers observe the rules and the premises are well managed, it will certainly spare the law-enforcement agencies a lot of unnecessary troubles. Hence, this amendment is a carrot to encourage the licensee of liquor-licensed premises to exercise self-discipline and comply with the law. In that case, a licensee with good performance can have his licence renewed for a longer validity period after one year and he needs not apply for licence renewal each year. I consider this carrot policy appropriate.

Moreover, many applicants with a good track record are operators of catering premises and most of them are Chinese restaurants, the operation of which seldom arouses any disputes. Such premises employ large numbers of workers, create many job opportunities and seldom attract complaints. These catering premises are not bars but restaurants. The new arrangements introduced by the Government can facilitate their operation. This is a good policy. This is the second point.

Third, the measure proposed in the Government's motion can save resources, allowing law-enforcement departments to focus on dealing with licence renewal applications from premises that have higher risks and have frequently attracted complaints. As we know, the Police are responsible for enforcing liquor licensing rules because only the Police have the power to inspect the liquor-licensed premises and monitor how the licensing requirements are enforced. Other departments such as the Environmental Protection Department and the Food and Environmental Hygiene Department are also involved, but the Police are mainly responsible for enforcing the law. After this improvement measure is implemented, the departments responsible for regulating liquor-licensed premises can make better use of the police manpower to safeguard the interest of residents living in the vicinity of the premises that apply for licence renewal.

Fourth, our greatest concern is whether this improvement measure of the Government will reduce the transparency and weaken the residents' right to complain against liquor-licensed premises and oppose the issuance of liquor licence to such premises. The answers are in the negative, and that is very important. As a matter of fact, it does not matter whether the applicant of the premises concerned is granted a one-year or two-year licence, as long as there is any nuisance or breaches from the mismanagement of the premises during the licence period, residents or consumers can always lodge complaints. Moreover, a liquor licence applicant has to publish a notice on the newspaper beforehand to give residents in the neighbourhood the chance to lodge complaints. The residents definitely have the rights to know and to lodge complaints, and they will not be deprived of such rights. When residents lodge a complaint, the Board and the Police have to keep it in record and follow up. They absolutely cannot ignore any complaint. Most importantly, will this improvement measure introduced by the Government through the Amendment Regulation weaken or deprive the residents of their rights to know, to monitor and to protest? The answers are in the negative. Based on the above analysis, I consider the improvement measure introduced by the Government worthy of my support.

Deputy President, I think the authorities should focus on handling the complaints that the residents have all along lodged against liquor-licensed premises, and see if there are any outstanding problems on record that have not been properly handled. First of all, the so-called Soho District in Central keeps extending its boundary and eroding ― allow me to use this term ― the residential areas in the neighbourhood. The authorities need to study whether more police manpower and efforts should be put in to handle the nuisance caused by liquor-licensed premises. This is the first point.

Secondly, the Soho District is expanding to the west in the direction of Sheung Wan and Western District and as these districts are mainly residential areas, the residents are greatly disturbed. This has nothing to do with whether the validity period of the liquor licence is two years or otherwise. The Government should step up law enforcement and inspection to solve this problem.

Thirdly, Mr KWOK Wai-keung has also mentioned about upstairs bars. There is an increasing number of upstairs bars in multi-storey commercial buildings and we have been monitoring this situation for years. These upstairs bars have great risks. Should an accident or a fire break out, many people will not be able to escape immediately. Therefore, I also hope that the Government will make greater efforts in addressing the problems involving upstairs bars.

Fourthly, many people complain about the selling of alcohol on beaches or barbecue areas without licence, causing serious nuisance and the media have also reported on such illegal activities. I think the Government should pay more attention to the issues I have just mentioned. Besides, I believe it will be more practical if the Board can pay more attention to the effect of the abovementioned situation with regard to the safety of residents, the environment, noise nuisance, fire escape and other environmental hygiene problems.

Based on the above analysis, I consider the amendments proposed by the authorities pragmatic. We should call a spade a spade and support the motion when it is reasonable. I speak in support of the Government's motion but against Mr SIN Chung-kai's amendments.

**DR KENNETH CHAN** (in Cantonese): With respect to this issue, if one has listened carefully, one should note that Members from different political parties or groupings, in fact, generally agree to the extension of the validity period of a full term liquor licence from one year at present to a maximum of two years for premises with a good track record, and that the relevant fees should be discussed on this basis. The Government's proposal is that it will not double the licence fee but will set it at a level 1.5 times higher, because the cost for processing a liquor licence application from premises with a good track record is not that high, and such a rate is acceptable. Broadly speaking, Honourable colleagues do not have strong views on this.

So what are the opinions of Honourable colleagues? Just now, I listened to the speech of Mr Tommy CHEUNG from the Liberal Party, who represents the Catering Functional Constituency, in which he responded to Mr SIN Chung-kai's hope of amending the regulation concerned through this debate. I think a divergence of opinion has thus arisen and what has been said was out of tune with the speech delivered by the Secretary just now. Mr SIN Chung-kai proposes to stipulate clearly in the regulation what "good track record" means in relation to premises, and he basically adopts the information contained in the paper provided by the Government at the stage of scrutiny. The proposal to make clear stipulation in the regulation is just a simple move, and yet the Secretary considers that this will bring more disadvantages than advantages. The Secretary did not say that this proposal was totally wrong; he merely said that on balance, it would bring more disadvantages than advantages, because the rigid stipulation might pose difficulties for the Liquor Licensing Board (Board) in the vetting and approval of liquor licence applications, and affect the discretion of the Board as a statutory licensing body. I think this point is worth debating, so that the public may make their own judgment.

Nonetheless, Mr Tommy CHEUNG, as Chairman of the Subcommittee, suddenly said something about elected Members, the District Councils, populism, and so on, saying that we should not pressurize the trade anymore, for it is already very miserable and may have to cease business. I wonder if the subject of our debate has now been changed to constitutional reform. Functional constituency Members often say that elected Members are definitely populists who have been treating the trade ruthlessly, so much so that nearly all members of the trade have been "sacrificed". They thus suggest that it is necessary to defend functional constituency seats and to prevent any further increase in the number of directly elected seats, or else the trade will be "out of luck". However, our discussion today should not be linked to that. There will certainly be exchanges of retorts among Members during discussions on constitutional reform, but they should not think that elected Members are bound to be populists, having no regard for people who engage in the catering industry or the bar business, and labelling members of the trade as villains who should be evicted from the constituencies. As far as I am concerned, this is not the focus of our discussion today.

Deputy President, the focus of our discussion today is: given the fact that Hong Kong is densely populated and that many liquor-licensed premises are very close to residential premises, and upstairs bars are literally situated inside residential buildings, any person who care about the communities, not necessarily District Council members or Legislative Council Members, or even government officials who live on a floor above or below a bar in a residential building, will find this problem very disturbing and irritating. They may even wonder how the Board acts as a gatekeeper for them, and why the licences of such liquor-licensed premises can be renewed every year. If the Amendment Regulation in question is passed, the licence period is likely to be extended to two years. What should they do then? What are the vetting and approval criteria or standards? What are the rights of the residents affected or potentially affected? It is not that we must raise an objection or evict the trade from the communities; we just hope to discuss and study ways to address this problem properly.

I think the Government has good intentions in proposing to allow some 70% to 80% of liquor-licensed restaurants with a good track record to be granted renewal of their licences for a maximum of two years under the Government's new system. Moreover, the Government will also provide financial incentives by not doubling the licence fee but setting it at a level 1.5 times higher. As this proposal is desirable, the Civic Party will support the Government's approach, which has actually struck a proper balance.

The question arising is, as the Government also knows, what criteria should be set. In fact, the Government has already put forth the relevant criteria. Mr‍ SIN Chung-kai's amendments are basically based on the Government's proposal, which he has almost copied word for word. But then, interestingly ― maybe it is because I am a teacher, I am rather sensitive ― how did the Government add in such devilish details? The Government put the definition of "good track record" in a footnote of the paper. I cannot help but wonder whether the Government wants us to read such details put in the footnote. Are such contents important? In future, will the Board claim that the footnote has been passed by the Legislative Council in a serious manner after being discussed and scrutinized by Members, and so the Board is only acting in accordance with the law? If that is the case, what is wrong with incorporating such requirements into the regulation? Why will this bring more disadvantages than advantages?

Do we not all think that Hong Kong is a place which attaches importance to civilization, fairness, transparency and accountability? The Board is precisely exercising public powers conferred by the law, so we must read the provisions carefully. Why will the incorporation of the relevant requirements bring more disadvantages than advantages, but not more advantages than disadvantages? What are the difficulties? What is wrong with going by these requirements? Just now the Secretary explained that this would undermine the Board's discretion, and also create trouble for the residents affected or Members responsible for gatekeeping. For instance, must these requirements be strictly complied with? Does the incorporation of these requirements into legal provisions in the form of a footnote in small font mean that they are to be strictly enforced, or that they are not to be implemented at all? If the latter is the case, to put it more seriously, it might mislead us or the public, and some residents might even rebuke the Government for deceiving them and criticize the Government for setting a bad example. If the Government does not have such a motive or idea at all, then I think it simply has no reason to oppose the amendments proposed by Mr SIN Chung-kai. I consider his amendments conducive to the licensing process, as they merely clarify, according to the Government's original intent, under what considerations an applicant for a liquor licence may be granted a two-year liquor licence for his premises, and explain what "good track record" means.

Deputy President, in the light of the statistics provided by the Government, is the licensing process really so painful as described by Mr Tommy CHEUNG, as if it is a journey more arduous than climbing up the Great Wall? No, this is not true. For example, in 2014, according to the Government's data, there were 428 premises being complained against, but many of them were granted renewal of their licences subject to different conditions. So actually, it is negotiable. Of course, the renewal may be conditional, or the licence renewed may be only valid for less than a year, because a licence can only be renewed for one year at most under the existing requirements. According to the statistics for 2014, out of the 428 premises which had been complained against and sought to renew their licences, only eight were rejected. Given that only eight out of the 428 premises were rejected, it seems that the situation is not like what Mr Tommy CHEUNG suggested, that is, we are wiping out such premises. This is an overstatement.

In this civilized and fair society of ours, I have no intention whatsoever to challenge the Board or its former members, including Mr Tommy CHEUNG, by saying that they have been partial in their work. I merely reckon that everyone should abide by laws and regulations, and properly perform the roles and duties expected of them. All people, be they members of the public, District Council members or Legislative Council Members, have their own roles and duties. I believe that the more clearly the provisions are stipulated, the less doubts there will be, and the more transparency and clarity the legislation will have. For this reason, the Civic Party supports not only the Government's amendments but also Mr SIN Chung-kai's amendments, as they complement and supplement each other, and can even help clarify the general direction in which complaints relating to liquor licence applications should be handled. So, I do not see any reason why we have to choose between the two, that is: either embracing the Government one hundred percent and rejecting the goodwill of Mr SIN Chung-kai; or taking Mr SIN Chung-kai's side which, as suggested by Mr‍ Tommy CHEUNG just now, amounts to opposing the Government. I believe that the public will not see it this way, but will put themselves in the shoes of the residents affected to understand their feelings and the situation of the districts concerned. I really do not see why the Government thinks that his amendments will bring more disadvantages than advantages. On the contrary, I think it will bring more advantages than disadvantages.

The last point I am going to make is about a technical matter, which I wish to draw the Secretary's attention. At present, a restaurant licence is valid for one year, and is thereafter subject to renewal every year. But, if a restaurant is granted a two-year liquor licence because of its good track record, the situation will be rather interesting. As the restaurant has to renew its restaurant licence every year, but its liquor licence may be valid for as long as two years, the operator of the restaurant may have to decide what to do if the restaurant is only permitted to operate for one year but has been granted a two-year liquor licence; that is, for whatever reason, the operator is not allowed to continue operating the restaurant after one year, while holding a two-year liquor licence. One may say that the restaurant operator can make his own judgment and choose to apply for a liquor licence which is valid for just one year instead of two years. Yet, as the system allows him to apply for a two-year liquor licence, which is also approved by the Board, it is only because his restaurant licence is valid for less than two years or is not renewed that he is put in a very awkward position. Hence, upon the implementation of the new system in future, such an awkward situation may arise. In this connection, the Bureau may have to make a response later on.

I so submit.

**MR IP KWOK-HIM** (in Cantonese): Deputy President, on behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), I oppose the motion moved by Mr SIN Chung-kai.

The original Amendment Regulation proposed by the Government seeks to extend the maximum validity period of a liquor licence from one year to two years, with a view to reducing the workload of the Liquor Licensing Board (Board) that would otherwise arise from the processing of straight-forward cases, thus allowing the Board to focus their attention on handling new applications and contested licence renewal applications. As regards operators with a good track record, this arrangement can also alleviate their burden, including reducing administrative procedures and reducing the fees for advertising their applications on newspapers.

There is nothing wrong with these policy objectives, but when we formulate the specific approach, we must carefully consider the interests and concerns of local residents, especially their concerns about nuisances caused by liquor-licensed premises.

According to the Government's idea, after the maximum validity period of a liquor licence has been extended to two years, only cases with a good track record for at least two consecutive years immediately before the liquor licence renewal application would be considered favourably by the Board for licence renewal by two years. Cases with a so-called good track record mean those cases that:

(1) do not have any substantiated complaint or enforcement action recorded against the licensed premises or the licensees in the licences register for at least two consecutive years immediately before licence renewal;

(2) have been granted a full term licence at the time when their licences were last approved or renewed; and

(3) do not receive objection or adverse comment from the public from its licence renewal application notice.

In addition, the authorities are formulating a mid-term review mechanism for licences of a two-year validity period. This mechanism allows the Board to revoke or suspend a licence, or to only issue a liquor licence of a shorter validity period as and when the current licence is next due for renewal.

All in all, I think the aforesaid measures have taken into account the concerns of local residents. Just now, I listened to the speeches delivered by a number of Members, including Dr Kenneth CHAN. All of them consider the Government's approach acceptable. That said, while it is acceptable, from the perspective of the DAB, we also hope that the Government will consider the following two points. First, the aforesaid licence renewal condition concerning a good track record should be specifically incorporated into the Board's guidelines, so that it is made public for the information of applicants and residents. Second, there should be discussions with the District Councils (DCs) on the mid-term review mechanism, so as to perfect the mechanism.

The DAB takes the view that these two points must be, and should be, put into practice properly. The DAB also notes that it is actually stated in Mr SIN Chung-kai's amendment that in respect of a new liquor licence application, the Board may issue a two-year licence, but he has not put any restrictive condition in the provisions. So, as far as new liquor licences are concerned, there is no substantive difference between the Democratic Party's proposal and the original regulation.

The DAB is willing to explore with an open mind any proposal that can perfect the existing arrangement. But why did I mention at the beginning of my speech that we would oppose Mr SIN Chung-kai's amendments? Having considered carefully the legal effect of the amendments proposed by Mr SIN Chung-kai, we reckon that we can hardly support such amendments, for they may backfire and undermine the protection of residents. Why? There are two reasons. The first one is about licence renewal. The Democratic Party's amendments state that the Board must not issue a liquor licence which is valid for a period of more than one year unless it is satisfied that (i) the liquor-licensed premises have a good track record, or (ii) the premises have not caused unreasonable nuisance to the persons residing in the vicinity. In other words, if the Board is satisfied that (i) or (ii) is fulfilled, it may issue a licence valid for more than one year. But what is the maximum validity period? This is not specified in the amendments proposed by Mr SIN Chung-kai from the Democratic Party. In that case, can the validity period be two years, three years, or even 30 years? Taken literally, the Democratic Party's amendments allow the Board to issue a liquor licence valid for more than two years at the time of licence renewal. I believe that this is certainly not Mr SIN's original intention, but in practice, his amendments can have such an ambiguous effect.

Secondly, if the Board's guidelines are complied with, as long as there are objections or adverse comments from the public, the Board has the opportunity to reject an application for a two-year licence. However, according to the amendments proposed by Mr SIN Chung-kai from the Democratic Party, if the Board is satisfied that the licensed premises have not caused unreasonable nuisance to the persons residing in the vicinity ― say, the applicant is able to prove that while the liquor-licensed premises have caused a nuisance to the persons residing in the vicinity, the nuisance has not reached an unreasonable level, then the Board may still issue a licence valid for two years or more, even if there are objections or adverse comments from the public. Such amendments will have this kind of effect. So, although the amendments proposed by Mr SIN Chung-kai from the Democratic Party appear, on the surface, to be stricter than the guidelines, we hold that his amendments will undermine the protection of the public and local residents in terms of the substantive legal effect of the provisions.

Just now, a few Members spoke on this issue; among them was Dr Kenneth CHAN, who devoted three minutes of his speech to the populism of some DC members and the operational difficulties faced by the catering industry. I am not interested to explore this point any further, as it is a matter of opinion. Yet, Mr‍ SIN Chung-kai mentioned in his speech that the residents of the Central and Western District and the Yau Tsim Mong District were very concerned about these problems. On this point, I think I need to expound some views.

Last Thursday, that is, on 19 March, the Central and Western DC passed an amendment moved by a DC member from the DAB, the contents of which are as follows (I quote): "That this Council considers that before the Government can effectively resolve the problem of liquor-licensed premises causing nuisances to residents, it should not be proposed in the Dutiable Commodities (Liquor) (Amendment) Regulation 2015 that the validity period of licences of liquor-licensed premises be extended from one year to a maximum of two years. This Council requests the Government to immediately conduct a comprehensive review of the ordinance governing the issuance of liquor licences, step up the monitoring of the enforcement of the ordinance, and enhance the existing appeal mechanism." (End of quote) This amendment was passed with the support of the Central and Western DC members from the Democratic Party who voted in favour of it. From this we can see that Mr SIN Chung-kai's amendments are, in fact, inconsistent with and vastly different from the contents of the amendment passed by the Central and Western DC. For this reason, the DAB opposes the amendments proposed by Mr SIN Chung-kai from the Democratic Party.

I so submit.

**DR HELENA WONG** (in Cantonese): Deputy President, bars, or upstairs bars, which have set a new trend, are found in all 18 districts across the territory. The nuisances caused by them are concentrated in the Central and Western District, as well as Yau Tsim Mong in my constituency, Kowloon West. I hope that Mr IP Kwok-him will not leave the Chamber later on, as I am going to answer his queries. His understanding is wrong.

At present, the nuisances caused to local residents by liquor-licensed premises are very serious. Such nuisances are concentrated in the Central and Western District, Prince Edward, Yau Tsim Mong, Kowloon City, and so on. The existing system for handling complaints against nuisances caused by liquor-licensed premises is actually ineffective; I will adduce evidence in this regard later on. Currently, all such complaints from residents are to be dealt with by the Police Force, which is not a dedicated agency to handle matters relating to liquor licences. The Police have no power under the law to handle complaints about noise inside the premises, nor are they in a position to handle hubbubs and noise outside the premises on the street. Usually, they will only dispose of the matter by giving advice. Under these circumstances where the complaint mechanism is ineffective, residents who suffer from such nuisances have no alternative but to seek redress as and when the problematic liquor-licensed premises apply to the Liquor Licensing Board (Board) for licence renewal each year. This is the only channel available for them to seek redress. Extending the validity period of liquor licences from one year to two years as per the Government's proposal will, in effect, deprive people of the opportunity to attend before the Board to seek redress, causing them to endure the situation for one more year, or two years altogether. Ultimately, liquor-licensed premises will just become less alert to the problem of community nuisance.

(THE PRESIDENT resumed the Chair)

According to the Government, it will add a mid-term review mechanism in its proposal, so that at the time of the mid-term review, liquor-licensed premises with no record of enforcement action or substantiated complaint will be deemed to have passed the mid-term review. However, the Democratic Party considers that the existing standards for licence renewal are actually very lax, and the regulation of liquor-licensed premises is basically ineffective. In fact, in most cases where local residents are disturbed by serious noise and hygiene problems caused by liquor-licensed premises, when the Police arrive at the scene after receiving a complaint, they will usually dispose of the matter by giving advice. Very often, they have no power to take enforcement action in such cases. For instance, there is simply no law that the Police can enforce against a hubbub made by customers gathering outside a bar.

We expect that a large number of liquor-licensed premises causing serious nuisances to residents will successfully pass the mid-term review under the new regulation, while the residents will have to continue to endure the nuisances for two years, as they will not be able to seek redress again until such liquor-licensed premises apply for licence renewal after two years. In the light of this, the Amendment Regulation does not introduce any effective mechanism to strike a balance with the interests of residents in the vicinity. This is a defect in the whole system.

Mr SIN Chung-kai, on behalf of the Democratic Party, has proposed one set of amendments, whereas I originally also intended to propose three sets of amendments, but unfortunately the President has refused to allow me to propose those amendments. The amendments currently proposed by Mr SIN Chung-kai seek to impose certain restrictions on liquor-licensed premises with records of problems. We have no intention of affecting ordinary liquor-licensed premises with a good track record by preventing the validity period of their licences from being extended to two years. But the problem is, the provision concerned fail to allow us to strike a balance with the public interest. What we want to do now is to incorporate some existing guidelines with no legal effect into the relevant legal provisions, so that the validity period of the licences of those problematic liquor-licensed premises will not be automatically and leniently extended to two years so easily.

I would like to respond to what Mr IP Kwok-him said in his speech just now. I am very disappointed at his understanding. He has been an experienced Legislative Council Member from the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) for many years, but he actually went so far as to make arbitrary comments without even having a clear understanding of the amendment provisions. Mr IP Kwok-him expressed grave concern as to whether Mr SIN Chung-kai's amendments would result in the validity period of the licences of those problematic liquor-licensed premises being extended to not only two years, but even to three or four years, and he queried whether this would do more harm to the public interest.

I request Mr IP to read carefully the amendments proposed by Mr SIN Chung-kai. It is stated clearly in the amendments that paragraph (4), the original provision, is to be repealed and substituted with "(4) Before the granting of an application for renewal of a liquor licence, the Board must not grant a liquor licence which is valid for a period of more than one year unless it is satisfied ― ". Therefore, his understanding mentioned just now is totally wrong.

Mr SIN Chung-kai's amendments stipulate that unless the two relevant conditions are fulfilled, no liquor licence valid for more than one year may be granted. Mr IP Kwok-him said just now that he was worried that the amendments would cause the validity period to become more than one year, and so he raised objection. I wonder if it is because he is accustomed to supporting the Government that he has to oppose every proposal put forward by the pan-democrats. In fact, Mr SIN Chung-kai's proposal is that the validity period of the licences of problematic liquor-licensed premises must not be more than one year, and he has set out in his amendments the circumstances under which no liquor licence valid for more than one year may be granted. Mr SIN Chung-kai proposes to add the following in the provision concerned: "that government authority or the Board does not have any substantiated complaint or enforcement action recorded against the licensed premises or the licensees " ― what does "enforcement action" mean? It means prosecution ― " and does not receive objection or adverse comment from the public from its licence renewal application advertisement". What does "objection or adverse comment" mean? According to the Board, verbal warnings, written warnings and prosecutions are regarded as bad records. So, it is only when it is proved that the premises concerned were not involved in any of these situations in the previous two years that the licence can be renewed for more than one year, that is, a two-year liquor licence can be granted, and there is no question of the validity period being extended to three or four years. In addition, Mr SIN Chung-kai proposes to add subparagraph (b): "the licensed premises have not caused unreasonable nuisance to the persons residing in the vicinity". He proposes to put the aforesaid two points together and incorporate them into the current Amendment Regulation.

I have no idea why Mr IP Kwok-him suddenly had a misunderstanding just now. I hope that he will wake up and read the provisions carefully. Our view and his view should be consistent. He mentioned just now that the Central and Western District Council (DC) had a meeting on 19 March, last Thursday, at which Central and Western DC members from the Democratic Party, including Mr HUI Chi-fung, Ms CHENG Lai-king and Mr WONG Kin-shing, moved a motion the contents of which are as follows: "That this Council hereby opposes the Government's amendment to the Dutiable Commodities (Liquor) (Amendment) Regulation 2015 to extend the validity period of licences of liquor-licensed premises from one year to a maximum of two years, and urges the Government to introduce amendments to the regulation to resolve the problem of liquor-licensed premises causing nuisances to residents." However, DC members from the DAB, including Mr IP Kwok-him, Miss SIU Ka-yi, Mr‍ CHEUNG Kwok-kwan, Mr CHAN Hok-fung and Miss LO Yee-hang, moved an amendment to the original motion moved by Mr HUI Chi-fung as a DC member from the Democratic Party. Yet, since the spirit of this amendment was actually consistent with the original motion, Mr HUI Chi-fung supported this amendment moved by those DC members from the DAB.

As to the aforesaid amendment moved by those DC members from the DAB at that DC meeting, its contents are as follows: "That this Council considers that before the Government can effectively resolve the problem of liquor-licensed premises causing nuisances to residents, it should not be proposed in the Dutiable Commodities (Liquor) (Amendment) Regulation 2015 that the validity period of licences of liquor-licensed premises be extended from one year to a maximum of two years. This Council requests the Government to immediately conduct a comprehensive review of the ordinance governing the issuance of liquor licences, step up the monitoring of the enforcement of the ordinance, and enhance the existing appeal mechanism." As this amendment moved by those DC members from the DAB including Mr IP Kwok-him at that time was not contrary to the original motion moved by Mr HUI Chi-fung as a DC member from the Democratic Party, the Democratic Party certainly judged it objectively from the facts, and supported this amendment from the DAB.

Recently, Central and Western DC members from the DAB have printed posters and put them up everywhere in the streets, saying that the validity period of licences of liquor-licensed premises should not be extended from one year to two years. I have just downloaded this poster. Members, please take a look at this poster of the DAB. I would like to ask the DAB if it intends to  Just now, due to his misunderstanding, Mr IP Kwok-him indicated that he did not support Mr SIN Chung-kai. I hope that he will now have a correct understanding and switch to supporting Mr SIN Chung-kai, which is the only way to prevent the passage of this regulation. If Mr SIN Chung-kai's amendments are not passed, it means that the Government's Amendment Regulation will be passed automatically; in other words, even if the problem concerned has not been resolved, the validity period of liquor licences will still be extended automatically. Therefore, I really hope that "Uncle Him" will realize, after he has woken up, that Mr SIN Chung-kai has never suggested changing the validity period of liquor licences to three years, four years or five years. This is absolutely not the case.

President, the Government has reiterated time and again that it will definitely consider the interests of the public, local residents and the trade when issuing or renewing a liquor licence, in the hope of striking a balance among them. I genuinely and sincerely hope that the Government will always strike a proper balance, but unfortunately that is not reality. President, at a meeting of the Subcommittee, I once requested the Government to provide figures, as figures would not lie. How much attention has the Government paid to the complaints lodged by local residents? Has it balanced the interests of various parties when considering applications for licence renewal from liquor-licensed premises?

President, over the past three years, how many liquor-licensed premises with records of substantiated complaints have sought to renew their licences? That is, how many liquor-licensed premises which had been the subject of substantiated complaints have sought to apply for licence renewal? According to the figures provided by the Government, there were 281 such liquor-licensed premises in 2012. But among these 281 liquor-licensed premises, were any of them rejected when they applied for licence renewal? No, none of these 281 liquor-licensed premises were rejected according to the figures for 2012. In 2013, 260 liquor-licensed premises with records of substantiated complaints applied for licence renewal; how many of them were rejected? The situation was better, as five of them were rejected. In 2014, a total of 428 liquor-licensed premises with records of substantiated complaints sought for licence renewal, but only eight of them were rejected; what a pity. President, if it is suggested that these figures already show that the Government has struck a balance with the public interest, then unless we are all blind, I really cannot see the basis of this judgment. According to the figures for 2014, out of the 428 liquor-licensed premises with records of substantiated complaints, only eight were rejected for licence renewal, while a total of 357 (66%) were still granted renewal of their licences for the full term, that is, one year, with 236 granted a one-year licence without being subject to any additional restrictive condition. A total of 357 liquor-licensed premises were able to have their licences renewed for one year; among them, 236 were not subject to any additional condition. In view of this, if today the Government's Amendment Regulation is passed automatically, or unfortunately Mr IP Kwok-him does not support Mr SIN Chung-kai's amendments due to his misunderstanding, we can imagine that the Board will do a sloppy job. Even if complaints are received, liquor licences will still be granted. Even if the premises have a bad record, they will usually be treated leniently. What is more outrageous is that, as far as we know, some police officers were involved in corruption when they inspected liquor-licensed premises being complained against. A whole team of police officers from the Wan Chai Police District were interrogated and brought to trial, and some of them were even convicted. Therefore, if the Board leaves the door wide open by changing the validity period of liquor licences to two years for facilitating business, but does not tighten or seriously enforce the guidelines, I am sorry to say that the Democratic Party really cannot support such a practice.

President, I think we must have stringent control. The amendments that I originally wished to propose seek to incorporate into the provisions some arrangements currently in place, including that an advertisement of the intention to renew the licence should be displayed within a radius of 15 m from the liquor-licensed premises concerned for the information of residents, and that if there is a complaint from more than 20 members of the public, the Board should hold a hearing. Unfortunately, the President has made it impossible for me to propose these amendments. In fact, these arrangements have already been put in place in some districts, and we merely hope to further regularize them so that the interests of the public and local communities can be taken care of.

President, I now appeal again to the DAB and all Honourable colleagues to support the amendments proposed by Mr SIN Chung-kai from the Democratic Party.

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

(No Member indicated a wish to speak)

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, I have all along listened carefully to the opinions of Members. Basically, I think all the Members who have spoken share a common view; that is, they all agree to the Government's current proposal to extend the maximum validity period of a liquor licence from one year to two years upon renewal, and in doing so, it is necessary to establish a stringent mechanism to ensure that only a liquor licence holder who has a good track record, and who was likewise granted a full term licence on the basis of a good track record when the licence was last approved or renewed, can be considered for licence renewal for two years. Basically, our directions are consistent.

However, as I said earlier, having regard to public concerns about liquor-licensed premises, the Liquor Licensing Board (Board) already introduced a number of administrative measures in 2013, including revamping the procedures for dealing with applications for the renewal or transfer of liquor licences, so as to more comprehensively handle voices from the neighbourhood, and publishing a set of guidelines capturing the factors to be taken into account when assessing liquor licence applications, so as to enhance transparency. Basically, the authorities have no objection to the requirements that liquor-licensed premises must meet in order to be granted renewal of their licences for two years.

Actually, the Board is also discussing the factors to be taken into account when dealing with applications from liquor-licensed premises for licence renewal for two years, including updating the aforesaid guidelines. Yet, the Members proposing or supporting the amendments in question have some other concerns, such as whether residents in the vicinity have the right to complain. Basically, as pointed out clearly by some Members in their speeches just now, and as I have mentioned before, members of the public may lodge complaints anytime; it is not that they can seek redress only when liquor-licensed premises apply for licence renewal. Moreover, in the future, the authorities will also stipulate clearly in the guidelines that the authorities will not consider granting a renewed licence which is valid for more than one year unless in the two years preceding licence renewal, the liquor-licensed premises were not the subject of any complaint, did not even receive any adverse comment, had no enforcement action recorded against them, and so on.

As a matter of fact, I must say that the arrangement currently proposed by the Government was formulated after detailed discussions by the Subcommittee, and has taken full account of whether the relevant requirements can be enforced and whether their meaning is clear. On the contrary, although the purpose of Mr‍ SIN's proposed resolution is consistent with that of the Government's proposal in that he hopes to enhance the protection of the public and prevent liquor-licensed premises from causing unreasonable nuisance to residents, the wording adopted by him will, in practice, restrict the Board's flexibility in considering other related factors. While Mr SIN's intention or hope is to lay down stricter requirements, the incorporation of such requirements into the legislation would give rise to lots of ambiguities. If Mr SIN's proposed resolution is passed, but the amendments contained therein have never been scrutinized in detail by the Subcommittee, it may be counterproductive. In my view, this is the most fundamental factor that Members should consider when deciding whether to support such amendments. As I mentioned just now, the original proposal has been discussed in detail by the Subcommittee. It has the same objective and is more practicable. I hope that Members will oppose Mr‍ SIN Chung-kai's amendments. Thank you, President.

**PRESIDENT** (in Cantonese):I now call upon Mr SIN Chung-kai to reply.

**MR SIN CHUNG-KAI** (in Cantonese): I thank the Members who have spoken. Mr Tommy CHEUNG is against my amendments, which is understandable as he represents the interest of the trade. The two colleagues from the Federation of the Trade Unions (FTU) oppose my amendments for a simple reason, that is, they trust the Government and it would be fine as long as there are guidelines. As for Mr IP Kwok-him, I hope he understands that the colleagues from the Democratic Party also support the motion proposed by the DAB in the Central and Western District Council (DC). As far as I understand, they suggest that if the Government cannot address the nuisance problem, it should not extend the maximum validity period of the licence from one year to two years.

I have only incoporated the contents of the Central and Western DC's motion into the Regulation. I hope Mr IP Kwok-him understands that the exact wording of my motion is, "Before the granting of an application for renewal of a liquor licence, the [Liquor Licensing] Board must not grant a liquor licence which is valid for a period of more than one year unless it is satisfied" with two points listed in my resolution and one of them is: (a) government authority or the Board does not have any substantiated complaint recorded against the licensed premises for at least two consecutive years immediately before licence renewal. I would like to ask him to read the contents carefully. I have only incorporated the Central and Western DC's motion into the Regulation but he is now against my amendments.

I hope that Mr IP Kwok-him can do something for the people of Hong Kong, the people who are suffering from the nuisance caused by liquor-licensed premises. While the Secretary's tenure is only five years, these people who are enduring the nuisance may have lived in the relevant districts for decades. Some residents of the Central and Western District have told me that several generations of their families, starting from their parents, have lived there and now they are deeply troubled by nuisance caused by the liquor-licensed premises, but they cannot have their grievances redressed. I would like to ask Mr IP Kwok-him to read my amendments a couple of times. I have only incorporated the motion proposed by the Central and Western DC into the Regulation.

The Secretary has said that the wording of my amendments would give rise to many problems. As Dr Kenneth CHAN has pointed out just now, I copy such words from government documents. Perhaps such words are administrative terms and we may need to use legal terms and then discuss them thoroughly. But when I asked the Government at a meeting of the Subcommittee if such words could be incorporated into the Regulation, the Government refused, and because of that, I propose the amendments on my own. It would be ideal if the Government could accept my views and propose the amendments. Why is it unwilling to do so? The Government told the Subcommittee that if liquor-licensed premises had good track record for two consecutive years before licence renewal, they could be granted a licence with the maximum validity period of two years. The Government also said that the definition of "good track record" was specified in the footnote of the document. What I have done is to incorporate such contents into the Regulation. I hope the Secretary will understand that the Liquor Licence Board (Board) has its own legal advisors and they will say that our speeches today will not form part of the Regulation, and the contents of the documents submitted by the Government to the Subcommittee will not be incorporated into the Regulation.

I would just like to tell Mr IP Kwok-him that by proposing the amendments, I intend to do something for the people, especially those affected by the liquor-licensed premises. I would like to ask him to read the two points in my amendment carefully: "(a) that government authority or the Board does not have any substantiated complaint or enforcement action recorded against the licensed premises or the licensees for at least two consecutive years immediately before licence renewal and does not receive objection or adverse comment from the public from its licence renewal application advertisement; or (b) the licensed premises have not caused unreasonable nuisance to the persons residing in the vicinity", and if there are any such cases, the Board must not grant a liquor licence which is valid for more than one year. That is what our amendments are about.

I hope that the Secretary and the FTU will explain to the colleagues of the Central and Western DC. They stated in their poster that they oppose extending the liquor licence from one year to two years. If the motion that I, SIN Chung-kai, propose is negatived today, all licence will be renewed for two years. Of course, the Secretary will say that is not the case as the Board would conduct a mid-term review. But what are the criteria for the review? The Regulation has not specified. He said that three factors would be taken into account, but they are all verbal promises. Will they be captured in the guidelines? And will the Board act in accordance with the guidelines? To handle the matter in accordance with the law is different from handling the matter in accordance with guidelines. The authorities also say that the matters arising will be handled flexibly, but will the residents' interests be protected after the problems are handled in a flexible manner?

President, what breaks my heart is that I do not wish to see these livelihood-related issues get involved in political struggle. As a matter of fact, I have not said anything about politics. I only asked how they can explain to the residents in Central and Western, and Prince Edward districts. What we need to do today is to prevent liquor-licensed premises that have substantiated complaint or enforcement action recorded against them from being granted a licence with a validity period of over a year, which is actually no different from the current procedure. I would like to ask Mr IP Kwok-him to read carefully my proposed resolution which has been uploaded to the Legislative Council website, the contents are clearly written. I wonder if his colleagues have shown it to him. What he said just now has deviated from the contents of my proposed resolution. How could he say that the licence can be renewed for two or three years, or even longer than three years? How could he make such comments? My amendment is, "Before the granting of an application for renewal of a liquor licence, the Board must not grant a liquor licence which is valid for a period of more than one year unless it is satisfied" with two points. Mr IP Kwok-him, how can the Board grant a licence of three years? It is highly regrettable. I hope he can give a proper explanation to the residents of the Central and Western District.

With these remarks, I move the motion.

**PRESIDENT** (in Cantonese): I now put the question to you and that is: That the motion moved by Mr SIN Chung-kai be passed. 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)

Dr Helena WONG rose to claim a division.

**PRESIDENT** (in Cantonese): Dr Helena WONG 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, Mr James TO, Mr Frederick FUNG, Mr CHEUNG Kwok-che, Mr‍ Kenneth LEUNG and Mr IP Kin-yuen voted for the motion.

Mr Tommy CHEUNG, Mr Vincent FANG, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Miss CHAN Yuen-han, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Mr Martin LIAO, Mr TANG Ka-piu, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr Tony TSE voted against the motion.

Mr POON Siu-ping abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Ms Emily LAU, Ms Cyd HO, Mr Alan LEONG, Mr‍ LEUNG Kwok-hung, Ms Claudia MO, Mr WU Chi-wai, Dr Kenneth CHAN, Dr KWOK Ka-ki, Mr SIN Chung-kai and Dr Helena WONG voted for the motion.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mrs Regina IP, Mr Michael TIEN, Mr LEUNG Che-cheung, Miss Alice MAK and Dr Elizabeth QUAT voted against the motion.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, six were in favour of the motion, 19 against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 11 were in favour of the motion and 10 against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the motion was negatived.

**PRESIDENT** (in Cantonese): Mr Andrew LEUNG will move a motion under Rule 49E(2) of the Rules of Procedure to take note of the Port Control (Public Cargo Working Area) Order 2015, which was included in Report No. 15/14-15 of the House Committee laid on the Table of this Council.

**PRESIDENT** (in Cantonese): According to the relevant debating procedure, I will first call upon Mr Andrew LEUNG to speak and move the motion, and then call upon the chairman of the subcommittee formed to scrutinize the relevant item of subsidiary legislation, Mr IP Kwok-him, to speak, to be followed by other Members. Each Member (including the mover of the motion) may only speak once and may speak for up to 15 minutes. Finally, I will call upon the public officer to speak. The debate will come to a close after the public officer has spoken, and the motion will not be put to vote.

**PRESIDENT** (in Cantonese): Members who wish to speak on the motion will please press the "Request to speak" button.

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

**Motion under Rule 49E(2) of the Rules of Procedure**

**MR ANDREW LEUNG** (in Cantonese): President, in my capacity as Chairman of the House Committee, I move the motion, as printed on the Agenda, under Rule 49E(2) of the Rules of Procedure to allow Members to have a debate on the Port Control (Public Cargo Working Area) Order 2015 included in Report No. 15/14-15 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments.

President, I so submit.

**Mr Andrew LEUNG moved the following motion:**

"That this Council takes note of Report No. 15/14-15 of the House Committee laid on the Table of the Council on 25 March 2015 in relation to the subsidiary legislation and instrument(s) as listed below:

|  |  |
| --- | --- |
| Item Number | Title of Subsidiary Legislation or Instrument |
|  |  |
| (6) | Port Control (Public Cargo Working Area) Order 2015 (L.N. 28/2015)." |

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

**MR IP KWOK-HIM** (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Port Control (Public Cargo Working Area) Order 2015 (the Subcommittee), I would like to report on the deliberation on the Port Control (Public Cargo Working Area) Order 2015 (the Order).

The Order aims to delineate new boundaries of the Western District Public Cargo Working Area, so as to release a small portion of land to provide an access point to the future waterfront open space at the Western Wholesale Food Market under the Signature Project Scheme.

The Subcommittee notes that the Central and Western District Council (DC) welcomes the Order and indicates that following the growth of population in the Western District along with the erection of more and more high-rise residential buildings, there is a general lack of open space in the district. It is working closely with the Administration to rationalize the alignment of the waterfront promenade.

Regarding the industry concerned, members note that the Western District Public Cargo Working Area has acceded to the request of the Administration and agreed to re-delineate its boundaries despite the fact that this will bring operational inconvenience to trucking drivers. While Hong Kong Cargo Vessel Traders' Association Limited supports the Order, it has pointed out that operators of public cargo working areas have been making concessions to accommodate the needs of other users by reducing the size of various public cargo working areas. They expect the Government to make arrangements for all operators of public cargo working areas to continue operating in a permanent site.

The Administration indicates that it is conducting a comprehensive review on the future allocation method for the berths of public cargo working areas. It is expected that the review will be completed by mid-2015 and the Administration will consult the various stakeholders before deciding on the way forward.

Some members urge the Administration to acknowledge the role of public cargo working areas in handling cargo and their contribution to the economy. They opine that public cargo working areas that are required to be relocated for the improvement of residential environment should be properly reprovisioned in places with basic facilities. They support the Administration to formulate long-term planning for the development of various public cargo working areas, so as to incentivize operators to invest in modern facilities, revamp outdated equipment and retain staff.

In addition, the Subcommittee notes that the effect of section 7A of the Port Control (Public Cargo Working Area) (Consolidation) Order (the Consolidation Order) formulated in 2010, under which part of the Western District Public Cargo Working Area was zoned as a barging point, lapsed on 31 December 2014. The Central and Western DC and the industry hold divergent views over the use of the site. Members of the DC opine that owing to the acute shortage of open space in the district, they unanimously agree to rezone the site as part of the waterfront promenade for public enjoyment. The industry considers such a move unfair to them, and urges the Administration to zone the site for public cargo working area purpose.

A member considers that the Administration should analyse the utilization rate of the Western District Public Cargo Working Area, so as to expeditiously determine the use of the site and avoid delaying the development of the waterfront promenade. Another member considers that the Central and Western DC should strike a balance and make it clear to Western District residents that without such operators, the transport of dry seafood might be affected, and that reprovisioning the Western District Public Cargo Working Area to a farther site might bring about road congestion to the district. In doing so, the residents can make an informed choice between retaining the public cargo working area and using the site as open space. There are also views that the Administration should devise a plan for the residents and operators of the public cargo working area to jointly use the site concerned.

The Administration reiterates that it will, following the completion of the comprehensive review, consult various stakeholders and balance the needs of various sides before deciding on the way forward for, among others, the use of the barging point site. It also undertakes that it will not invite tenancies for the berths associated with the site in the interim.

The Subcommittee points out that section 7A of the Consolidation Order is actually a sunset provision, and the Administration should offer an explanation to the Central and Western DC and the industry through this boundary revision exercise, so as to avoid unnecessary misunderstanding. Members consider that the Administration should make improvement in terms of communication and the provision of data.

President, regarding the views raised by the Subcommittee, I hope the Government can give thorough consideration and take active follow-up actions.

Next I will explain the views of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) on its behalf.

First, I must declare that I am a member of the Central and Western DC. This Order relates to the land use of the Central and Western District, seeking to delineate the new boundaries of a public cargo working area, and provide an access point to the future community waterfront open space. It is certainly most desirable if community land resources can be properly utilized to cater for the needs of various stakeholders and balance the interests of various parties, including residents and operators of public cargo working area.

This Order is exactly related to striking a balance between the needs of operators of public cargo working area and the enjoyment of water promenade by residents of Central and Western District. In fact, the Central and Western DC has conducted several rounds of discussion on the aforesaid topic. In 2012, to dovetail with the construction of the West Island Line project of the Mass Transit Railway, the public cargo working area was zoned for project works purpose. On the other hand, given the increasing population in the Central and Western District, open space available for public use in the district will only become increasingly inadequate. During the construction of the West Island Line of the Mass Transit Railway, the DC had successively hold discussions at two meetings and passed a motion, urging the Government to zone a harbourfront area of the Western District Public Cargo Working Area as open space following the commissioning of the West Island Line.

In fact, regarding the land use of the public cargo working area, there is no absolute antagonism of "either you die or I die" between users of the public cargo working area and residents of the Central and Western District. Industry users well understand the importance of the relevant site for the future harbourfront planning of the Western District. They point out that they have been making concessions to accommodate the needs of other users by agreeing to reduce the size of the public cargo working area. In its discussion, the DC has also agreed that the public cargo working area should be properly reprovisioned if relocation or revision is required for the improvement of residential environment. This point has been clearly stated. In the long run, the Government should conduct studies on the planning and development of all public cargo working areas in Hong Kong, allocate land for operators of public cargo working areas to operate in a permanent site, and encourage them to invest in modern equipment and facilities, with the hope of retaining quality staff through the provision of a better working environment.

President, I have made reference to the experience of many foreign terminals in terms of their usage, and I think that mutual benefit can be achieved between residents enjoying the harbourfront and operators of Western Wholesale Food Market public cargo working area. If the operating features of the public cargo working area can be turned into a selling point for attracting more residents and tourists, the usage of land adjacent to the harbourfront can then be kept abreast of the times. I believe many Members present have travelled to foreign countries and witness how a fisherman's wharf can also become a tourist spot, whereby visitors can enjoy the natural scenery of the harbourfront on the one hand and share the joy of fishermen or operators in their operation on the other. As I have said just now, I think the antagonism of "either you die or I die" or "you win, I lose" does not exist.

For this reason, the authorities should formulate a plan for residents and public cargo working area operators to jointly use the relevant site, and this certainly involves planning and design. In fact, the residents or operators have raised many views, including the construction of a bridge for public use and enjoyment, and a lot of experience can be drawn on in this regard. I sincerely hope that the Government can, during the review, design a co-existence plan so as to make proper use of the site. Certainly, I also hope that the Government can make an undertaking that is acceptable to the industry, that is, no new operators should be allowed on the existing terminal before the conclusion of the interim review. I think this is the greatest concern of the residents. I know that the Government has already made such an undertaking in the Subcommittee, and I hope that the Secretary can give a clear response later.

President, the DAB and I will support the passage of the Order. Thank you, President.

**MR FRANKIE YICK** (in Cantonese): President, it is understandable for members of the public to seek an ideal living environment. For this reason, the Government has proposed the Port Control (Public Cargo Working Area) Order 2015 (the Order) for releasing a small portion of land at the Western District Public Cargo Working Area adjacent to the Western Wholesale Food Market, so as to enable the Central and Western District Council to successfully implement the proposed initiative of the Harbourfront Enhancement and Revitalization at the Western Wholesale Food Market, with a view to providing a waterfront promenade and open space at the Western Wholesale Food Market and its vicinity for public enjoyment. There is nothing to be said against it. Considering that the relevant proposal causes no great impact on the operation of the Western District Public Cargo Working Area, operators in this public cargo working area have not raised any objection.

President, I am supportive of the Order proposed by the Government today. Though the following speech of mine is not directly related to the Order today, I hope to take this opportunity to convey to the Government the operating difficulties faced by the cargo handling industry, and I hope that the Government would attach importance to the development of the cargo handling industry and provide appropriate assistance.

The natural deep-water port of Hong Kong has contributed to the diversified development of the maritime transport industry. Nearly 90% of cargoes handled in Hong Kong each year depend on maritime transport, of which 70% are carried by ocean-going vessels, and 30% by river cargo vessels. Cargoes handled at public cargo working areas come from river cargo vessels. In order to reduce transport costs in recent years, the transport of many cross-boundary cargoes has shifted from trucking to river transport, and cargoes are shipped to Hong Kong by river vessels and barges before being transhipped to other places. River cargo throughput has recorded a record high of 100 million tonnes in 2014, representing an increase of 9% over 91 million tonnes in 2013. Over the past 10 years, river cargo throughput has also increased by nearly 50%. It is thus clear that public cargo working areas play a pivotal role in promoting the logistics industry of Hong Kong.

Regrettably, there has all along been a lack of assistance from the Government to the cargo handling industry, and industry operators thus have to count on themselves. In order to dovetail with district development, public cargo working areas have invariably taken the brunt, leading to the continuous shrinking of their size. The decommissioning of the Kwun Tong and Cha Kwo Ling public cargo working areas in 2011 served to make way for the development of south-east Kowloon, and the site thus vacated was developed into a harbourfront promenade. The continuous decommissioning of public cargo working areas by the Government has reduced their number from a peak of 11 to six at the moment. At the same time, in response to the complaints of residents, the Government also forces public cargo working areas to shorten their operating time to avoid causing nuisances to residents. In addition, in the 2013 Policy Address, the Chief Executive indicated that existing berthing facilities at public cargo working areas would be allocated on a priority basis to the recycling industry for their use. The Study on the Strategic Development Plan for Hong Kong Port 2030 issued by the Government late last year put forward recommendations on addressing the insufficiency of berths at Kwai Tsing Container Terminals and promoting port development, including upgrading the Stonecutters Island Public Cargo Working Area to become a modern container handling facility for ocean-going or river vessels. Such measures have obviously served to continuously restrict the room for the operation of the cargo handling industry.

Given the change of the operating mode of cargo transport, apart from the gradual replacement of land transport by waterborne transport due to cost concerns, the increasing size of container vessels, the increase of cargo load and the alliance of vessel companies have heightened the complexity of handling containers. This, coupled with the corresponding growing volume of transhipment cargoes in the meantime and the lack of ancillary facilities at container terminals, has led to congestion at the terminals of Hong Kong. The congestion at local terminals has resulted in the berthing of some container vessels at nearby terminals. Hong Kong therefore failed to recover the status as the third largest container port in the world in 2014 that it lost to Shenzhen in 2013. The upgrading of the Stonecutters Island Public Cargo Working Area to become a modern container handling facility as proposed in the Study on the Strategic Development Plan for Hong Kong Port 2030 will hopefully address the insufficiency of berths at our port, but the existing operators of the Stonecutters Island Public Cargo Working Area will inevitably be affected, leading to the further decrease in the number of berths at public cargo working areas, and aggravating the insufficient supply of berths available for river vessels and local barges.

When decommissioning the two public cargo working areas in Kwun Tong and Cha Kwo Ling, the Government did not identify any new sites for cargo handling industry operators, and reprovisioning was merely done through reallocating the berths and realigning the length of some berths at the remaining six public cargo working areas. Regrettably, since the changes recommended by the authorities failed to meet the actual operation needs of the industry, the industry is in great distress, and eventually some industry operators are forced to wind up their business, with their investments over the years come to naught.

Statistically speaking, the existing six public cargo working areas provide some 130 berths, which are adequate to meet the operation needs of the existing 100 operators or so, but if we conduct an in-depth study on the actual operation of the industry, we would know that an arbitrary allocation of a berth can by no means satisfy the needs of the industry. If the Government adopts its old tactics again and resettles operators to be affected at the Stonecutters Island Public Cargo Working Area in the future by reallocating the berths at the existing six public cargo working areas, a serious blow will undoubtedly be dealt on the cargo handling industry.

Since operators of the Stonecutters Island Public Cargo Working Area mainly concentrate their business in Kowloon and the New Territories, if they are relocated to the Western District Public Cargo Working Area or Chai Wan Public Cargo Working Area where there are a small number of vacant berths, their operation will be affected and their operating costs will also be pushed up. Without the competitive edge in prices, they will naturally lose their clients and have to close down their business if operation is no longer possible. Given the insufficient supply of berths, if the Government still allocates berths to the highest bidder by tender, the operating costs will increase significantly, and operators that are not financially strong will be eliminated and suffer the misfortune of business closure despite years of operation.

In order to avoid repeating the mistake made in the decommissioning of the two public cargo working areas in Kwun Tong and Cha Kwo Ling, it is hoped that before implementing the plan of upgrading the Stonecutters Island Public Cargo Working Area for the berthing of ocean-going vessels, the Government would negotiate with the affected operators for adequate arrangement, including proposing a plan to make up for the number of berths that may be reduced due to the changes, and identifying proper locations for resettlement, so as to minimize the impact on operators.

Public cargo working areas give people an impression that they belong to a traditional industry with primitive operating conditions and lack of investments. This is because the short-term tenancy of public cargo working areas cannot guarantee the recovery of huge amounts of investment. Thanks to the efforts made by the industry, the tenancy of public cargo working areas has been extended from three years to five years and tenders are invited every five years. However, owing to the many uncertainties and the lack of government policy to support the long-term development of the industry, operators are still reluctant to make huge amounts of long-term investments lest operation will not be sustainable. For this reason, the Government should allocate a permanent site for public cargo working area operators, thereby encouraging them to make long-term investments and improve the efficiency of public cargo working areas. At the same time, the operators should be encouraged to improve the working environment to attract new entrants, so as to resolve the perennial succession problem in the industry.

In order to reduce the operating costs of the industry and improve the operating efficiency of public cargo working areas, I have met with the Marine Department to follow up the reform on the operation of and fees charged by car parks at public cargo working areas, and I have also invited people with expertise in managing car parks to give their advice. However, given that fees charged by public cargo working areas are subject to the requirement of the Government on cost recovery and certain rates of return, the Marine Department must conduct thorough studies on the relevant proposal. That said, since public cargo working areas are part of the infrastructure of the logistics industry, whether it is appropriate for the Government to run them on a self-financing basis and set rates of return is open to question. Given that public cargo working areas are infrastructure underpinning the logistics industry, I hope that the Government can explore the feasibility of lowering the overall fees charged. I note that the Marine Department is reviewing the allocation of berths at public cargo working areas, and I hope that the review can cover a study on improving the operating efficiency, in particular, the proposal of charging parking fees on a half-hourly instead of hourly basis that the industry has been striving for years. The long-term development of public cargo working areas should also be studied.

In fact, the provision of diversified transport services is vital to the outstanding performance of the transport and logistics industries of Hong Kong and their world-acclaimed status. Public cargo working area is an important part of the logistics industry. The conveyance of various daily necessities and foodstuffs for daily consumption of the 7 million people of Hong Kong and even the conveyance of construction materials for infrastructure projects depend on maritime transport. Goods are unloaded from barges and loaded onto trucks in public cargo working areas before being transported to various districts of Hong Kong, including, for example, supermarkets, wet markets and retail shops for public purchase. Given the importance of public cargo working areas to cargo handling, the economy and employment of Hong Kong, the Government should indeed formulate a long-term planning for public cargo working areas, so as to dovetail with the long-term development of the logistics industry, a pillar industry of the Hong Kong economy.

With these remarks, President, I support the Port Control (Public Cargo Working Area) Order 2015.

**MS CYD HO** (in Cantonese):President, concerning the use of this site, when the Government and the MTR Corporation Limited considered the construction of the MTR West Island Line in 2005, they proposed using part of the barging pier for the transportation of construction waste. It was then agreed that the site would be used as open space upon completion of the MTR West Island Line. It would be used as the Hong Kong Island North waterfront promenade connecting the Central and Western District and some parts of the Eastern District.

This is a very good idea. Now that the MTR West Island Line has been completed, the subsidiary legislation introduced by the Government has almost returned to the basics, without mentioning that the site used for the MTR's construction would be used as open space. Therefore, the residents and the District Council (DC) concerned are worried.

DC attaches importance to open space and the Legislative Council wishes that the Hong Kong Island North waterfront promenade project would be implemented. However, we also understand that river transport and barge pier facilities are equally important. These piers are not only used for river transport on the Pearl River and cargo transport to the Guangdong Province, but also for the transporting goods and food to the Hong Kong Island and some adjacent outlying islands. They are also important to the waste paper recycling operations of the environmental industry.

In this connection, the two-tier representative councils, namely the DC and the Legislative Council, have to consider how to balance the demands for open space and barging point sites. As we are told by the industry, they have tried their best to meet the authorities' requirements by shortening operating hours and occupying less space and fewer berths. During the scrutiny process, we asked if the pier facilities had not been refurbished for many years and whether old operating modes were still being used. Difficulties will arise if the industry has to shorten the operating hours. We also asked if the pier facilities can be refurbished so as to maintain the same cargo throughput by using fewer berths.

Certainly, the industry's reply is in the affirmative but they also have difficulties because the authorities often rent land to them under short-term tenancies. Just now, Mr Frankie YICK mentioned a term of three years, but even if the term is increased to five years, given the relatively short-term tenancy and uncertainties in land use, it is unfair to ask the industry to make considerable investments in the refurbishment and modernization of pier facilities.

On this issue, the Government should make the investment or expeditiously conduct a consultation on the policies on open space and barging point sites before making a decision.

DC plays an important role in town planning and land use because DC members contact residents at the frontline and listen to public views. They also have the responsibility to balance the interests of all parties. First, I hope the Government would not only be concerned about the pay increase of DC members. Those who engage in politics should not only be concerned about remuneration; instead, they want to play a role in making planning decisions. The Government should give DCs the powers and responsibilities, so that we can see whether DC members can make town planning decisions from a professional perspective. Though DC members may make the wrong decisions, we should let voters decide whether they will re-elect them as DC members in the next election.

I have served as a DC member for a few years and I realized that civil servants and government officials have been reluctant to empower DCs, thinking that DC members may not be able to make overall planning in terms of town planning owing to pressure from votes, regional politics and residents. Nevertheless, we can improve the system and avoid such a situation. We have repeatedly said at meetings that the proportional representation system should be adopted at the DC level. The planning decisions of the whole district, including popular amenities such as libraries, heated swimming pools and offensive facilities such as barges and refuse depots should be jointly made by the most supported political party and the executive authorities in the district. This is the most reasonable approach and this approach can also be adopted for the constitutional system.

During the years I served as a DC member, I realize that any community facilities, not only offensive facilities, can attract opposition from some people. Even popular facilities, such as heated swimming pools, may be objected by some people. For example, some people opposed the provision of a heated swimming pool in the Central and Western District as the pool would block the magnificent sea view of several floors of residential flats across the road. We should understand that, though there are opposing voices to any facility, the officials, Members and members of representative councils at all levels have the responsibility to lobby members of the public in connection with Hong Kong's development, interests and planning. I hope all of us can get involved in making decisions.

Finally, if the plans have negative impacts on a small number of people, we should consider how to compensate them. It is unfair for us to ask a small number of people to pay a price for public interest without offering them any compensation. We should adopt this approach in making decisions or implementing facilities, be they large-scale facilities such as the third airport runway or small-scale facilities such as barge facilities and waterfront open space, and even dog latrine.

President, barge berths are indispensable facilities in Hong Kong. Mr‍ Frankie YICK mentioned the construction of berths for larger ocean-going vessels at Stonecutters Island, but I think he has been exaggerating. I know we all want to take this opportunity to discuss the planning of the entire harbour, but I would like to continue discussing the planning of berths at barge pier. Barging point sites are indispensable social facilities in Hong Kong but the available sites have been on the decrease. Nonetheless, while there is no other means of transport that can replace barge transportation, there are inadequate berths and the authorities intend to strangle this industry through land use planning. This is unfeasible and will ultimately have adverse impacts on society as a whole.

In making decisions, as the Government cannot please both sides, it has been evasive and procrastinating or drawing in one faction and hitting out at another. I think this approach is not conducive to solving the problem. The Government should openly and fairly consult the residents and the industry, so that all parties can join in the discussion, with a view to balancing the interests of various parties. The Government should then set the policy direction and take necessary actions.

The authorities should try to provide compensation to residents who are adversely affected, and should not adopt the current approach of procrastinating, evading or promising to conduct comprehensive consultations during the deliberation before making decisions. The Secretary has to make decisions one day and he cannot avoid the two-tier representative councils. Hence, I hope the authorities would formulate a clear policy direction at an early stage and then consider how to implement the policies, so as to minimize the negative impacts on the residents and balance the interests of all parties. I believe all those who engage in politics must undergo this test. Thank you, President.

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

(No Member indicated a wish to speak)

**PRESIDENT** (in Cantonese):Members have already spoken.

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): President, the Government introduced the Port Control (Public Cargo Working Area) Order 2015 (the Order) into the Legislative Council on 4 February this year, to revise the boundaries of the Western District public cargo working area (WD-PCWA), and a subcommittee was subsequently formed by the Legislative Council to scrutinize the Order.

First of all, I would like to thank Mr IP Kwok-him, Chairman of the Subcommittee, and eight Subcommittee members for their deliberations. During the scrutiny process, Subcommittee members and the Government's representatives received views at the second meeting from three organizations, namely, the Central and Western District Council (DC), the representatives of the WD-PCWA and the Hong Kong Cargo Vessel Traders' Association Limited. Eventually, the Subcommittee supported the Order.

Just now a few Members have spoken and I would like to respond briefly.

The purpose of the Order is to tie in with the Harbourfront Enhancement and Revitalization at the Western Wholesale Food Market, an initiative proposed by the Central and Western DC under the Signature Project Scheme, to revise the boundaries of the WD-PCWA, with a view to providing a waterfront promenade and open space at the Western Wholesale Food Market and its vicinity and providing an access point to facilitate the implementation of the initiative, so that the public can enjoy the facility. Therefore, the Order fully meets the needs of local residents.

At the same time, to align with the latest government land allocation boundaries, the Order makes technical revisions to three small portions of land at the entrances/exits of the WD-PCWA with a total area of approximately 320 sq m, by incorporating them into the boundaries of the PCWA. After these minor revisions, the total site area of the WD-PCWA will slightly increase by 100 sq m, while the usable seafrontage remains unchanged.

I understand that Members are concerned about the former barging point site within the WD-PCWA. This site was for temporary use as a barging point during the construction of the West Island Line project of the Mass Transit Railway. As the project was completed on 31 December 2014, the site fell within the boundaries of the WD-PCWA again. I understand that the Central and Western DC and Members who have spoken are very concerned about the future use of the barging point site, but this is not the theme of the Order.

At the meetings of the Subcommittee to scrutinize this Order, members expressed many different views. Mr Frankie YICK, Ms Cyd HO and Mr IP Kwok-him, Chairman of the Subcommittee, have expressed their views just now. We understand that the Central and Western DC would like to provide more open space within the district and has high expectations of the waterfront promenade, as pointed out by Mr IP Kwok-him. On the other hand, the industries, mainly the cargo handling industry, are very much concerned about the WD-PCWA. I hope that the Government would also take into consideration the long-term needs of the PCWA operators as well as factors such as their contribution to our economy.

The WD-PCWA handled quite a lot of cargoes. Last year, it handled some 300 000 tonnes of cargoes with about 85 000 vehicle trips to the WD-PCWA. In addition, the WD-PCWA is indispensible for transferring cargoes to-and-from outlying islands and Macao, as well as mega pre-fabricated units that are too big to cross the harbour tunnels. Thus, we cannot underestimate the role played by the WD-PCWA. We must properly balance the needs of different stakeholders, and in respect of communication and consultation, the government departments concerned should do a better job and try to balance the needs of various parties and find an appropriate solution. We will continue to do so in the future.

Since we are all greatly concerned about berths at PCWA and the Berth Licence Agreements will expire on 31 July 2016, the Marine Department is conducting a comprehensive review of all six PCWAs in Hong Kong including the WD-PCWA. The Marine Department will work out methods for the future allocation of PCWA berths after comprehensively considering the operation and future development of PCWAs, and balancing the needs of different stakeholders.

The review is expected to be completed in the middle of this year, and the authorities will consult the relevant stakeholders such as the PCWA operators, the DCs concerned and the relevant Legislative Council Panels on the review results. Citing Ms Cyd HO's remarks just now, if there are different factors for consideration, all issues should be put on the table, and there should be adequate communication and consultation, with mutual respect for the different needs of various parties in order to strike a balance. I also agree strongly with Mr IP Kwok-him's earlier comment that the situation of "either you die or I die" does not exist, and it is most important to listen to the views of other people.

Concerning the arrangements for the WD-PCWA, we will also conduct consultations and then determine the way forward for the use of the former barging point site and other related matters. I would like to clarity that, before performing these procedures, the Marine Department will not invite tenancies for the berths associated with the barging point site.

President, the amendments introduced into the Legislative Council today are purely technical adjustments. Depending on the future review of the PCWAs by the Marine Department, development needs and the results of the consultations, we will propose an amendment to update the boundaries of the WD-PCWA, if necessary.

President, I so submit.

**PRESIDENT** (in Cantonese):The debate has come to a close. In accordance with Rule 49E(9) of the Rules of Procedure, I will not put any question on the motion.

**PRESIDENT** (in Cantonese):Debate on motion with no legislative effect.

The motion debate on "Balancing the impacts of the tourism industry on the economy and people of Hong Kong".

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

I now call upon Mr Vincent FANG to speak and move the motion.

**Balancing the impacts of the tourism industry on the economy and people of Hong Kong**

**MR VINCENT FANG** (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, under the Individual Visit Scheme (IVS) for Mainland residents and the policy on multiple-entry endorsements for Shenzhen residents, people have made use of Hong Kong's free port policy to carry goods to the Mainland for multiple times. Such activities, commonly known as "parallel trading activities", have created problems such as China-Hong Kong conflicts and dissatisfaction of Hong Kong people. Who should be responsible for these problems? I think the SAR Government should take the blame. Two days ago, the Chief Executive criticized some Members for dragging suitcases and taking the lead in an anti-parallel trading protest. While parallel trading activities have certainly become more rampant and caused nuisance to the public, the so-called anti-parallel trading protests are getting out of control, and some protestors have even resorted to using violence against women, young children and elderly people. Those involved should certainly be condemned and brought to justice, but the crux of the problem lies in the SAR Government's failure to face the problem squarely and deal with it

I think the general public may well understand, some ill-intentioned people have manipulated the anti-parallel trading activities or liberation protests to air their grievances about the Government, the society and life in general, and deal a blow to the governance of the Government, solicit votes from electors and raise their popularity. However, it is the Government which gives these people the opportunity to do so. I believe Members will still remember how the IVS come about. In 2003, Hong Kong experienced a full-scale economic recession after SARS. Many people became owners of negative equity assets; almost no one went shopping or visited the tourism districts, and the unemployment rate surged. Hence, the business sector went to Beijing with some government officials in the hope that Beijing would "channel northern capital to the south" to rescue Hong Kong. In addition, we proposed to introduce the IVS. Previously, except for holders of permits with endorsement for business visits or visiting relatives, Mainlanders could only visit Hong Kong by joining tour groups. Shops and trades which did not have business arrangements with tour groups would not be able to benefit from these tourists. Therefore, we hoped that the IVS could be introduced to bring in business to various trades in Hong Kong. As I have pointed out many times in the Legislative Council, at that time Vice-Premier WU Yi said that there was no problem in introducing such a policy, but once the policy was introduced, it would be difficult to withdraw it. She queried about the receiving capacity of Hong Kong. As Hong Kong was in a dire situation at the time, we certainly made all promises.

As a matter of fact, the IVS had rescued the Hong Kong economy. In less than half a year after the IVS was introduced, our economy was on a rising track again. The global financial tsunami that broke out in 2008 hit the world economy wave after wave. While Hong Kong was inevitably affected as an international financial centre, China was not seriously affected and the spending power of its people had not been reduced. In April 2009, the Central Authorities took a further step to rescue Hong Kong by introducing a policy on multiple-entry endorsements for eligible residents with Shenzhen household registration. It can be said that these two policies have supported the Hong Kong economy by increasing our employment rate and the level of income of the people. Even the incumbent Chief Executive LEUNG Chun-ying told the retail and wholesale industries after he assumed office in July 2012 that the IVS had made a big contribution to the Hong Kong economy and he would ask Beijing to extend the IVS to more Mainland cities for their residents to visit Hong Kong.

When did the situation begin to change then? I believe it began to change around the Chinese New Year in 2013 with the hasty introduction of the powdered formula restriction order. I opposed the measure at the time and pointed out that the introduction of the restriction order would increase parallel trading activities and all Hong Kong people might engage in parallel trading activities because restricted commodities would be sought after even more. Unfortunately, my argument has become a reality now.

Let me stress that the laws of Hong Kong actually allow parallel trading activities which give young people opportunities to start their own businesses and enable small and medium enterprises to survive. Even now, it is still lawful to carry two cans of powdered formula or two trays of Yakult to Shenzhen for resale as long as the goods carried are not prohibited and have not exceeded the amount allowed by law. As pointed out by "Long Hair" who spoke for parallel traders two years ago, it was better for people who spent time and made effort to earn money than apply for Comprehensive Social Security Assistance. I entirely agree with him on this point. Unfortunately, owing to the Government's inappropriate implementation of the restriction order on powdered formula, parallel trading activities have become rampant and parallel traders also try to carry other parallel goods not restricted by law across the border to maximize their income per trip. As a result, distribution of parallel goods has become excessive and caused nuisance to the public.

I am sure some colleagues would criticize my argument, querying if I would want to see babies in Hong Kong going without infant formula. However, may I ask if our neighbour Macao has restricted the export of infant formula? The answer is in the negative. Are there parallel traders in Macao? There are certainly many. Why does Macao not have the problems that have arisen in Hong Kong? It is because Macao has adopted the appropriate measure which I had suggested many times before. In Macao, infant formula cards are issued to locally born babies, and the suppliers, after reserving a sufficient quantity of infant formula for these babies, can export the remainder of the infant formula. I really cannot understand why the Government has to adopt such a stupid method as restricting the export. Now that the parallel trading problem has intensified China-Hong Kong conflicts, I think those who decided to implement and support the restriction order cannot shirk their responsibilities.

It has been 13 years since the introduction of the IVS, but the SAR Government has turned a blind eye on the continuous rise in the number of Mainland tourists. If the SAR Government considers that the great number of Mainland tourists has caused conflicts among the people and in turn asks the Central Government to tighten its policy, I think that will be ridiculous. When business was bad, you asked your customer to give you more business; but you did not set up more production lines and did not employ more workers and when you can no longer cope with the situation, you ask your customer not to give you so many orders. Will the customer still have any confidence in you?

Buying a bottle of shampoo or having a bowl of rice with barbecue pork is business. The wholesale and retail industries, as well as the tourism industry would not like to see any tightening of the policies on the IVS and the multiple-entry endorsements. Instead, the industries hope that the Central Authorities would extend the IVS to more Mainland cities, so as to compensate for the declining purchasing power of tourists starting from last year. However, since the expansion of tourism, transport and retail facilities in Hong Kong has not kept up with the pace of the increasing number of Mainland tourists, our shopping districts have become rather crowded. Worse still, incidents targeting Mainland tourists have been widely reported in the Mainland and boycotts of shopping in Hong Kong by Mainland tourists have gradually increased. It is undisputable that since Chinese New Year, the number of Mainland tourists has started to decline to a level lower than that of last year. If activities targeting Mainland tourists are to continue, they will affect the economy and the employment of Hong Kong to a greater extent than any adjustment of the policies on the IVS and the multiple-entry endorsements.

On this subject, I have exchanged views with the industries on many occasions. The industries support making reasonable adjustments to reduce the impact of Mainland visitors on the public, so that the tourism industry of Hong Kong can return to its right track. IVS visitors are different from parallel traders. Parallel traders and same-day tourists dragging luggage around are the ones Hong Kong people dislike most. Therefore, the industries hope that the SAR Government will prescribe the right cure to the problem and consider the following five proposals put forward by us:

(1) increasing the costs of parallel traders: tourists who depart from land boundary control points for the first time each day need not pay any fee, but they have to pay a multiple-trip levy on the second land departure on the same day regardless of their nationalities. This measure will reduce the activities of parallel traders by increasing their costs, but will not affect ordinary tourists;

(2) building shopping centres at various land boundary control points to divert some Mainland tourists who come to Hong Kong for shopping. Apart from approving the business sector to build a shopping centre near the Lok Ma Chau Boundary Control Point, the Government can also conduct studies on enhancing the shopping area of Chung Ying Street which has been operating well and even extending it to Sha Tau Kok Town, so as to provide more shopping options to Mainlanders, as well as promote the development of Sha Tau Kok Town to create more employment opportunities for Hong Kong people;

(3) discussing with the Mainland authorities on enhancing the arrangement of granting multiple-entry endorsements to Shenzhen residents. Although visitors entering Hong Kong more than once a day only account for 3% to 4% of all visitors, adjusting the number of daily entry by this category of tourist can, to a certain extent, reduce the pedestrian flow and traffic burden in areas near Shenzhen;

(4) gradually increasing the size of shopping areas in Hong Kong. According to statistics, while the number of Mainland tourists has more than doubled since the introduction of the IVS 10 years ago, the area of commercial premises has only increased by more than 10%, resulting in a very unbalanced development. This has exerted great pressure on shop rental, pushed up the commodity prices and increased the pedestrian flow in commercial districts. As a result, Hong Kong people suffered immense pressure; and

(5) dealing with those persons who have caused disorder in public places and harassed tourists and local people in accordance with the law, particularly those who have used violence, so as to safeguard the safety of all shoppers in Hong Kong, be they tourists or local residents.

The abovementioned proposals are only some of the many recommendations. I hope that the debate today will give rise to other reasonable and effective proposals. It is also the common aspiration of the business sector that the short-term pain resulted from policy adjustment will lessen the grievances of Hong Kong people and reduce China-Hong Kong conflicts.

President, finally, I find it regrettable that only the Secretary for Commerce and Economic Development attends this motion debate. It can be said that this motion covers a very wide spectrum, including the overall economic development of Hong Kong, employment, management of boundary control points and law enforcement against persons who have used violence. Although I do not expect any specific response from public officials, I think the motion covers issues which are beyond the portfolio of the Commerce and Economic Development Bureau. That is why I have specially written to Financial Secretary John TSANG two days ago to express my hope for him to attend this debate and listen to the views of Members.

Hong Kong has turned the Mainland policy on the IVS, which could have brought in huge business opportunities, into a crisis. The main cause is that the Government has been sitting idly to enjoy the fruits of others' work; it has not responded to the changes, it has not exercised management and it has no vision.

**Mr Vincent FANG moved the following motion: (Translation)**

"That over the past year, incidents targeting Mainland tourists have occurred repeatedly in Hong Kong, and recently some people have even used violence to harass tourists who 'appear' to come from the Mainland and local people; such incidents have damaged Hong Kong's reputation as a shoppers' paradise established for half a century, and have dealt a blow to industries related to tourism services; if the situation continues, the related industries will shrink and the practitioners' livelihood will also be affected; in this connection, this Council urges the SAR Government to immediately take multi-pronged measures to regulate the activities of carrying duty-free commodities into the Mainland for sale (commonly known as 'parallel trading activities') and same-day Mainland tourists who come to Hong Kong mainly for procurement; at the same time, the SAR Government should increase tourism, transport and retail facilities for diverting Mainland tourists from local people, so as to safeguard their safety when shopping in Hong Kong, and deal with those persons who have caused disorder in public places and harassed tourists and local people in accordance with the law."

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

**PRESIDENT** (in Cantonese): Eleven Members will move amendments to this motion. This Council will now proceed to a joint debate on the motion and the 11 amendments.

I will call upon Members who move the amendments to speak in the following order: Dr KWOK Ka-ki, Ms Claudia MO, Mr Gary FAN, Mr TANG Ka-piu, Mr SIN Chung-kai, Mr CHAN Chi-chuen, Mr YIU Si-wing, Mr WONG Ting-kwong, Dr Fernando CHEUNG, Mr Andrew LEUNG and Mrs Regina IP; but they may not move amendments at this stage.

**DR KWOK KA-KI** (in Cantonese): I understand why this motion is proposed by Mr Vincent FANG who represents the business sector and the retail industry. In fact, I entirely agree with Mr FANG on one point and that is, the problems created by the Individual Visit Scheme (IVS) in Hong Kong have become very serious and the Government has not done its part.

Last Sunday, LEUNG Chun-ying held a banquet at the Government House, during which he criticized the performance art of "luggage dragging" by some Members as targeting Mainland tourists and damaging the China-Hong Kong relationship. I believe Members know that LEUNG Chun-ying likes to brag that he is the "Father of the IVS". In 2003, after the outbreak of SARS, LEUNG suggested to the Central Authorities to implement the IVS in an attempt to crave for greatness and success. He fawned upon the Central Authorities to assert his patriotism. Perhaps he hoped to achieve China-Hong Kong integration long time ago. For him, it would be best if no restrictions were imposed on the number of Mainlanders entering Hong Kong after the reunification and that all Hong Kong people would accept unrestricted entry of Mainlanders. After the introduction of the IVS, he might wish to further curry favour with the Central Authorities by relaxing the entry restrictions and extending the IVS to more Mainland cities, so much as that all the 1.3 billion people can enter Hong Kong freely.

In fact, after the policy on multiple-entry endorsements was implemented in April 2009, the number of Mainland visitors entering Hong Kong by land increased sevenfold rapidly from 1.47 million in 2009 to 12.15 million in 2013. A number of problems have thus arisen, including intensified social conflicts, rampant parallel trading activities, high shop rental, illegal workers, property speculation, shortage of powdered formula, scramble for school places, and so on. The situation gets out of hand and some China-Hong Kong conflicts have intensified the indignation of Mainlanders and Hong Kong people. Recently, as we all know, some protests activities have occurred because people could hardly voice their anger. Shouldn't the perpetrator be LEUNG Chun-ying and the SAR Government? LEUNG Chun-ying should be held accountable and stepped down, but he did nothing to save Hong Kong from the predicament.

On 24 February, when the sessions of the National People's Congress and the Chinese People's Political Consultative Conference were held, LEUNG Chun-ying took the opportunity to meet with the "Northern Leaders". Before the meeting, he made grand gestures, saying that he would strive for setting restrictions on the IVS and declaring that he understood the pressure suffered by Hong Kong people, and so on. He has in fact put the leaders of the Central People's Government on the spot and conveyed a wrong message. Subsequently, LEUNG failed to achieve what he had pledged. Knowing that he would not have the face to give an explanation when he returned to Hong Kong, he put the blame on those who have protested against the IVS and wrongfully accused those people who dragged luggage to protest against parallel traders of making a big mistake.

The anti-parallel trading protests in Sheung Shui, Tuen Mun and Yuen Long targeted goldsmiths, drug stores and groceries, but who should be the perpetrator? LEUNG Chun-ying fabricates facts and blows up small issues. He accused scholars for misleading young people and criticized Prof CHAN Kin-man for awakening students to the reality. In fact, these protests reminded us of LEUNG Chun-ying's domestic violence problem that happened inside the Government House. Since he could describe domestic violence as an attempt to protect his daughter, we could imagine that if he asked the Police to beat up the anti-parallel trading protestors, he could also say that it was an attempt to protect them, posing as "a loving mother" to kick out those whom he disliked.

Hong Kong is a tiny place. In 2014, we received 61 million tourists and our receiving capacity had already exceeded the saturation point. All facilities, including infrastructure, railway and bus services, streets and shops, were occupied by Mainland tourists. In the past, only tourist districts were packed with tourists, but now the areas affect include residential districts, including Tuen Mun, Yuen Long and the Northern District where many grass-roots people live and shop, as well as Sha Tin where middle-class people live.

There is a more profound problem which we have to consider. Among the 61 million tourists, 47 million are from the Mainland, accounting for more than 77% of the total number. In 2002, the ratio was only 41%. Among the Mainland tourists, 28 million are same-day tourists who would not stay overnight in Hong Kong. Actually, I do not know if I should call them tourists. No tourist city in the world would welcome same-day tourists who would depart on the day they arrive, and no tourist city would have the capacity to receive same-day tourists. Furthermore, it is estimated that the number of this kind of tourists may increase from 28 million to 30 million this year. They come to Hong Kong for shopping, some of them engage in parallel trading and some of them come to Hong Kong to buy food and daily necessities as well as jewelry and luxurious watches which Hong Kong people cannot afford.

Certainly, the perpetrators might be those selling "tainted foods" and poisonous powdered formula in the Mainland, as well as the corrupt officials who have become rich first and big-spenders from the Mainland who have come to Hong Kong to buy luxurious watches, speculate on property or engage in money laundering. Many people come to Hong Kong to snap up powdered formula because food products in the Mainland cannot make them rest assured. I heard that even leaders of the Central People's Government, such as WANG Guangya, has to snap up powdered formula in Hong Kong for his grandchild. This situation puts us to shame as Chinese. Even the Commerce Minister of China admitted that some people might not have confidence in the products made in China. I think this can be regarded as a national shame.

Speaking of the impact on Hong Kong, the abovementioned activities affect all our streets and push up shop rentals. It is certainly not the ordinary salespersons who will benefit from IVS tourists; only a few property developers who own property, shops and big shopping centres will be benefited. These people may dine and socialize in the luxurious residence of LEUNG Chun-ying. After they have enjoyed a sumptuous meal at LEUNG Chun-ying's Government House, they ask the helpless ordinary people living in "sub-divided units" to be patient. As once said by the Secretary, these people could wait for the next train. But the truth is, after a long wait, they cannot even board the seventh train. Hospitality at Government House means receiving the bigwigs and those who rely on the Mainland to make money. But, has the Government shown any concern for those who are poverty-stricken, who cannot buy daily necessities and who have to pay high shop rental?

As Mr Vincent FANG's original motion only emphasizes on balancing the impacts of the service industry, I consider it necessary to amend it. Actually, it is most important for LEUNG Chun-ying to comply with Article 22(4) of the Basic Law which stipulates that "For entry into the Hong Kong Special Administrative Region, people from other parts of China must apply for approval", and Article 154(2) which stipulates that the SAR Government may "apply immigration controls". Conducting these affairs is also within the scope of exercising a "high degree of autonomy" and putting the principle of "Hong Kong people ruling Hong Kong" into effect. However, LEUNG Chun-ying has shunned his responsibilities and failed to carry out his duties.

President, the discussion on multiple-entry endorsements today is a false proposition because multiple-entry endorsements are actually "unrestricted-entry endorsements". In other words, visitors can enter Hong Kong as many times a day as they like. Therefore, starting from today, we must properly handle the undesirable consequences of the IVS. Which hospitable place in the world will have confrontations arising from parallel traders or IVS tourists every day? If these confrontations are not resolved, and if the Government continues to turn a blind eye to the problem as LEUNG Chun-ying does and keeps hurling curse words, I believe the number of confrontations will only increase. How can Hong Kong remain to be a hospitable city? Certainly, many people who really want to visit Hong Kong, including those from the Mainland, Southeast Asia, Europe and the United States, will unfortunately be affected. However, as Members are aware, Hong Kong cannot receive such a large number of tourists and it cannot afford to allow the IVS and the policy on "unrestricted-entry endorsements" to continue on and on. Therefore, if the business sector can be more broad-minded, I agree that it should urge the Government to resolve the problem of "unrestricted-entry endorsements" resolutely. I heard Mr Vincent FANG say that he agrees to the proposal of implementing a land departure tax which I have put forward in my amendment today. Besides, I think the authorities should immediately stop extending the IVS.

Furthermore, there are law-enforcement problems in relation to parallel traders. Even the Mainland authorities (including the mayor of Shenzhen) admit that there is corruption problem in the Mainland Customs. What a shame! The mayor can do nothing other than admitting the corruption problem of the Customs. I think the problems of the IVS and parallel traders are not unresolvable. If LEUNG Chun-ying of the SAR Government can do some practical work and if the Central Government can understand the sufferings of Hong Kong people and eliminate corruption, there is a way out for us.

I so submit. Thank you, President. *(The buzzer sounded)*

**MS CLAUDIA MO** (in Cantonese): President, I thank Mr Vincent FANG for proposing this motion today. Although this motion has no legal binding effect and Members only speak for the sake of argument, I still hope that LEUNG Chun-ying will hear our views.

I have views on a number of points mentioned in the motion proposed by Mr Vincent FANG. First, he said that "some people have [even] used violence to harass tourists who 'appear' to come from the Mainland and local people". I would not recapitulate the relevant incidents here and they are not the subject under discussion. Mr FANG considered that such incidents "have damaged Hong Kong's reputation as a shoppers' paradise established for half a century"; I totally disagree. Our reputation as a shoppers' paradise cannot be damaged by a couple of scenes shown on television. Why do Mainland tourists like shopping in Hong Kong? The fundamental reason is that they have absolutely no confidence in buying things in the Mainland, not only powdered formula, but also soy sauce, the quality of which is scary. When people buy gold ornaments in the Mainland, they do not know if they are fine gold or not. Therefore, goldsmith shops in Hong Kong have mushroomed.

Second, Mr Vincent FANG said we should build more tourism and retail facilities. No, thank you. We cannot bear anymore. If Hong Kong builds more facilities, it will only attract more tourists, how can we receive them? We certainly welcome tourists to spend money in Hong Kong, why would we not welcome them? The number of tourists is, however, a problem.

Mr Vincent FANG proposes to divert Mainland visitors from local people. I am shocked to hear it. How are we going to divert them? Shall we reserve certain places for tourists only and prohibit Hong Kong people or only allow local people to visit certain places and ban tourists? That is not possible. There is a problem with this idea because it is against our principle. Some people may even blow up the issue, saying that this is a kind of discrimination. Is this an act of discriminating against tourists or Hong Kong people? Hong Kong is our home and I can go anywhere I like in Hong Kong unless it is a prohibited area stipulated by law where I cannot enter without permission. If I like going to shopping centres, why can't I go to the shopping centre near the border? Although the suggestion of diverting visitors is well-intended, it really does not work.

Besides, the wording of the motion has reversed cause and effect. There are anti-parallel trading protests because we cannot receive such a large number of tourists and as reported in the press, chaos occurred and the Police had to use pepper spray. Therefore, I have amended Mr Vincent FANG's original motion in my own words.

Earlier, I mentioned that LEUNG Chun-ying hid in the headquarters of his fans club, that is, Government House. He did not hold a banquet, I suspect it was not a sumptuous meal, but only a Sunday afternoon tea gathering. LEUNG Chun-ying named and accused me, President. Since you are the President of the Legislative Council, may I ask you if LEUNG Chun-ying should formally produce evidence before accusing me publicly and then confront me?

LEUNG Chun-ying adopted a different approach. He hid himself in a private gathering and talked secretively. Some people said that he was only making small talk, but it was not true. Some reporters told me that they could get a formal record, that is, a transcript, of what the Chief Executive said on that occasion. If the Chief Executive was only expressing his personal feelings casually, he could have told his guests that it was a private gathering and anything said on that occasion was off the record. But that was not what he said.

LEUNG Chun-ying accused me of taking the lead in dragging luggage along streets to protest against parallel traders. I was stunned. When did I take the lead? When did I drag luggage? When did I stage any anti-parallel trading protest? President, actually, in the last three months, I had not even visited the New Territories. I last went to the New Territories on 31 December last year. I went to a girl's home in Tuen Mun to visit the girl who was prosecuted for drawing graffiti in chalk. As the matter involves the executive-legislature relationship, I hope the President would take note of it. I will not digress, I noticed that you are frowning, President.

From this incident, we can see that LEUNG Chun-ying not only fails to administer Hong Kong, he also talked disorderly in a small gathering. Subsequently, LEUNG Chun-ying corrected himself and said that Ms Claudia MO and Mr Gary FAN, the two Members who advocated localism, dragged luggage along Park Lane Shopper's Boulevard in Tsim Sha Tsui (he thought he was precise). He did not say we were protesting against parallel traders. Rather, he said we were protesting against Mainland tourists. Was he talking in his dreams? He could make any sort of utterance, just like he lied after having a meal the other day and then smeared someone. He certainly had a meal, had he also lied and smeared someone? That is an irresponsible act.

On this issue in particular, we can see that LEUNG Chun-ying was actually scared. Since he was scared, he lost control and spoke nonsense. Why was he so scared? Before the two sessions were held, he bluffed that there were some problems with parallel traders and he would explore what could be done and how adjustments could be made. Yet, upon his return to Hong Kong, he had virtually done nothing. As he failed to do anything, he just named and criticized a few prominent persons. "Luggage dragging" was a civil movement which had occurred in the past. Before March last year, formal "luggage dragging" civil activities were held in Mong Kok Pedestrian Precinct and Sha Tin in protest of an excessive number of IVS tourists. If the situation is allowed to continue, Hong Kong will "sink" eventually.

Some time ago, we set up street booths and asked some mothers whether they dared take their children to Ocean Park. All of them shook their heads and smiled wryly. Even a tour guide who is a new immigrant responsible for receiving Mainlanders said in a television interview, "There are really too many IVS tourists, and parallel trading activities are indeed too rampant". People have feelings and they have a sense of natural justice. Yet, LEUNG Chun-ying behaved in just the opposite way. He likes to be an enemy of the people and insists that what Hong Kong people consider as right is wrong. He said that there was no problem with the IVS and parallel traders. He said that Hong Kong was initially peaceful, prosperous and blissful and there was no problem at all, but some people stirred up trouble. This attitude is very irresponsible. Even the Chief Executive of Macao, Dr Fernando CHUI, said that he had to discuss with Beijing on the possibility of adjusting and enhancing the arrangements of the IVS. Even Macao considers that it can no longer cope with the IVS tourists, but Hong Kong just sits back. LEUNG Chun-ying points the gun at the people of Hong Kong, accusing them of not forging ahead and being ungrateful for the help offered by others in the past. Nevertheless, the problem lies in the number of tourists. Hong Kong is a city which received 60 million tourists last year. Among them, 50 million came from the Mainland and as many as 30 million were same-day tourists. The number of tourists received by Hong Kong was twice the corresponding number of the United Kingdom, five to six times that of South Korea and Japan and 10 times that of Australia. How can we cope with the situation? Thank you.

**MR GARY FAN** (in Cantonese): President, I thank Mr Vincent FANG for proposing this motion for debate, allowing us to express our views. Although I will not vote for Mr Vincent FANG's original motion, I think he has put forward a very important principle. Regarding the problems arising from the Individual Visit Scheme (IVS) policy, the Government has to bear the greatest responsibility because it formulates the policy.

President, since the implementation of the IVS by the SAR Government in 2003 and the introduction of the policy on multiple-entry endorsements for residents with Shenzhen household registration in 2009, more and more Mainland tourists have flocked to Hong Kong. During the three years when Chief Executive LEUNG Chun-ying took office, inbound tourist arrivals from the Mainland exceeded 47 million in 2014, a 68% increase as compared to 2011. On the other hand, inbound tourist arrivals from other countries, including short-haul countries like Japan, Singapore, Taiwan or long-haul countries like Canada, the United States and France, recorded a decline. The excessive reliance on Mainland tourists has rendered the tourism industry to gradually become unitary, which is a major cause affecting the normal, balanced and healthy development of the tourism industry.

President, Hong Kong is only a city with a population of more than 7 million, but we received up to 60 million visitor arrivals last year, more than those received by many other countries. In comparison, Singapore, our competitor with a population of more than 5 million, only had 15 million visitor arrivals last year. The number of visitor arrivals for the whole Japan is lower than 15 million a year; and China with a population of 1.3 billion only received about 56 million visitors a year. Nevertheless, Singapore's per capita GDP is still much higher than ours. Numbers do not lie. President, an excessive large number of visitors are gradually affecting the lives of Hong Kong people in various aspects, but the SAR Government has been indifferent all along. As it has not made efforts to get the power of vetting and approving the visitors' applications under the IVS, it can only passively and blindly accept visitors whose departure applications are vetted and approved by the Mainland authorities.

In the past, the SAR Government repeatedly said that it would negotiate and review the IVS with the Mainland authorities. Before the march on 1 July last year, LEUNG Chun-ying even hinted that the Government would consider reducing the number of IVS visitors by 20%. When Gregory SO, the Secretary for Commerce and Economic Development, answered a written question in this Council on 11 February this year, he explicitly said that the IVS policy was formulated by the Beijing Government. The SAR Government could only reflect to Beijing its views on adjusting the growth in visitor arrivals and their composition, but could not make the related decisions on its own. As regards imposing a land arrival tax, which is an effective administrative measure to limit the number of visitor arrivals, LEUNG Chun-ying criticized that Hong Kong people should not become conceited before getting rich. Evidently, Chief Executive LEUNG Chun-ying just cares about the feelings of the Beijing Government and Mainland residents, at the expense of the personal interests of Hong Kong people.

LEUNG Chun-ying boasted that he is the "Father of the IVS", but in seeing the changing nature of the IVS policy and its impact on the daily lives of Hong Kong people, he fails to lead the SAR Government in revising the policy. In order to cover up his incompetence, he has time and again adopted the squid strategy to smear others and divert attention. As Ms Claudia MO said earlier, last Sunday, LEUNG Chun-ying criticized HK First formed by Ms MO and I in a high-profile manner, saying that we were the initiators to protest against parallel goods smuggling activities. This is an excellent example illustrating that LEUNG Chun-ying puts the cart before the horse, simply to cover up the fact that the SAR Government has not successfully combatted parallel goods smuggling activities over the years, and continues to allow visitors to come to Hong Kong on multiple-entry endorsements. This is the major factor that roused people's wrath.

President, before the sessions of the National People's Congress and the Chinese People's Political Consultative Conference were held early this month, LEUNG Chun-ying pledged in all sincerity that he would discuss and examine with Beijing whether there was any room for tightening the IVS and the policy on multiple-entry endorsements. However, when he returned to Hong Kong after meeting with Beijing officials, he immediately changed his stance, saying that we should also take into account Mainland residents' needs to travel to Hong Kong. Not long ago, by quoting an internal document of the Government, the media reported that in 2014, up to 1.5 million Shenzhen residents travelled to Hong Kong on multiple-entry endorsements; among them, 20 000 people travelled to Hong Kong for 52 to 99 times a year while 10 000 people travelled to Hong Kong for 100 times or more. Therefore, the accumulated tourist arrivals may actually reach 3 million. Of course, these Shenzhen residents do not come to Hong Kong for sightseeing; they are not tourists and they engage in parallel goods smuggling. Yet, the SAR Government has not taken these quantifiable impacts seriously, thus infuriating a large number of Hong Kong people.

Under the policy of multiple-entry endorsements, a large number of Shenzhen residents are attracted to come to Hong Kong for smuggling parallel goods and procuring daily necessities, giving rise to various problems and exerting a very heavy burden on communities near the Hong Kong border. The Government's claim that visitors can boost the economy has eventually ended in forcing many small shops in the community to close down, pushing up shop rentals and commodity prices, as well as commodities becoming homogenous. There are also significant changes in the structure of retail outlets at the border; only pharmacies, chain cosmetics shops and parallel goods shops can continue to survive, while small stores which have been operating in the market for many years have to close down. The shopping centres in Sheung Shui, Fan Ling and Tuen Mun have turned into shopping centres for Mainland residents engaging in parallel goods smuggling.

President, the Research Brief on the IVS published by the Legislative Council in May last year cited information from the Census and Statistics Department and analysed the changes in the retail industry between 2004 and 2013. The number of shops selling cosmetics and personal care products surged by 1 500%. The number of shops selling high‐end products such as wearing apparel, watches and jewellery also surged by 30 to 40%. In contrast, the number of small stores selling books, newspapers and stationery decreased by 25% in 10 years. These data showed that the structure of retail outlets in Hong Kong is heavily tilted towards Mainland visitors, affecting the original characteristics and retail outlets structure of Hong Kong.

Hong Kong once had the reputation as a shoppers' paradise, offering a great variety of high quality and inexpensive goods. Now, this shoppers' paradise has become a paradise for drugs, cosmetics, powdered formula, as well as commodities well-liked by parallel goods smugglers, such as live lactobacillus products, instant noodles and lemon tea. Hong Kong's reputation as a tourism paradise has been seriously insulted and this will also have unhealthy impacts on our tourism and retail industries.

President, the structural changes of these retail outlets showed the impacts of the policy on multiple-entry endorsements. In addition to the issue of parallel goods smuggling, the SAR Government has attempted to implement the strategy of "Hong Kong-Shenzhen integration". Under the policy on multiple-entry endorsements, Hong Kong is incorporated into the one-hour living circle of Shenzhen residents, while areas near the Hong Kong border such as Sheung Shui and Tuen Mun have become places for shopping and recreational activities for Shenzhen residents. They come to Hong Kong to procure daily necessities and they also use the community, cultural and recreational facilities for Hong Kong people such as public swimming pools and sports grounds. The city design and public facilities planning in Hong Kong only cater for the needs of Hong Kong people, it has never been anticipated that a large number of foreigners will use such facilities. So, the policy on multiple-entry endorsements has caused a lot of problems and has encroached on the living space of residents in the North District, Tuen Mun and the areas near the Hong Kong border. The social cost is high.

President, as stated in my amendment, Shenzhen residents who come to Hong Kong on multiple-entry endorsements for purposes which are different from those of ordinary tourists, and Hong Kong people are facing tremendous changes brought about by the strategy of "Hong Kong-Shenzhen integration". Such changes cannot be resolved by being accommodating or "waiting longer to board on trains" as the Secretary has said. Today is not the time for debating on the definition of discrimination or criticizing the protest tactics. Mr Vincent FANG's original motion and the amendments of the royalists only criticized the recent liberation protests, and Mr TANG Ka-piu has even used words "strongly condemns" to help the Government in diverting attention.

In addition, when the sessions of the National People's Congress and the Chinese People's Political Consultative Conference were held in 2010, the DAB even requested to extend the policy on multiple-entry endorsements to the whole Guangdong Province and the Fujian Province. This was making small criticism but doing a great favour, but it had done a disservice as it failed to address the problem. President, the authorities have never consulted the public on the strategy of "Hong Kong-Shenzhen integration", and the public has not fully discussed the matter. As the initiator of the strategy of "Hong Kong-Shenzhen integration", the SAR Government must propose arguments afresh and have people's mandate in order to determine the direction of our future development in the next 10 to 20 years, instead of having the existing problems simplified as tourism policy issues.

**MR TANG KA-PIU** (in Cantonese): President, first of all, in this debate on this motion proposed by Mr Vincent FANG, I strongly condemn, on behalf of the Federation of Trade Unions (FTU) and the trade unions concerned, the uncivilized acts of radical political groups in the past few months in the name of anti-parallel trading protests. They harassed, bullied and hurled abuses at visitors, shoppers in goldsmith shops, local residents pushing trolleys, as well as shop assistants. The hostile words they uttered were distressing and frightening. These radical acts of anti-parallel trading protestors are essentially the extension of "shopping tour" protests, aimed at promoting extreme localism. Some academics have criticized that these groups, which spread hostility, are similar to the Ku Klux Klan in the United States.

The Government and the community should stay alert to the emergence and spread of these hostility groups. In this debate, the pan-democratic Members who proposed amendments do not think that the anti-parallel trading protests in the past involved the use of violence to harass tourists; thus, they deleted from the original motion the words "used violence to harass". I would like to ask them to explain the meaning of violence.

A series of uncivilized actions and incidents harassing visitors have become international news, seriously tarnishing the image of our society. In the eyes of visitors, all Hong Kong people wearing masks look hostile. Hong Kong is no longer a hospitable city as it used to be; instead, it is now a city that drives visitors away.

As reflected by the Federation of Hong Kong Trade Unions in Tourism, a number of practitioners sought help in recent months, saying that they were under severe psychological distress as they encountered anti-parallel trading protestors at work. They worried about their personal safety; they were also afraid that they might earn less and their livelihood might be affected.

Insofar as personal safety is concerned, they worried that they might be directly charged at by the anti-parallel trading protestors. In the past, some anti-parallel trading protestors clamoured outside shops, but recently, they stormed the shops and hurled abuses at the customers and shop assistants. Will these acts develop into direct physical confrontation and attack? The practitioners and trade unions are thus extremely worried.

However, members of the industry are suffering in silence, fearing of doxing by anti-parallel trading protestors to dig out their personal information, and in turn may harass or insult their staff and their families online. This has created a chilling effect in disguise and their basic human rights have been exploited. Thus, the trade unions expressed concern for the tactics used in a series of anti-parallel trading protests.

In fact, the acts of anti-parallel trading protestors have not only directly affected the retail industry, but also the whole tourism industry and the well-being of hundreds of thousands of practitioners of the tourism-related industries. Such industries include department stores, retail, hotel, catering and transportation, which created more than 700 000 mid-level and elementary jobs.

The community has experienced upheavals over the past six months and the tourism industry is now facing a regression crisis. There has been a decline in hotel occupancy rates, the performance of the retail industry, including shops selling high, medium and low-end commodities, and even the attendance of theme parks. Can the 3.3% unemployment rate, deemed as normal in Hong Kong and is somewhere close to full employment, be maintained? While trade unions and the industries are worried, are members of the public aware of the hidden concerns?

After all, the problem of parallel trading is attributed to the differences of currency exchange rates and duties between the Mainland and Hong Kong. Moreover, Hong Kong products are reputed for its high quality; do we want our goods to be avoided by tourists and the Mainland? To deal with the parallel trading issue, we should focus on discussing how to strengthen law enforcement. As mentioned by Mr Vincent FANG just now, the presence of Secretary Gregory SO at the meeting is not enough. The Mainland customs must strictly intercept Mainland tourists who have carried large amounts of commodities not for personal use and confiscate such commodities. The Immigration Department of Hong Kong should enforce the law against inbound Mainland tourists holding travel documents on the ground that they have violated the condition of stay. The Lands Department and the Food and Environmental Hygiene Department should strengthen street management and take joint law-enforcement actions to combat the use of units in buildings for parallel trading activities. More importantly, the relevant District Councils such as the North District Council and the Yuen Long District Council have set up task forces on road management. Have different government departments attach importance to these issues? Have they considered the voices of residents in these districts? Do the authorities purely respond to these issues from the tourism perspective?

In order to prevent people's sentiments from being affected by the radical groups, we sincerely call upon the Government to squarely address these issues. This is not simply a matter related to our tourism policy.

I think it is necessary to review the policy on multiple-entry endorsements and consider setting a limit on the number of daily trips made under the multiple-entry endorsement arrangement. Nevertheless, it cannot be denied that some Hong Kong residents have participated in parallel trading activities, as revealed in the data provided by the Secretary for Security last week. Among those arrested and found guilty of violating the "powdered formula restriction order" in the past, 35% were Hong Kong residents. These are actual figures.

Even if the authorities take measures to restrict the number of daily trips made under the multiple-entry endorsement arrangement, will there be no parallel trading activities? No one can guarantee. As I said earlier, in view of the economic development of Hong Kong, the good reputation of our products, and the huge differences between the currency exchange rates of the two places, parallel trading will continue to exist.

I hope the authorities would adopt a multi-pronged approach; they should enhance the administrative measures in addition to considering setting a limit under the policy on multiple-entry endorsements. It would be better if they have acted with foresight by expeditiously constructing large shopping centres in different areas near the border. Certain groups and civil organizations have proactively carried out the relevant work at Lok Ma Chau with the active support of the Government. In addition to Lok Ma Chau, should the Government consider carrying out similar projects in other areas? It would be too late if the Government only encourages such work after it has received complaints.

Let me cite the Hong Kong-Zhuhai-Macao Bridge (HZMB) as an example. As the HZMB may only be open to traffic after 2017, can the authorities construct or encourage civil organizations to construct a shopping centre on the 130-hectare artificial island of the HZMB? Visitors who just want to come to Hong Kong for shopping can then return to the Mainland after shopping is done. In this way, we can avoid having too many visitors staying in urban areas or in different communities, which will result in overcrowding.

I hope the SAR Government would fully explain how law enforcement on the policy on multiple-entry endorsements can be strengthened through administrative and management measures, and how the construction of border shopping centres can be encouraged. If the Government continues to make empty or ambiguous responses, I believe this would be unacceptable to Members of this Council from different parties and groupings.

The FTU has reservations about the proposals on levying a land arrival tax or a land departure tax. As some 180 000 Hong Kong residents travel to the Mainland each day, if we unilaterally levy tax on Mainlanders, the Mainland will also levy tax on Hong Kong residents, have the authorities assessed how much losses will be incurred or the capacity of residents to pay such tax? We have reservations about the proposal.

Last but not least, I would like to respond to the criticism made by Mr‍ Vincent FANG about the implementation of the "powdered formula restriction order" in early 2013 when he started to speak earlier. The FTU reiterates that the restriction order is of great benefit to our society and economy. Parents in Hong Kong feel more at ease when they have to buy powdered formula for their newborn babies. We affirm the effectiveness of the "powdered formula restriction order" and we call upon the Government to continue implementing the restriction order until there are changes in the overall social situation.

Finally, I call upon the Government and various sectors of the community to consider ways to rebuild Hong Kong as a hospitable city.

I so submit.

**MR SIN CHUNG-KAI** (in Cantonese):President, I thank Mr Vincent FANG for proposing this motion so that we can have the opportunity to discuss the issues arising from the Individual Visit Scheme (IVS), such as parallel trading. One of the important issues is related to the policy on multiple-entry endorsements.

I believe the policy on multiple-entry endorsements is the core issue. In the past few years, Hong Kong has been seriously disturbed by parallel trading, but regrettably, the Government turned a blind eye and a deaf ear. Even if the Government has learnt about the issue, it has not come up with any solution. Today, we are discussing how to solve the current problems to avoid the continuous deterioration of China-Hong Kong conflicts and prevent the outbreak of violent confrontations targeting Mainland visitors.

This Council had held a number of debates on issues such as parallel trading, overcrowding in popular tourism areas and Mainland-Hong Kong relations. Unfortunately, the Government has always ― I do not know if I should say that the Government has always been procrastinating ― failed to offer any solution. The current-term and last-term Legislative Council had conducted debates on various social problems arising from the IVS.

The Democratic Party has proposed seven measures, hoping to reduce the impacts of this issue. First, we propose introducing a land arrival tax for visitors. We emphasize that this tax only targets visitors arriving by land. I have repeatedly emphasized that visitors travelling by plane have to pay a $120 departure tax while visitors travelling by ferry have to pay an $11 departure tax. If the Government wants to formulate a symmetrical policy, it should levy a departure tax on everyone. Yet, Hong Kong people  if levying a land departure tax on all departing travellers would cause great nuisance, we propose levying a land arrival tax.

Some Honourable colleagues from the Federation of Trade Unions have just said that the Mainland would also take similar measures to levy tax on Hong Kong people. I believe most people being taxed are parallel traders and 35% of the parallel traders should bear the consequence. Of course, most people who cross the border to attend schools in Hong Kong are Hong Kong people and they will not be affected. This is a tax levied on visitors arriving by land.

We propose cancelling the policy on multiple-entry endorsements; we also propose that the authorities should discuss with the Mainland, especially the Shenzhen authorities about replacing the multiple-entry endorsements with "eight trips per year". According to media reports, Shenzhen visitors visit Hong Kong eight times a year on average. The arrangement of "eight trips per endorsement" can meet the normal needs of tourists. Those making more than the average eight trips to Hong Kong may be engaged in parallel trading activities.

Of course, it would be best for the Shenzhen authorities to voluntarily replace the multiple-entry endorsements with "eight trips per endorsement". This is an immigration measure, and we can impose restrictions on visitors holding multiple-entry endorsements. They enter Hong Kong from Shenzhen, and if the Shenzhen authorities do not want to restrict their residents' freedom of departure, we can impose restrictions on their entry, only allowing them to visit Hong Kong eight times a year. I think this measure can alleviate the problem.

We also propose limiting the visits of inbound visitors to "one trip per day". According to Mr Vincent FANG, "one trip per day" means that visitors who come to Hong Kong for the first time will not be taxed, but they will be taxed when they come to Hong Kong a second time on the same day. This proposal involves measures to impose charges, but the authorities can also deal with "one trip per day" by administrative measures. Of course, we are not targeting business visitors. The arrival tax we proposed is similar to the tax on "multiple entries per day" as proposed by Mr Vincent FANG. However, the tax he proposed may have a narrower scope as it only targets visitors making "multiple entries per day". The tax we proposed has wider coverage.

As for the benefits of levying a land arrival tax for visitors, we all know that visitors who come to Hong Kong by plane spend more while visitors arriving by land may only purchase daily necessities such as shampoo, and so on. Mr‍ WONG Ting-kwong proposed the construction of a border shopping centre, which is also one of our proposals. The concept of a border shopping centre is the same as the proposal of establishing a "Hong Kong products centre" in Qianhai, Shenzhen. It is believed that the problem can be solved when people purchase Hong Kong products in Hong Kong or Qianhai, Shenzhen.

We believe that measures such as opening up the Chung Ying Street can alleviate the ardent demand of some people for Hong Kong products. Members have repeatedly mentioned Macao which is just a sea away from Hong Kong. When Fernando CHUI delivered his policy address this Monday, he said that "the Government attached great importance to tourism capacity  would send a report to the Central Government  refine the Individual Visit Scheme to protect Macao residents' quality of life". While the Macao Government also knows that it should not attract Mainland visitors at the expense of the quality of life of its people, the Hong Kong Government cannot continue to be so unsympathetic.

Nevertheless, LEUNG Chun-ying only emphasizes the need to balance the needs of Mainlanders and Hong Kong residents. This argument sounds right but as there is now an imbalance and there are cries for help, the authorities should do something. This is not the first time that the Secretary answered this question, this is the second time he answered it. In addition to "one trip per day", abolishing the multiple-entry endorsements, or replacing it with "eight trips per year", a land arrival tax for visitors can also be levied. The Democratic Party hopes that the Mainland would not continue to open up more cities under the Individual Visit Scheme (IVS). Conversely, it should freeze the number of cities under the IVS. These measures would help solve the problem.

In the past year or so, we have discussed this issue but the Government has not done anything. Last year, ZHANG Dejiang, Chairman of the Standing Committee of the National People's Congress, instructed WANG Guangya, Director of the Hong Kong and Macao Affairs Office, and the China National Tourism Administration to study the receiving capacity of Hong Kong. In May last year, LEUNG Chun-ying said that the Commission on Strategic Development would be consulted on the 20% reduction of visitors under the IVS. Somehow, more than a year has passed but it seems that the Secretary has still done nothing.

The problem has now reached a critical point. If the Chief Executive fails to make greater efforts, the conflicts will only intensify. In the past week or so, the situation has been tranquil but this may be a moment of tranquillity before a storm. If the problem remains unresolved, the situation may continue to deteriorate. We hope the Chief Executive would earnestly consider various measures.

We would like to make two more points. The restrictions on passenger luggage in public transport involve administrative details. If the MTR Corporation Limited strictly enforces the restrictions on passenger luggage in public transport and examines the levying of luggage surcharge for transit passengers on the East Rail Line, this will help combat parallel traders. These measures can combat parallel trading and reduce the nuisance caused to local residents. Furthermore, we hope that the Government would consider diverging passengers and goods on the East Rail Line, specifying that passengers carrying bulky luggage can only use certain designated compartments, so as to reduce the nuisance caused to residents. We hope that these administrative measures would reduce disturbance to Hong Kong people. We reiterate that we condemn those using violence to harass inbound visitors from the Mainland.

I so submit.

**MR CHAN CHI-CHUEN** (in Cantonese): President, regarding the wording of Mr Vincent FANG's original motion and his speech delivered just now, there are many points that I do not agree to and hence I have proposed an amendment. However, I totally endorse the first paragraph of Mr Vincent FANG's speech. In the face of the calamity caused by parallel traders and the influx of visitors under the Individual Visit Scheme (IVS), the SAR Government has to bear the biggest share of responsibility. It is the chief culprit. Although Mr Vincent FANG has not written this down in his motion, he has made this point very clear in his speech. My amendment includes the following, "liberation protests expressing discontent with the flood of Mainland parallel traders and tourists under the Individual Visit Scheme the root cause of the problem lies in the SAR Government turning a blind eye to the continuous nuisance to residents of the districts caused by Mainland parallel traders and lacking the ability despite having the will to cancel the policy on multiple-entry endorsements, leaving Hong Kong people with no alternative but to rescue themselves by exerting pressure on the SAR Government; in this connection, this Council solemnly condemns the SAR Government for blindly fawning upon the Communist Party, tilting in favour of the interests of the Mainland authorities, disregarding public resentment and creating division in Hong Kong, and holds the Police responsible for abusing its power and using brutal means to disperse, arrest and detain the protestors".

President, the calamity of parallel traders flooding Hong Kong is not a recent problem that emerged a year ago. Mr Vincent FANG's motion today has given the royalist Members a precious chance to lay all the blame on the anti-parallel trading protestors, just like Mr TANG Ka-piu who spoke just now or Mrs Regina IP who has proposed an amendment. If they truly believe so, they have got the target wrong and their mentality is a Mainlandized one. The authorities should address the difficulties faced by the people and the problems raised by them instead of target the people who raise the problems. When people who raise the problems stage protests, they are arrested and beaten up. The authorities try to scare them into submission, thinking that if they dare not raise the problems again, the problems are solved as no more problems will be raised. This is the mentality of the Mainland. I believe that this is also the mentality of the SAR Government as well as some pro-establishment Members.

The problem of parallel trading did not appear last year or so. Before I stood for the Legislative Council Election in 2012, I had shown concern about the nuisance caused by parallel traders in the North District, bringing great inconveniences to the daily lives of local residents. At that time, people only felt inconvenient, but now they find the situation unbearable. Parallel trading activities obstruct pedestrian and vehicular traffic, and as people are unhappy about parallel traders carrying bulky goods, endless disputes have thus arisen. What has the Government done to address these problems? The Government can implement some policies to tackle the problems, though the problems may not be resolved totally. Yet, the Government keeps procrastinating and refuses to consider our proposals of cancelling the policy on multiple-entry endorsements and introducing a land arrival tax. LEUNG Chun-ying even denied his words. He had different stances before and after attending the sessions of the National People's Congress and the Chinese People's Political Consultative Conference. After attending the two sessions, he said the problems were very difficult to solve. However, people can bear no longer. Some residents of the North District are forced to rescue themselves by exerting pressure on the SAR Government or even exerting pressure on parallel traders directly. Some would of course say that things might go wrong accidentally and have serious consequences. I even think that some protestors have gone to the extreme. I personally witnessed some young people yelling at people who spoke Putonghua or Mandarin. At that time, some volunteer workers standing by me corrected them, pointing out that people who spoke Mandarin might be people from Taiwan or Singapore. I asked them whether it was a problem if they were Mainland visitors. Mainland visitors can also be quality visitors. It is true that many people, especially the young ones, start to have a mentality. When we see that happens, we should teach and correct them, rather than sit back do nothing, just like what the SAR Government does, and then berate the people when their grievances boil over.

Today, a Member proposes in his amendment about building a shopping centre at the border and requiring tourists carrying goods to use designated train compartments. I find such proposals unfeasible. The daily necessities in Hong Kong are in shorter supply than before. I remember that when the "powdered formula restriction order" was imposed two years ago, the purpose was to stop Mainlanders snapping up powdered formula unrestrainedly, leaving no powdered formulas behind for babies in Hong Kong. Although this policy has been in force for some time and is proven effective, powdered formulas are out of stock every now and then. Early this year, the Consumer Council conducted a survey on 206 retail stores in 10 districts in Hong Kong and found that the out-of-stock rate of powdered formulas in Po Lam, Tseung Kwan O was as high as 20%, ranking almost the first in Hong Kong. It proves that although parallel trading activities seem to concentrate on the North District, owing to limited supply of the goods, retailers tend to transport the bulk of the goods to popular districts for sale, resulting in the shortage of goods in remote areas. After building a shopping centre at the border, if there is no restriction order, retailers would transport all powdered formulas to the shopping centre. In so doing, we only move the problem of parallel trading to a place out of sight, thinking that "what fail to catch the eyes is regarded clean", and hence there are no more problems. However, the problems of short supply of goods in local districts and soaring prices remain unsolved. The requirement of parallel traders to use designated train compartments will not help solve the problem either. The purpose of separating people with goods from those without goods is to reduce the conflicts in the train compartments, but even if there is no conflicts inside the train, what about the platforms, or the train stations, or the streets in the vicinity of the train stations? Conflicts can also break out in such places.

In respect of the luggage surcharge  I asked the Secretary for Security last week about the number of cases in which MTR Corporation Limited (MTRCL) staff were injured when enforcing the luggage-related provisions in the Mass Transit Railway By-laws. I was told that in the past three years, over 50 MTRCL staff were injured for this reason and there were 500 cases in which the assistance of the Police was sought. These are only the tip of the iceberg. Some MTRCL staff responsible for maintaining order told me in person that it was hard for them to discharge their duty, because the parallel traders had warned them not to interfere with their activities and that they recognized them and knew where they lived. Some staff are too afraid to enforce the law.

Moreover, I also asked the Secretary for Security the ratio between Mainlanders and Hongkongers among the parallel traders. He answered me by taking the example of the "powdered formula restriction order" and said that the ratio was 6.5 to 3.5. Then I asked him why some senior government officials and Members of the Executive Council said the majority of parallel traders were Hongkongers and whether he could provide specific figures. I then found that he had no specific figures. He said that the Mainland Customs said 70% of the parallel traders were Hongkongers while the Hong Kong Customs and Excise Department said Hongkongers accounted for more than 30%. So he took the average and assumed it to be 50/50, which is purely speculation. The SAR Government officials do not trust our own evidence but take an average of the figure given by the Mainland Customs and said it was a 50/50 ratio. I would like to ask all the senior government officials and Members of the Executive Council to stop saying that the majority of parallel traders are Hongkongers. We all know why the Mainland authorities say 70% of the perpetrators are Hongkongers. That is because of the corruption of Mainland officials. The mayor has also admitted that parallel traders can pay their way through customs clearance. After they get pass the customs clearance, the customs officers would arrest Hongkongers and hence, Hongkongers are in the majority. That is how it happens.

The last sentence of Mr Vincent FANG's motion is "deal with those persons who have caused disorder in public places and harassed tourists and local people in accordance with the law". How does the enforcement agency enforce the law today? Secretary LAI Tung-kwok has not attended this meeting today. I hope that he would hear what I say next. At present, the SAR Government would rather arrest the wrong person than let the culprit go. It will scare people into submission and throw people in jail to intimidate the public, so that they dare not stir up trouble or take to the streets to protest.

I have personally handled a case. The accused are two young persons, one aged 18 and the other 19. They were arrested by the Police in an alley which was a black spot of paralleling trading in Sheung Shui. They had done nothing wrong. One possessed a lighter and the other did not even have a lighter. What happened to them? One of them was charged for suspected arson and the other was charged for conspiring or attempting arson and both were denied bail. They were detained in the Pik Uk Prison for over three weeks and were ultimately granted bail by the High Court. Then what happened? A few days ago, the prosecution decided to drop all the charges against them. There is no cost for arresting or putting people in prison. By only charging a person with suspected arson, the authorities can lock him up. The other person was even more unfortunate. He did not even carry a lighter. He only accompanied his friend to take a stroll in a back alley but was charged for conspiring or attempting arson and was also arrested. Do the authorities wish to frighten people by arresting them or change the mentality of young persons by locking them up for over three weeks and not allowing them to go home even at Chinese New Year, making them think that peaceful actions do not work and have to resort to more radical actions? I dare not say. I will meet with these young people to discuss with them. I would like to know whether the young person who did not carry a lighter but was wrongly accused by the Government, imprisoned for over three weeks and denied bail think, would hate or love the SAR Government.

**MR YIU SI-WING** (in Cantonese): President, Hong Kong has always taken pride as a shoppers' paradise and a hospitable city. However, starting from the end of the year before last, we have the "anti-locust campaign", and then in recent days there are also protests against parallel traders. During these protests, which are becoming increasingly violent, hundreds of protestors hurled abuses at and even physically harassed tourists and pedestrians in shopping centres, shops and on the streets. Some of these incidents have been recorded by the media and tourists at the scene and widely broadcast in the Mainland and even the world. Consequently, the previous good impression of Hong Kong being hospitable, courteous, civilized and law-abiding has now gone down the drain.

The series of violent incidents targeting Mainland tourists and parallel traders are now affecting our tourism industry. Statistics provided by the Hong Kong Tourism Board show that incoming Mainland tourist groups have decreased from 470 a day in early March last year to 198 at the same period this year, a decrease of nearly 60%. As the protests have subsided recently, the number of tourist groups bounces back to over 300 a day on average. It is evident that tourists are very sensitive to the security environment in Hong Kong. Apart from the Mainland, there are also hidden concerns in the Southeast Asian market. The industry has reflected that recently many Chinese people from Southeast Asian countries and also Taiwanese people have asked whether Hong Kong is safe. They wish to cancel their trips for fear of becoming targets of the protestors because they speak Putonghua.

Hotel revenue fell 20% on average in the past two months and guesthouses suffered even more, with a decline in revenue of almost 40%. During the Chinese New Year holidays, the five major tourist attractions in Hong Kong, namely the Ocean Park, Disneyland, Ngong Ping 360, Peak Tram and Madame Tussauds Hong Kong, recorded a decline in attendance of between 10% and 20%. The newly published figures show that visitors received by the Ocean Park in March dropped as much as 30%. If the current tense atmosphere continues, and a handful of people turn the violent protests into a weekly routine, the inbound tourism in Hong Kong this year can hardly avoid a severe winter.

President, when there is a difference in commodity prices in two places, coupled with the guaranteed quality of the commodities in Hong Kong, it is normal that Mainland visitors like to shop in Hong Kong. The crux of the problem lies with the same-day visitors who come to shop in Hong Kong without staying for the night and the nuisance caused by tens of thousands of Hong Kong and Mainland parallel traders. Parallel trading activities affect the daily lives of residents in towns along the main trunk roads such as Sheung Shui, Lok Ma Chau and Yuen Long. This problem has continued for a few years but the Government has never taken any specific measures to root out the problem. It has only introduced some measures sporadically and the effect is limited. Some radical groups, including those with a "Hong Kong independence" background, take advantage of the local residents' grievances to stir up trouble. Their purpose is to incite conflicts between the Mainlanders and Hong Kong people but they have no real intension to solve the prevailing problems.

To tackle the problems caused by parallel traders, some Members and members of the public suggest abolishing the policy on multiple-entry endorsements and imposing a land departure tax, to which I disagree. According to the figures provided by the Shenzhen Customs, among the parallel traders, the numbers of Mainlanders and Hong Kong residents are about the same, totalling about 30 000, which is only a small number compared with the 1.5 million Shenzhen residents holding the multiple-entry endorsement. To some Shenzhen residents who frequent Hong Kong to purchase commodities for their own use, capping the number of entry may dampen their desire to visit Hong Kong, which will certainly help reduce the number of visitors but will have no effect on curbing parallel trading activities as parallel trading syndicates can always hire Hong Kong people to carry goods for them. Hence, the nuisance caused by parallel traders in districts such as Sheung Shui and Lok Ma Chau will not be alleviated. The indiscriminate cancellation of the policy on multiple-entry endorsements cannot resolve the problem caused by parallel traders but will give Mainlanders the impression that Hong Kong discriminates against them. Consequently, middle-class Mainlanders with stronger consuming power will not visit Hong Kong, but choose to travel to other countries or places that have less strict immigration policies and spend their money there.

President, in his original motion, Mr Vincent FANG proposes that the SAR Government should increase tourism, transport and retail facilities, to which I agree. As regards the proposal of levying a land departure tax on Mainlanders, I beg to differ. In my view, adjusting the multiple-entry endorsements to one trip per day or "certain number of trips per endorsement" can well reduce the impact caused by Mainland parallel traders. Moreover, if Hong Kong imposes a tax on Mainlanders, the Mainland Government will very likely impose the same tax on Hong Kong visitors, so as to be accountable to its people. Over 60 million Hong Kong people enter the Mainland via land boundary crossings each year. A land departure tax levied by the Mainland will increase the expenses of Hong Kong people who frequently travel across the border and make immigration clearance inconvenient.

To maintain a healthy development of inbound tourism services provided to Mainlanders, I have the following suggestions:

First, comprehensively review the policy on the Individual Visit Scheme (IVS). In 2003, in response to the SAR Government's request to support the Hong Kong economy in the wake of SARS, the Central Government gradually opened up 49 Mainland cities, allowing residents of these cities to visit Hong Kong under the IVS. In 2009, again under the request of the SAR Government, the Central Government further allowed residents with Shenzhen household registration to visit Hong Kong on multiple‐entry endorsements. The two policies have been put in place for many years and it is time to conduct a comprehensive review. If we only review the policy on multiple-entry endorsements or simply cancel it, it would only make Mainlanders think that we discriminate against Shenzhen residents. As a result, the Mainland middle-class tourists who can afford to visit other places or commercial visitors will visit other places instead or shorten their stay in Hong Kong, which will deal a direct blow to the tourism-related trades in Hong Kong. Therefore, I suggest that the SAR Government should study the possibility of further expanding the scope of IVS cities beyond the 49 existing ones while discussing with the relevant Mainland authorities on how to improve the policy on multiple-entry endorsements. It is natural for the two places to review the policies on immigration and tourism to take into account the feelings of the people of both places and it is also conducive to the sound development of the Hong Kong tourism industry.

Second, take multi-pronged measures to crack down on parallel trading activities. In my amendment, I mention about co-operating with the Mainland Customs to combat parallel trading activities. As Hong Kong is a free port, it is legal to carry commodities out of Hong Kong under normal circumstances. It is only when parallel traders carry large quantities of commodities into the Mainland that they may violate the Mainland customs laws. I propose that the authorities take the initiative to work with the Mainland Customs and request them to step up law enforcement and conduct a review on a regular basis. When it is difficult for the parallel trade syndicates to operate, they will eventually back down. In addition, the SAR Government should, in accordance with the present law, step up the prosecution of Mainland parallel traders for breach of conditions of stay, and also step up the prosecution of parallel trade syndicates for street obstruction, illegal parking and congesting road traffic by loading and unloading goods or causing nuisance, as well as those who illegally use units in factory buildings to engage in parallel trading activities. It is hoped that through these administrative measures, the impact of parallel trading activities on local residents will be alleviated as far as possible.

Third, expeditiously build a shopping centre at the border. When visitors spend money in a certain district, it should be conducive to the economic development in that district and job opportunities can be created, but the crux of the existing problem lies with the overwhelming number of visitors which have disrupted the daily lives of local residents. If the Government can, under normal arrangements, expeditiously find land in the border area in the vicinity of Lok Ma Chau, Shenzhen Bay, Lo Wu and Sha Tau Kok and encourage the business sector to participate in the building of border shopping centres, I believe it will help divert the same-day Mainland visitors and those who genuinely visit Hong Kong for consumption and reduce the nuisance caused to the New Territories residents.

Lastly, I hope that other than implementing targeted measures to divert the visitors, the authorities will rigorously enforce law against the lawless, reckless and radical thugs who participate in anti-parallel trading protests and prosecute them in accordance with the law. Condoning such illegal actions of the perpetrators will only incite their radical behaviour even further, which is no different to encouraging them to stage more protests in a more radical manner, consequently further damaging Hong Kong's image in the world and its economy.

President, I so submit.

**MR WONG TING-KWONG** (in Cantonese): President, the tourism industry is the pillar of Hong Kong's economy and Mainland tourists are the main source of our tourism revenue. For many years, they have brought substantial benefits to Hong Kong. Thanks to them, various trades and industries, such as retail, catering and hotel, can remain prosperous.

However, Hong Kong is after all a very tiny place. As the number of incoming Mainland visitors continues to rise, Hong Kong does not have the adequate capacity to receive them. As a result, in districts such as Sheung Shui, Yuen Long, Sha Tin, Mong Kok, Tsim Sha Tsui and Causeway Bay, there are droves of people taking public transport or shopping. Owing to Mainland visitors' bulk purchase of commodities such as powdered formulas, disposable diapers and drugs, shop rentals have rocketed and commodity prices have surged. Furthermore, the difference in living habits of some Mainland visitors and Hong Kong people has also given rise to conflicts. As people are plagued by such problems which affect their daily lives, their resentment begins to build up.

However, as Hong Kong is a law-abiding and civilized city, we cannot vent our frustration and anger on the visitors. Earlier, some people staged protests to harass Mainland visitors; even local residents who looked like Mainlanders were not spared. A handful of thugs not only verbally threatened the frail elderly, woman and children, but also pushed them, which was really despicable. Worse still, these thugs wore masks during their assault. They were cowards who had no guts to show their identity. They wanted glory but had to hide their faces.

We strong condemn these shameless and despicable assaults, and we also expect the Police to resolutely enforce the law. Although these trouble makers are only small in number and do not represent the majority of Hong Kong people, they have seriously damaged Hong Kong's reputation and the local retail industry is under the threat of slowing down. The SAR Government should make timely remedies by launching publicity campaigns overseas and in the Mainland to advertize that Hong Kong is still a hospitable city. It should also enhance people's awareness of playing a good host and prevent similar violence from recurring again.

Of course, Hong Kong's inadequate receiving capacity is a very serious problem. To safeguard tourism as a pillar industry of our economy, and at the same time alleviate the impact on local people's daily lives, we must increase the space, provide additional tourist facilities and enhance Hong Kong's receiving capacity. The Government should require public transport operators to increase service frequencies of buses and MTR train routes with high patronage and also strictly enforce the restriction on luggage size, so that the bus and train compartments will not be so overcrowded. Besides, to solve the problem of over-concentration of visitors at certain shopping districts, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) have suggested the construction of shopping centres at the border. This can divert visitor flow in popular districts and at the same time create job opportunities in districts where the shopping centres are located.

In the past two years, thanks to the co-operation of various parties, the border shopping centre at Lok Ma Chau will commence operation as scheduled. We hope that the Government will promote it to tourists and enhance the ancillary transport services, so as to take the most advantage of the shopping centre. The Government should play the role of the facilitator to encourage various parties to build more shopping centres in other border areas to divert the crowds.

To resolve the problem of the excessive influx of tourists, many amendments today propose to take the broad-brush approach by cancelling the policy on multiple-entry endorsements or introducing a land arrival or departure tax. I oppose such measures.

It cannot be denied that the policy on multiple-entry endorsements greatly facilitates Shenzhen residents' visit to Hong Kong, contributing, to some extent, to the influx of visitors to Hong Kong today. In the five years between 2009 and 2014, visitors travelling on multiple-entry endorsements have increased 10 times, reaching over 14 million. The excessive number of visitors not only affects the daily lives of Hong Kong people but also the travelling experience of the visitors themselves. Hence, in my opinion, before Hong Kong can increase its receiving capacity, it is reasonable to appropriately adjust the multiple-entry endorsement arrangement. During the sessions of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) (the two sessions), representatives of the Standing Committee of the NPC and delegates to the CPPCC from the DAB also proposed to revise the multiple-entry endorsement arrangement to limit the number of trips per endorsement. The exact number of trips can be determined by the Mainland and Hong Kong authorities according to the actual situation. Exemption can be granted to Shenzhen residents who need to cross the border multiple times, such as accompanying their children to attend school in Hong Kong.

Revising the multiple-entry endorsement arrangement is not the same as cancelling the arrangement altogether. Our present situation is like a small shop that cannot cope with the overwhelming amount of business. The shop has to be expanded but at the same time its customers have to be diverted elsewhere. How can we drive the customers away all of a sudden and even adopt an unfriendly manner to drive them away? Such an approach is like cutting off our own means of livelihood. It is unjustifiable to levy a land arrival or departure tax. At present, close to 200 000 Hong Kong residents go to the Mainland for sightseeing, visit relatives or work every day. If Hong Kong levies a land arrival tax or departure tax on Mainland visitors, how can we not expect the Mainland authorities to reciprocate and levy a tax on Hong Kong residents? People who propose such measures may attract attention for a while or they may even think they can win a few votes, but the measures are just futile.

At present, people are unhappy that the excessive number of visitors has disrupted their lives, and this situation is, to a large extent, attributed to parallel traders posing as visitors. We cannot vent our anger on the visitors but we must look squarely at the problem of parallel traders flooding Hong Kong. Parallel traders frequent districts near the border such as Sheung Shui, Yuen Long and Tuen Mun, buying large quantities of daily necessities and reselling them in the Mainland for profit. Such activities may already be against the law. In the Mainland, anyone carrying an excessive quantity of personal commodities into the country without paying tax commits smuggling offences. In Hong Kong, visitors engaging in parallel trading activities may violate the condition of stay; anyone handling goods on the street may commit the offence of street obstruction; selling goods in a factory building may also violate the deed of mutual covenant of the building; and carrying an excessive amount of powdered formula out of Hong Kong also breaches the Import and Export Ordinance. Since large-scale parallel trading activities are illegal in both places, the two sides should step up the exchange of information and intelligence to crack down on parallel trading. The enforcement agencies in Hong Kong should step up the inspection and resolutely combat any illegal activities associated with parallel trading in order to stop the nuisance caused by parallel trading to the public.

President, 11 amendments have been proposed to this motion today and there will surely be a heated discussion. I would like to declare my stance first. Based on the aforesaid reasons, I will oppose any amendments that propose the across-the-board abolition of the policy on multiple-entry endorsements and the imposition of a land arrival or departure tax. The amendments proposed by Mr‍ Gary FAN and Mr CHAN Chi-chuen are downright absurd. Mr Gary FAN and Mr CHAN Chi-chuen both claim that it is the incompetence of the Government that leads to the assaults. This is confusing the right and wrong. We must understand that violence is violence. One cannot use the Government's incompetence as an excuse to justify violence. Otherwise, when there is a robbery, the robber can blame it on the Government's incompetence in resolving the wealth discrepancy problem and argue that he is forced to rob; and when someone commits arson, he can also blame the Government for not properly taking fire precautions to justify his crime.

Mr CHAN Chi-chuen denounced the Government for blindly fawning upon the Communist Party and the Police for abusing its power. People are already tired of this kind of unjustified verbal abuse made by Members whose sole purpose is to give vent to their anger. I understand that Mr CHAN Chi-chuen has to put on a show to satisfy the radical voters but may I ask him to put on a more serious show? Can he do a better job?

In addition, Dr KWOK Ka-ki said LEUNG Chun-ying held an extravagant banquet on Sunday. I wonder where he got the news. It was a gathering for chit-chats and we were only offered a cup of tea. He also denounced LEUNG Chun-ying for his disgusting patriotism *(The buzzer sounded)*  On the contrary, it is Dr KWOK Ka-ki who should be denounced for his disgusting patriotism!

**PRESIDENT** (in Cantonese): Mr WONG, your speaking time is up.

**DR FERNANDO CHEUNG** (in Cantonese): President, I wear a mask not because I am unwilling to show my face, but because I have a cold. I think only government officials living on Mercury are unable to feel or see the pain brought about by the serious imbalance in parallel trading or the Individual Visit Scheme (IVS), such that they have done nothing to solve the problem notwithstanding the serious impacts on Hong Kong people in respect of basic living, shopping, day-to-day commuting and transportation. Worse still, they maintain the stance that the current liberation protests or incidents have undermined the image of Hong Kong as a shoppers' paradise, and claim that this is a law-enforcement issue.

Yet, sorry, I do not think we can scale down one aspect of the China-Hong Kong conflicts ― Mainland people coming to Hong Kong for sightseeing and shopping ― into a problem of law enforcement or the over-reaction of some people. Is there any aspect of Hong Kong that has remained unaffected by the Government's promotion of urban integration or exchanges between China and Hong Kong? As Hong Kong has to sacrifice its resources and interests, people who grow up in Hong Kong or who love Hong Kong found that their living space in respect of shopping, education or other aspects of life have been steadily shrinking, as if they were not made for Hong Kong people.

We certainly do not approve the numerous conflicts that occurred in the past. Nor do we support any uncivilized act or harassment in terms of verbal abuse or physical violence. And yet, these conflicts do reflect a serious conflict of interest as many shops, streets and modes of transport have been affected by the IVS visitors or parallel traders. The North District and Yuen Long at the border will definitely be affected, but many housing estates are affected as well, as evident from the popular sale of second and third tier shopping malls by The Link REIT. Has the Government taken these into consideration?

I live in Ap Lei Chau, the Southern District of Hong Kong, and the shopping malls there are also ready for sale for the opening of luxury-brand outlets. President, can you imagine that even the living of the community in the Southern District has been affected? Nowadays, if we want to buy some basic stuff, such as newspapers, we have to go to chain stores because newspaper stands have almost disappeared. Even photo-printing shops or banks are gradually vanishing. Although the situation has already gone out of control, the Government remained silent but instead claimed that the liberation protests have gone out of control. We support neither of them because the greater issue involved is governance. How much interest do Members think is involved? According to the statistics provided in an article published by Mr Albert LAI earlier, there is $72 billion worth of goods flowing in the parallel goods market a year and the total value of evaded tax may amount to HK$16 billion. How was this $16 billion shared out? The parallel trade syndicates are so powerful that they can buy over Mainland officials to arrange for distribution. Even the Secretary of Shenzhen Municipal Committee WANG Rong admitted the existence of bribery acts. How do they share out the money? According to an investigation report of *China Times* reproduced on Takungpao.com in September about Huanggang customs officials giving free rein to smuggling and a report released in November about Sha Tau Kok customs officials taking bribes, parallel trade syndicates and custom officials have established an operation network, and there is a price list specifying the bribe for checking a vehicle and how the money will be shared out. Under central allocation, the chief of the department receives 12%, the deputy chief on duty receives 17%, the deputy chief off duty receives 5% and custom officials responsible for checking receives 15%. The share of the in-between is also clearly specified. Such syndicates do not only involve Mainland customs officials, but also parallel trade syndicates. Do they have any connection with Hong Kong?

In the recent liberation protest in Yuen Long, people gathered at the landmark "Milk Powder Wholesale City". As disclosed by the media, the wholesale city belongs to the listed company Jintian Pharmaceutical Group. Its Chairman, JIN Dongtao, has a military background and is a lieutenant-colonel in the People's Liberation Army reserve. This "Milk Powder Wholesale City" even claims to provide delivery service to different parts of China. How many people are involved in this?

We keep stressing how important the retail and tourism industries are to Hong Kong and how many people work in these industries to make a living, then do we seek to position Hong Kong as a place for Mainland people to shop, entertain, raise funds, buy luxurious flats as investment and settle their family members? Should we keep building shopping malls? Are we going to excavate below the Kowloon Park, Victoria Park and Hong Kong Park so as to completely fill up our "city lung", while turning the entire Hong Kong into a shopping mall by building an artificial island and stepping up the development of Lantau Island? Is this a solution to our problem? Is the future of Hong Kong nothing more than money and the Mainland-style corruption?

Members of the public feel so helpless as nothing has been done by the Government after years of request. LEUNG Chun-ying boasts himself as the "Father of the IVS", but it was only after so many conflicts have arisen, which we absolutely disagree, that the Government indicated that it would take unequivocal action. Even Mainland officials considered it necessary to conduct a review and impose certain restrictions, and take into account the receiving capacity of Hong Kong. In fact, the number of visitors has already exceeded our receiving capacity and even outnumbered the population of certain countries. And yet, the Government is still reluctant to call to a halt and insists to further opening up and providing more space. Is Hong Kong going to develop in this way to the neglect of our environment and other problems? Are Hong Kong people supposed to serve the tourism industry?

If the Government is to position Hong Kong as such a city, it will certainly not grant us democracy. This is because if we can be the masters of Hong Kong, I think no one would want to see Hong Kong being turned into a large shopping mall. The entire issue is indeed a problem of governance and the positioning of Hong Kong, and Hong Kong should abandon the belief that economic development is of overriding importance. We must have diversified development and people must be given an opportunity to voice out their views.

The present conflicts were attributable to the manipulation of the market and power by the people with vested interests. They will keep making a fortune while forcing members of the public to a dead end. I hope that the previous conflicts would somehow be like pouring cold water over our heads and thus wake us up, so that we will not only care about money and turn our community into a shopping mall. There must be some restrictions on the IVS and the multiple-entry endorsements must be called to a halt. This is not simply a matter of the development of the tourism or retail industries, but the positioning of Hong Kong and whether the policy consideration of the SAR Government would be in the best interests of Hong Kong people.

I so submit.

**MR ANDREW LEUNG** (in Cantonese): President, I thank Mr Vincent FANG for bringing up the issue that has been seriously plaguing Hong Kong for discussion at this Council meeting. Recently, a number of anti-parallel trading protests have occurred in different parts of the New Territories, and it has been reported that some pan-democratic Members have also taken part in them. These protests have caused nuisances to the residents and shop operators, dealing a serious blow to Hong Kong's reputation as a shopper's paradise established for many years and adversely affecting the retail, hotel, tourism and catering industries in Hong Kong, as well as damaging our rule of law and social order.

The tourism industry is of significant importance to Hong Kong's economy, which I think all Members present are well aware of. As stated in the latest Budget delivered by the Financial Secretary, tourism, making up 5% of Gross Domestic Product and employing at least 270 000 people, has been driving the growth of many industries, such as the retail and catering industries. In 2014, visitors to Hong Kong exceeded 60 million, an increase of 12% over last year. Total spending went up by 9% to more than $350 billion.

Over the past year, the tourism and retail industries have gone through a long period of tough time because from last year's Labour Day Golden Week and Dragon Boat Festival holiday to this year's Lunar New Year holidays, the number of Mainland visitors has been reducing year-on-year. Although the number has increased in last year's National Day Golden Week, the increase was at a record low in these few years. Mainland inbound tour groups recorded a drop of 1.8% in 2014 and the number in the first two months of 2015 is also 4.5% lower than the same period in 2014.

What is more, many countries such as the United Kingdom, Japan, Europe and even the United States have streamlined their visa formalities for Mainland tourists, knowing that they are the rising force of future international travel. Travelling has become an important activity of China's medium- to high-end families, and over 70% of these families have arranged outbound travel at least once a year.

Regarding the total retail sales, after recording a decline for six months in a row in early 2014, a decrease of 14.6% was again recorded in January 2015. Chairman of Ocean Park Corporation, Mr Leo KUNG, advised the other day that the attendance of March recorded a decline of 30%, and this is mainly attributable to the lower exchange rates of Australian dollars, Japanese yen and Korean won, which have attracted some of the tourists and caused an overall decline in the number of inbound visitors to Hong Kong.

From this, we can see that Hong Kong's tourism and retail industries are facing internal and external threats. If Hong Kong decides to impose a cap on the number of Mainland visitors, the tourism and retail industries will encounter even greater difficulties and I am afraid that some practitioners may lose their jobs.

There are suggestions in the community that Hong Kong should strive to promote non-Mainland markets to reverse the existing policy of over-reliance on Mainland visitors. As a matter of fact, there is no need for us to place Mainland and overseas visitors in confrontation. Throughout the years, the Government and the Hong Kong Tourism Board have been actively involved in the promotion of emerging markets, and efforts have been made to organize various major events to enhance our attractiveness subject to certain limitations.

For example, since the Hong Kong Disneyland and Ngong Ping 360 came into operation, there have been no new major scenic spots in Hong Kong in the past decade. For hotels, in the past five years, the number of overnight visitors has increased by 64% but the number of hotel rooms has only risen by 22%, it has therefore failed to dovetail with the growth in visitors. Furthermore, there is much room for improvement to the supporting facilities. There is a trend for young middle-class families from the Mainland to travel abroad with their children. In view of this, the authorities may consider incorporating family-friendly elements to provide pleasant travelling experience to visitors, with a view to minimizing the conflicts between visitors and local residents.

President, although the Financial Secretary has introduced a number of support measures in this year's Budget, which include waiving the licence fees and extending or improving the Small and Medium Enterprise (SME) Financing Guarantee Scheme and SME Export Marketing Fund, SMEs engaging in retailing, especially micro-enterprises running street shops, have been so unfortunate that they suffer financial losses in the face of guerrilla-like anti-parallel trading protests.

There are views that in order to properly resolve the problems arising from the Individual Visit Scheme (IVS) and the policy on multiple-entry endorsements, a proper balance must be struck between the shopping visitors and people's livelihood by distinguishing parallel traders from other visitors, as well as improving and constantly reviewing the policy on multiple-entry endorsements. However, as many Members have said, the key of parallel trading activities lies in the price difference and quality assurance of commodities between the two places. The nuisances caused by droves of parallel traders to people's daily living are particularly obvious among residents in North District. And yet, given that Hong Kong is a free port, parallel goods are not illegal. As Secretary for Security LAI Tung-kwok pointed out in response to a question raised by a Member last week, the proportion of Hong Kong people and Mainland people engaging in parallel trading activities are more or less the same. The Business and Professionals Alliance for Hong Kong (BPA) considers that imposing a restriction on the Mainland parallel traders would only compel more Hong Kong people to become parallel traders and bring parallel goods to the Mainland. The problem of parallel goods cannot be completely resolved within a short period of time. Notwithstanding that, more should be done by the Government to, for example, step up inspections and work with the Mainland counterparts to establish a watch list of suspected parallel traders, and make arrests and institute prosecutions.

The abovementioned measures only provide temporary relief. The ultimate solution is to provide more shopping facilities for visitors and Hong Kong people. In an earlier interview, the Secretary for Commerce and Economic Development indicated his support for the building of a shopping centre at the border to enhance our capacity to receive tourists. In fact, the BPA has been putting forward this proposal, as it will not only facilitate shopping by Mainland residents, but will also relieve the pressure on the local community and achieve promotion by pooling quality and innovative local brands in one place. Of course, in the long run, the BPA considers that Hong Kong needs to provide more retail and commercial floor area so as to tackle the problem at root.

The BPA opines that, any proposal to impose restriction on tourists must be carefully considered. The tourism industry attaches great importance to image and credibility, once restriction is imposed on the multiple-entry endorsements, even though the purpose is to combat parallel trading activities, it will still inevitably send a negative message to some Mainland visitors that Hong Kong no longer welcomes them. Will they believe Hong Kong is still a hospitable city and a shoppers' paradise? The authorities should discuss with the Mainland Government to increase the number of IVS cities, so as to attract more overnight visitors with high spending power to come to Hong Kong. Yet, any attempt to refine the IVS policy must take into account the feelings of people on both sides. Given the complex composition of Mainland tourists, such bifurcation of visitors may not truly reflect the current situation and result in the wrong prescription of medicine, thereby bringing losses to the industry.

President, the purpose of proposing an amendment is to make the original motion more specific and comprehensible. I support the points made by Mr‍ Vincent FANG in his speech, who has indicated his wish for the authorities to provide more shopping facilities at the border area in a bid to minimize the negative impact on visitors coming to Hong Kong purely for shopping and the daily lives of local people. However, it is not our wish to divert Mainland tourists from local people as stated in the motion. Imagine that if we go to Paris of France, we may not want to be separated from the local people. On the other hand, Mainland residents shopping in Hong Kong will definitely bring benefits the local retail industries. We must therefore think carefully how we can combat parallel trading activities while maintaining the sustainable development of Hong Kong's tourism industry and preserving the rice bowls of 270 000 employees.

Lastly, the BPA hopes that different sectors of the community can hold rational discussions on the development of Hong Kong's tourism industry, and carefully evaluate the impact of the multiple-entry endorsements policy on various sectors, the SMEs in particular. As Hong Kong people, we must promote the sense of hospitality and unity, and work for the common well-being of Hong Kong.

The BPA considers that the Government should formulate long-term tourism planning to further enhance our capacity of receiving tourists, with a view to making a bigger pie and creating greater economic values to cater for the needs of different tourists and attract high-end visitors.

President, I so submit.

**MRS REGINA IP** (in Cantonese): President, the frantic parallel traders are moving like ants, causing inconvenience to residents near the border areas. Our society has indeed been plagued by this problem in recent years. In particular, a series of violent anti-parallel trading protests have turned this issue into the focus of the community. This Council is having a motion debate on this topic today and there are 11 amendments.

President, we must understand a few points: first, the nature of parallel trading; second, many Honourable colleagues have proposed measures such as cancelling the policy on multiple-entry endorsements in a broad-brush manner, setting a ceiling on the number of visitors under the Individual Visit Scheme (IVS), adjusting the multiple-entry endorsements to "certain number of trips per endorsement", levying a land arrival tax and a departure tax. I think they have failed to objectively and rationally analyse the parallel trading problem.

First of all, we must understand that parallel trading forms part of free trading and all of us have bought parallel goods. The factor contributing to the current frantic parallel trading activities in Hong Kong is the price differences between the two places; a strong Renminbi and the good reputation of Hong Kong commodities have further made parallel trading activities become rampant. We should actually be proud of the good reputation of Hong Kong commodities which attract customers.

Second, I think the proposals made by a number of Honourable colleagues have mixed up some major issues, including the IVS, multiple-entry endorsements, the effective measures to combat parallel trading, the receiving capacity of our tourism industry, as well as regional co-operation. First of all, we must find out the number of visitors with multiple-entry endorsements who are engaged in parallel trading activities. If we cancel the policy on multiple-entry endorsements in a broad-brush manner or limit the number of trips made to Hong Kong per day or per year, so that Mainland or Shenzhen residents cannot come to Hong Kong, can Hong Kong people not engage in parallel trading activities?

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

In the past when there was an economic downturn and high unemployment rate, many Hong Kong people engaged in parallel trading activities. The situation of the past, the present and the future is just the same. If we suppress Mainlanders' engagement in parallel trading activities, and if Hong Kong's economy experiences a downturn and unemployment rate is high, women living in Sheung Shui or places near the border, as well as the unemployed or underemployed will engage in parallel trading activities. Why will they not do so? As "Long Hair" once said, we should not combat parallel traders because they are the underprivileged group in Hong Kong.

Even if the policy on multiple-entry endorsements is cancelled, can we completely stop Mainlanders from visiting Hong Kong to engage in the profitable parallel trading business? I believe Mr YIU Si-wing is also aware that in recent year, there is a popular "L endorsement" in the Mainland, that is, "travel endorsement (*in Putonghua*). A tour group can be formed by less than three persons. At present, the measures adopted at the Shenzhen control point are rather relaxed, and the formalities have been simplified so that an individual can also be granted with an "L endorsement" to Hong Kong. If parallel trading activities have resurrected in another form, do the authorities have to suppress them?

The proposal on levying a departure tax or an arrival tax is even more unfeasible. More than 10 years ago when the Hong Kong Government had a deficit, Mr Antony LEUNG, the then Financial Secretary, proposed levying a departure tax. After in-depth studies, a number of departments considered that the tax was unfeasible and it would affect many Hong Kong residents. We cannot be discriminatory, granting exemption to Hong Kong people while levying tax on Mainlanders.

Levying an arrival tax is a new measure that has never been implemented in Hong Kong over the past 100-odd years. I think this is seriously discriminatory, and I strongly oppose levying an arrival tax. As pointed out by Mr WONG Ting-kwong, if Hong Kong levies an arrival tax, Shenzhen will also levy the same tax on Hong Kong residents for the sake of equality. Since we all uphold human rights and equality, why can't Shenzhen levy an arrival tax on Hong Kong residents? This is really a bad idea.

As for the construction of border shopping centres or opening up Sha Tau Kok, I think this is just a short-term expedient measure which cannot effectively achieve divergence. Just now, pro-establishment Members and Mr Vincent FANG discussed the possibility of diverging Mainland visitors and Hong Kong people. I believe even if the persons concerned worked to death, the desired results cannot be achieved. If we construct a border shopping centre or turn Sha Tau Kok into a parallel product distributing centre, there will be policy contradictions.

We should consider if our tourism policy or long-term economic development strategy is intended to increase or decrease parallel trading business. Considering the disturbance caused, do we want to combat or increase parallel trading business? If the scope of parallel trading is expanded by opening up Sha Tau Kok or building shopping centres at Lok Ma Chau or other places, will we strengthen or expand parallel trading? For those who hate parallel traders, do they consider this arrangement appropriate?

On the long-term economic development of Hong Kong, parallel trading is a low value-added activity which only emerges due to the price differences of goods between the Mainland and Hong Kong, and the goodwill of Hong Kong. I believe this competitive advantage cannot be maintained over a long period of time. As many Members including Mr Andrew LEUNG and Mr YIU Si-wing have just mentioned, our tourism industry is going downhill and the hotel, guesthouse and retail business are declining.

Yesterday, a very interesting article was published in the *South China Morning Post*, which analysed the consumption patterns of Mainland visitors. It was stated in the article that Mainland visitors would not move along the steps like us. I remember when I was a kid, my mother first took me to Guangzhou or Macao for sightseeing, later we went to Singapore and I visited the United Kingdom and the United States when I grew up. Nowadays, Mainland visitors or middle-class people will not do so. First, they like to purchase air tickets online and there are many such websites in the Mainland. Second, they have become rich and like to travel to developed countries such as Europe. According to the analysis of Mainland visitors in the article published in the *South China Morning Post* yesterday, the only attraction of Hong Kong is shopping. Only 11.6% Mainland visitors came to Hong Kong and Paris came second among the most popular tourism destination for them last year, followed by Bangkok.

If Hong Kong people take certain measures to drive these visitors away or discriminate against them, I think the problems of parallel trading, overcrowding caused by IVS visitors, and offending Hong Kong people may have already peaked and will soon be naturally resolved. Somebody told me that a very popular article, entitled "Hong Kong is not worth visiting", has recently been published in a Mainland website. The article has been read by over 5 million people, it has been forwarded 24 000 times and there are nearly 9 000 related comments. Our acts of driving visitors away such as discrimination, harassment, kicking suitcases, and so on have caused great repercussions in the Mainland.

Do members of the community really have strong opposition? We should be able to distinguish that the aggressive acts we saw on the Internet are initiated online by the minority localist faction. They discussed the negative acts of IVS visitors and parallel traders, and encouraged netizens to raise oppositions, label some shops and organize the procession routes. How many people really recklessly discriminate against our compatriots because of the inconvenience caused and intend to drive all IVS visitors away in a broad-brush manner, without due consideration to the impacts on our economy? I believe not many people have become irrational.

I would like to make some suggestions; I put forward some proposals to the Government last year on how to deal with parallel trading and the IVS. First, the SAR Government should formulate a long-term and multi-pronged tourism strategy. Apart from shopping, Hong Kong should explore some new attractions and new bright spots, so that Mainland compatriots would not only visit Hong Kong for buying parallel goods. Even without parallel trading business, we can do other tourism business.

Second, with regard to handling the overcrowding problem caused by IVS visitors or visitors travelling on multiple-entry endorsements, we should make use of information technology and data analysis, as well websites to release information to the Mainland, so that Mainland visitors would understand and go to places suitable to them. Third, on the issue of parallel trading, instead of constructing a temporary shopping centre at the border, we should take advantage of the platform for co-operation with the Mainland. The Guangdong Cross-Border E-Commerce Association has contacted me several times, expressing its intention to establish connections with Hong Kong. They have duty-free zones; if Hong Kong goods are sold there, goods costing less than RMB 800 yuan will be exempted from tax; and there is also the tax imposed on outbound tourists. Through this platform, a huge cross-border online shopping business can be established, which involves a lot of business opportunities in areas such as electronic settlement, electronic billing and electronic authentication, and a new logistics network can also be established. This provides a great deal of business opportunities for small and medium enterprises in Hong Kong. In the long run, our products can be sold to the duty-free zones in the Guangdong Province, and also to all parts of the country, even Ningxia. We should actively consider these new ideas.

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Cantonese): Deputy President, I have listened to the views of Mr Vincent FANG and other Members. Mr Vincent FANG's motion and the amendments proposed by a few Members covered a number of policy areas, including law-enforcement actions against anti-parallel trading protests, law-enforcement actions against parallel trading activities, tourism development, ancillary transport and retail facilities, and so on. Although a considerable part of these proposals are not under the terms of reference of the Commerce and Economic Development Bureau, I have listened carefully to the views of Members who have spoken, and will also do so later. I will then make a comprehensive response on behalf of the SAR Government and convey their views to the Policy Bureaux concerned after the meeting.

The first point is about the impacts of anti-parallel trading protests on the tourism industry. Tourism, one of our four pillar industries, accounts for 5% of the GDP. It drives the development of a number of industries and employs a total of 270 000 people. In 2014, inbound visitors exceeded 60 million, representing an increase of 12% over the previous year, and the total consumption rose 9% to more than $350 billion.

Since the tourism industry is one of the important industries in Hong Kong, the SAR Government certainly attaches great importance to its long-term healthy development. At the same time, we understand that the community is concerned about the increasing number of visitor on people's livelihood, and we also respect the public's right to express their views. Nevertheless, we definitely do not tolerate the expression of demands through violent acts, which affects people's lives and disrupts public order. As the Secretary for Security said in response to the anti-parallel trading protests on 9 March, the protestors' acts such as abusing and beating passers-by, kicking and examining their personal belongings, as well as obstructing the normal bus operation is a total abuse of the freedom of expression, which has gone beyond the bottom line of permissible acts under the law. The SAR Government most severely condemns the acts of these protestors that undermine social order.

The tourism industry generally believes that the anti-parallel trading protests in recent months have already affected the visitors' intention to visit Hong Kong, dealing a severe blow to our tourism reputation. The industry is also worried that should there be continuous anti-parallel trading protests, visitors may be hesitant or withdraw from tours, ultimately affecting the livelihood of local guides. In fact, some members of the industry said that the protests have already affected the incentives of visitors from Southeast Asian to visit Hong Kong. According to some travel agencies which mainly receive Southeast Asian visitors, the number of visitors received in February this year decreased by 20% to 30% as compared with that of last year. The Travel Industry Council of Hong Kong has also received inquiries from quite a few Southeast Asian travel agencies these few months, expressing concern about the recent anti-parallel trading protests. Some members of the hotel industry also expressed that, from February to March, the hotel occupancy rate decreased by 20% to 30% as compared to that of last year. The occupancy rate of guesthouses mainly patronized by Mainland visitors substantially fell by 50% to 60% after the Lunar New Year. Furthermore, some members of the retail industry mentioned that the decline of business gradually emerged early last year, and there have been fewer visitors since March under the impact of anti-parallel trading protests. If a market continues to be sluggish, the operators may have to consider freezing the pay and manpower and shops may have to close down; and front-line salesmen may eventually be hit.

As regards combating parallel trading activities, the SAR Government has been very concerned about the disturbance caused by parallel trading activities on people's lives. The law-enforcement authorities concerned have taken measures to improve the order of railways and control points, and they have adjusted their strategies according to the operation mode of parallel traders. Moreover, the MTR Corporation Limited fully supports the Government's enforcement efforts, it has taken a series of measures to restrict parallel trading activities, including putting restrictions on passengers' luggage size and weight.

Regarding the provision of additional tourism, transportation and retail facilities, so that visitors will not over concentrate in traditional tourist districts, but may also go to different areas in Hong Kong and enjoy their stay in Hong Kong from different perspectives, we are making efforts to increase our capacity to receive tourist based on the recommendations in the Assessment Report on Hong Kong's Capacity to Receive Tourists completed in 2013. The projects include expanding the two theme parks and promoting the development of cruise tourism in Hong Kong, bringing a greater variety of experiences to visitors. We will also continue to increase the supply of hotel rooms through a multi-pronged strategy. We will continue to closely monitor all aspects including the number of inbound tourists and the receiving capacity of the related industries such as the retail, catering and hotel industries, as well as the receiving capacity of individual areas, and so on.

Furthermore, we also understand that Members and the general public are very concerned about the progress of optimizing and enhancing the Individual Visit Scheme (IVS).

Regarding the optimizing and enhancing measures, as they are related to the exit policy of Mainland residents, the SAR Government has continuously discussed with the Central Authorities, and it will continue to fully and adequately reflect to the Central Government the views of various sectors of the community and the latest situation. These include the number of Mainland visitors to Hong Kong and the receiving capacity Hong Kong as a whole and of individual areas, so as to comply with the long-term and overall interests of Hong Kong.

I will listen carefully to the views of Members and make a comprehensive response on behalf of the Government later, and I will also convey Members' views to the Policy Bureaux concerned after the meeting.

Nonetheless, Deputy President, I would like to respond to some of the remarks just made by Dr KWOK Ka-ki first. Although Dr KWOK is not in the Chamber now, how can his earlier remark targeting the family condition of the Chief Executive be related to the subject of discussion today, namely "Balancing the impacts of the tourism industry on the economy and people of Hong Kong"? He would not even let off the health conditions of one's family members, which are unnecessary. Have his remarks degraded his status as a Legislative Council Member? Is this a cheap shot? May I ask Dr KWOK Ka-ki to reflect on himself.

Thank you, Deputy President.

**DR ELIZABETH QUAT** (in Cantonese): Deputy President, Hong Kong has all along been hailed as a shoppers' paradise and a first-class tourism destination. The number of tourists has hit record highs every year and brought about prosperous development of tourism and peripheral industries. However, I am worried that such edges are on the wane because in the recent anti-parallel trading protests, protestors have caused chaos in Mong Kok, Sha Tin, Tuen Mun and Yuen Long, harassed shops, hurled abuses at tourists and even resorted to pushing and kicking. These violent acts have seriously damaged the reputation of Hong Kong. If tourists think that Hong Kong no longer welcomes them, will they come again?

The tourism industry is one of the major pillar industries of Hong Kong, it has a direct implication on some 240 000 employment and is of great importance to Hong Kong's economy. Driving tourists away will have a serious implication on different sectors because in the end, Hong Kong people will suffer from the loss of jobs.

The series of violent anti-parallel trading protests that broke out earlier, the so-called "liberation protests", sought to drive tourists away by all means, have aroused the hatred and resentment of the general public. The anti-parallel trade protestors went into drug stores clamouring and hurling abuses. They also disrupted the operation of other shops, which were forced to close for business temporarily. Whenever the protestors saw tourists who appear to come from the Mainland, they chided them and drove them away. The most outrageous is that, they encircled a woman and her daughter and chided them, making the little girl burst into tears.

I strongly condemn the behaviour of these thugs, who even harassed women and children and have therefore brought disgrace to all Hong Kong people. Although they claim to protest against parallel traders, their remarks advocating nativism and "Hong Kong independence" have shown that their real intention is to trigger China-Hong Kong conflicts and disrupt the exchanges between the two places. I therefore call on the Police again to strictly enforce the law and should not let go of any person who disrupts Hong Kong's law and order.

Deputy President, it is a pity that the effects of this series of anti-parallel trading protests on the economy have gradually surfaced. Over the past two months, the number of Mainland inbound tour groups has dropped by 32% as compared to that in the same period last year, whereas the hotel occupancy rate is also on a decline. According to some retail shops, their business has dropped by 30% to 50% and many will be closing down soon. On the other hand, the number of Mainland tourists going to Macao is on the increase. We can therefore see that tourists did not come to Hong Kong not entirely because of financial reason or the combat against bribery in the Mainland. Coupled with the fact that the strong US dollar has caused the Euro dollars and Japanese yen to hit record lows, therefore a large number of Mainland tourists have been attracted to Europe and Japan. If Hong Kong fails to figure out a solution, the future tourism industry will inevitably enter a cold winter, which will directly affect the livelihood of many households.

Deputy President, pan-democratic Members organized a press conference in a high-profile manner after an anti-parallel trading protest broke out in Tuen Mun, accusing the protestors of using violence. Mr Gary FAN said that there were cases of identifying and chiding the wrong person in the anti-parallel trading protest, which was a disservice, and thus an apology should be made. I do want to ask Mr Gary FAN, does he mean that Mainland people in Hong Kong should be encircled and chided by Hong Kong people and even driven away by force?

If the mother and daughter being chided did buy daily necessities for use in the Mainland, should they be chided and threatened, and no apology should be made? Mr FAN's remark is tantamount to supporting and encouraging the use of violence, which is very irresponsible.

Ms Claudia MO just now also disassociated herself from those violent anti-parallel trading protests. However, she forgot that when she and Mr Gary FAN established the "HK First" in 2013, they had organized trolley travel bags campaigns against the Individual Visit Scheme (IVS), and placed advertisements in newspapers to complain about the IVS and "doubly non-permanent resident pregnant women and children", calling on the Government to "reduce population at source". This is precisely the origin of protests targeting certain groups and triggering China-Hong Kong conflicts. Coupled with the subsequent Occupy movement, protests disregarding the law and disrupting law and order have gradually taken shape in Hong Kong. Occupying the roads to begin with, protests have become more radical and violent.

Pan-democratic Members who support the illegal Occupy movement have indeed promoted and encouraged the culture of radical and violent protest. By making a clear break with the protestors today, this is no different from setting a fire before leaving, and then denying any responsibility for the devastating fire that burnt down the entire forest. Can they just walk away like this?

Deputy President, inbound tourists and parallel traders have affected the daily lives of Hong Kong people, thus review and adjustment are warranted. But is driving tourists away a solution to the problem? The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) considers that the Government can liaise with the Mainland and adjust the multiple-entry endorsements to "certain number of trips per endorsement" so as to reduce the number of visits of parallel traders. Regarding the same-day visitors who mainly come to Hong Kong for shopping, the DAB considers that a border shopping centre should be constructed to divert the shoppers. Furthermore, Mr‍ WONG Ting-kwong has put forward a series of proposals made by the DAB when he spoke earlier, which seek to balance the impacts of the development of the tourism industry on the residents. Deputy President, how should the violence and hatred be dealt with? We should be rational and alleviate the impact of the IVS from a policy perspective, with a view to making proper tourism planning and providing the necessary facilities, thereby enhancing our capacity in receiving and attracting high-end visitors. Only this is a solution in the long run.

Deputy President, while many people are worried about the effect on the local tourism industry, many others have expressed concern about Hong Kong's law and order and rule of law. In view of the illegal violent behaviour, such as the Occupy Central movement and anti-parallel trading protests, some members of the public told me that they thought the Police was too slow in arresting the law-breakers, the Department of Justice was too slow in instituting prosecution and the judges were too lenient in imposing penalties, and they began to lose faith in Hong Kong's law and order and the judicial system. Our cornerstone, the rule of law, has been ruined by the legal academics and Members who have knowingly violated the law. This is also a serious problem that the community should address squarely.

The tourism industry and today's prosperity were created and built up by the hard work of several generations in Hong Kong; they are hard-earned. Even if anyone, regardless of his political stance, is dissatisfied with the current-term Government or the nation, he should not arbitrarily cause damage to Hong Kong through illegal and violent means as all Hong Kong citizens are obliged to observe the law.

It is easier to destroy than build. Only if Hong Kong people learn to treasure, unite and be pragmatic will there be hope for Hong Kong's future.

Deputy President, I so submit.

**MR POON SIU-PING** (in Cantonese): Deputy President, recently, some protestors attacked parallel traders in Yuen Long and Sheung Shui, and similar actions against Mainland visitors were also found in other areas, which have aroused strong repercussions in the community. I do not support radical actions and condemn those violent behaviour, but "the tree falls not at the first stroke". While we criticized the violent behaviour of the protestors, we should also examine the crux of the problem, or else it would not really help.

When Mr Henry TANG attended a special meeting of the Legislative Council House Committee in the capacity of the Chief Secretary for Administration back then, former Legislative Council Member Ms LI Fung-ying of the Federation of Hong Kong and Kowloon Labour Unions asked him whether the Government would review the implementation of the Individual Visit Scheme (IVS) and evaluate its impact on the lives of Hong Kong people and the China-Hong Kong integration. At that time, Mr Henry TANG simply replied that there would not be any problem. As the IVS continues to expand, it now covers 49 cities nation-wide and Shenzhen has even introduced the policy on multiple-entry endorsements. Mainland tourists who come to Hong Kong in drove have become the mainstay of our tourism industry, and also a great nuisances to people's livelihood. Such nuisance has been translated into another wave of China-Hong Kong conflict and damaged the China-Hong Kong relationship from a higher perspective.

There are currently many views calling for a review of the IVS and the policy on multiple-entry endorsements on the ground that our capacity to receive visitors has reached its limit, it is therefore necessary to impose a cap on the number of inbound Mainland visitors. This is nonetheless inaccurate. When Secretary for Commerce and Economic Development Gregory SO visited Japan to promote Hong Kong's tourism industry and explore new customer source in January 2015, we have not heard of any complaint about our capacity of receiving visitors reaching its limit and accusing the Secretary of his visit to Japan to promote the tourism industry. Let us look at some statistics on Hong Kong's tourism industry. There were a total of 54.3 million inbound visitors in 2013, it then rose to 60.8 million last year, representing an increase of 6.5 million visitors. When the Secretary for Commerce and Economic Development was interviewed by the Japanese media, he said that the number of non-Mainland visitors to Hong Kong remained stable at around 14 million each year. In other words, over 75% of our inbound visitors came from the Mainland, who also contributed to the annual growth in the number of visitors. Therefore, a review of the IVS has been called for not because our capacity to receive tourists has reached its limit, but because of our over-reliance on Mainland visitors alone, which has resulted in an unhealthy development of the tourism industry. To cater for the needs of Mainland visitors, there have been drastic changes in the livelihood-related shopping malls and shops. Coupled with the difference in lifestyles between Mainland visitors and local residents, resentment gradually mounted.

I do not oppose the IVS policy of the nation as this is the only path leading to an open China. As a matter of fact, the IVS policy is mutually beneficial to the Mainland and Hong Kong, and the only question is how to strike a proper balance. Given that both the nation and Hong Kong have reaped huge benefits from the IVS policy, this is not a policy of good intention but produces counter-effects in the course of implementation.

Deputy President, multiple-entry endorsements is a measure that facilitates the entry of residents with Shenzhen household registration into Hong Kong. It is an extension of the IVS policy and an important step towards the integration of Hong Kong and Shenzhen. Regional integration is the major trend. People may discuss how to promote regional integration to achieve a win-win situation, but they should not go against the trend by building a wall to block out our neighbours. Parallel trading is a natural phenomenon that emerges with economic differences as a result of regional integration. Minister of the State Administration for Industry and Commerce ZHANG Mao told the media early this month, "The bulk buying of these smugglers do makes life for Hong Kong residents inconvenient, narrows the profits for legally-operating importers, and creates disorder in the Mainland market." In other words, the parallel trading activities are hurting both China and Hong Kong.

Deputy President, Hong Kong people do not oppose parallel goods, as it is common to see people buying cheaper electrical products which are parallel imports in shops. In fact, not all those engaging in parallel trading activities in Hong Kong and Shenzhen are Mainland people; there are Hong Kong people as well. To Hong Kong, combating parallel goods seeks to minimize the impact of parallel trading activities on people's livelihood. Therefore, it is necessary to enhance the notification mechanism of the Hong Kong and Shenzhen Customs and strengthen their co-operation. Recently, there were media reports that an organization planned to apply to the Town Planning Board to construct a border shopping centre at Lok Ma Chau. It would be great if this is approved, because it may achieve diversion and minimize the nuisances caused by the parallel trading activities on people's livelihood.

Deputy President, I so submit.

**MR JAMES TIEN** (in Cantonese): Deputy President, many policies concerning Hong Kong should certainly be considered on all fronts. I often adopt a middle-of-the-road position on many issues and will not side with the visitors because I am a member of the business sector or because I had been the Chairman of the Hong Kong Tourism Board (HKTB) for six years and the HKTB had strenuously promoted the Individual Visit Scheme (IVS) and the policy on multiple-entry endorsements back then. I am also a directly elected Member of the Legislative Council returned from the New Territories East. Residents of Sheung Shui and Fan Ling are my voters. Yet, I will not side with the voters and support the act of driving the visitors away merely because they cause inconvenience to Hong Kong.

I think the policies on tourism should be considered from a few perspectives. First, economic benefits. How much economic benefits has the tourism industry brought to Hong Kong? I do not agree with Dr Fernando CHEUNG when he said that the consortia got all the benefits and the businessmen earned lots of money. Deputy President, tourism is the only industry which has created more job opportunities for grass-root employees than the finance industry, the real estate sector (the industry which I am engaged in) or the import and export trade. The tourism industry does not require new entrants to possess high academic qualifications or many years of experience. Why do places around the world promote tourism and model themselves on Hong Kong? The reason is that it is easiest to earn money from tourism and profits will not only be made by consortia. Some pan-democratic Members allege that owners of shopping centres and the consortia made the most profits from rent, but I hope they would not ignore the fact that wage earners have an impressive income from basic salary and commission. The tourism industry has also helped Hong Kong lower the general unemployment rate to 3.3%. Furthermore, rent earned by the consortia and property owners is taxable, thereby enabling the Government to implement various policies with public funds. Therefore, I think the tourism industry has brought huge economic benefits to Hong Kong.

In 2009 when I was the Chairman of the HKTB, the Government said that apart from the 49 Mainland cities under the IVS, it was considering making special arrangements for Shenzhen because of the close ties of its residents with Hong Kong and its geographical proximity. Such an arrangement would enable Shenzhen residents to travel frequently to Hong Kong and they would not be restricted to visit Hong Kong two times every three months or four times every six months under the framework of the IVS. A total of 49 cities in China had been incorporated into the IVS, but could special arrangements be made for permanent residents of Shenzhen? At present, there are about 2.5 million permanent residents in Shenzhen and about 1.5 million of them have obtained this kind of special endorsement. According to the Government, among those who have obtained multiple-entry endorsements, 300 000 to 400 000 of them at most come to Hong Kong for shopping, and for the remaining 1 million-plus holders of multiple-entry endorsements, not all of them are parallel traders who enter and exit Hong Kong a few times a day.

We have also noticed that according to the latest figures, in 2014, there were 28 million same-day Mainland visitors in Hong Kong and the number even exceeded that of overnight Mainland visitors which was 19 million. Among the 28 million same-day visitors, 15 million came from Shenzhen. I think the situation calls for serious attention. It can be estimated from these figures that about 10 million were same-day visitors who were merely parallel traders. The Liberal Party considers that this number should be reduced to a minimum. Recently, when the plenary sessions of the National People's Congress and the meeting of the National Committee of the Chinese People's Political Consultative Conference were held in Beijing, a number of Members of the Liberal Party put forward the proposal of "10 entries per endorsement". What was the reason for that? According to information provided by the Mainland authorities, Mainland visitors would visit Hong Kong 10 times a year on average. Certainly, some would visit Hong Kong only a few times a year and others would enter and exit Hong Kong a few times a day, but the average frequency is 10 times a year and not once a day. If Mainland visitors are only allowed to visit Hong Kong once a month, the Shenzhen authorities would object because the number of times allowed is too small. I am not sure what the final decision of the Central Government will be, but I think the Hong Kong Government should discuss with the Shenzhen authorities because Shenzhen is our neighbouring city. Hong Kong should not shut itself up and ignore Shenzhen or even close its door on Shenzhen visitors. If we did, it would ruin our relationship with Shenzhen. In this connection, I hope that the Shenzhen authorities will also understand our situation. If they do not agree with the proposal of 10 trips a year, how many trips a year would they suggest? In fact, making one trip per day is already rather frequent. There are 365 days in a year, if Shenzhen people are allowed to visit Hong Kong once a day, I think Hong Kong people will have a lot to say too.

Furthermore, I strongly support Mr Vincent FANG's proposal to build shopping centres at the border. Why had I not considered this proposal when I was the Chairman of the HKTB? The reason was that I hoped that visitors would tour around in Hong Kong and spend money, instead of going to one particular place and bring business to it only. However, the situation in Hong Kong has changed after more than 10 years. Hong Kong is now too busy and we certainly have to make adjustments according to the needs of society. After making the adjustments, can parallel traders who shop for daily necessities be diverted to the border shopping centres? I believe this basic problem cannot be resolved within a short time because Mainlanders do not have confidence in the quality of the goods bought on the Mainland. They are not concerned about the prices of goods, but their quality. Therefore, if the proposal of building border shopping centres is adopted, business will continue to boom and there is no worry that these centres will close down after a few years.

Finally, I would like to explain one point on behalf of Mr Vincent FANG. The idea of diversion as suggested by Mr FANG is not diverting the rich Hong Kong people to shop in one place and the poor Mainlanders to another place, as pointed out by Ms Claudia MO. That is not Mr FANG's idea. Mr FANG's idea is, as he said, to divert parallel traders to the border shopping centres, so that real IVS visitors, be they come from Shanghai or Beijing, can continue to shop in the community of Hong Kong, including Central and Causeway Bay. That is his idea. Thank you, Deputy President.

**MR JEFFREY LAM** (in Cantonese): Deputy President, recently we often heard about problems caused by parallel traders to Hong Kong. Some people put the blame completely on the policy on multiple-entry endorsements and the Individual Visit Scheme (IVS) and even demanded to cancel the policy on multiple-entry endorsements across the board.

Undoubtedly, parallel traders have affected the lives of the residents of some districts in Hong Kong and the Government should face the problems squarely and resolve them. However, we should not confuse parallel traders with visitors or tourists. Some people or radical groups with ulterior motives have deliberately mixed up the two. They do not want to resolve the problems arising from parallel traders; all they want is to drive a wedge between Hong Kong people and the Mainlanders by pointing out the problems of parallel traders. Some of them want to stir up trouble in Hong Kong and others want to advocate "Hong Kong independence". We can see clearly that their behaviour will not only affect Hong Kong people, but also ruin the economy and the tourism industry of Hong Kong eventually. Let us not forget that there are more than 200 000 people working in the tourism industry and their livelihood will be affected by these incidents.

Deputy President, the groups which stirred up trouble have politicized the problem of parallel traders and called their actions liberation protests. In fact, they were causing trouble, annoying tourists and harassing people in shops. They kicked the suitcases of people, be they tourists or Hong Kong people, and scolded them. Even the elderly people, women and children were not spared. They had really gone too far. They wanted to drive a wedge between Hong Kong people and the Mainlanders, causing division among them and trying to segregate Hong Kong from the Mainland. As Chinese, Hong Kong people should reprimand such violent behaviour.

Deputy President, these people have been using the problems of parallel traders as an excuse to cause trouble in various districts of Hong Kong. They staged protests and marches, held the "Dragon and Lion flag" high up and chanted the slogan of "Go back to China, you Chinese people", and so on. In fact, they should not forget that Hong Kong is part of China. Is raising the slogan "Establishing the Hong Kong State" tantamount to advocating "Hong Kong independence"? As Hong Kong people, we cannot accept such behaviour; as Chinese, we cannot accept that some people have seized the opportunity to violently disturb Mainland tourists. Such behaviour has not only disrupted social order and the lives of Hong Kong people, but also damaged Hong Kong's business environment and its reputation as a hospitable city. If the situation continues, Mainland tourists will not visit Hong Kong and worse still, people in Southeast Asia and all over the world will be afraid to visit Hong Kong after watching how Hong Kong people have treated tourists on television or on the Internet. Who dares to visit Hong Kong?

The business sector, tourism, retail and catering industries, as well as the majority of Hong Kong people strongly condemn the abovementioned behaviour. Those people stirred up trouble in Hong Kong in the name of protesting against parallel traders. As they have used violence and perhaps even unlawful means to cause trouble, I believe the Police should enforce the law strictly and bring them to justice.

Deputy President, the IVS was introduced by the Central Authorities when we were in dire straits. Over the years, this policy has helped Hong Kong to enhance the development of its economy and tourism. That is an obvious fact to all. It is not surprising that problems may arise during the development of a policy, but we should tackle the problems and make improvements. Everyone should try to resolve the problems harmoniously and avoid politicizing the issues. The proposal of cancelling the policy on multiple-entry endorsements across the board, which is similar to giving up eating for fear of choking, will have a big impact on the economy of Hong Kong. Many industries in Hong Kong, including tourism, catering and retail, comprise mainly of the small and medium enterprises and the livelihood of many employees in these industries relies very much on the support of visitors.

Deputy President, when the sessions of the National People's Congress and the Chinese People's Political Consultative Conference were held in Beijing this year, I met with the Chairman of the China National Tourism Administration and expressed my views and those of the tourism industry of Hong Kong on the IVS. I believe the China National Tourism Administration is actively discussing with the SAR Government, the Guangdong authorities and other parties to resolve issues of common concern.

Deputy President, the IVS has all along had a positive effect on Hong Kong. Instead of making a U-turn, we should take the policy forward. I think Hong Kong should proactively meet the demands arising from the IVS and relieve the pressure on Hong Kong created by the Scheme by enhancing its infrastructural facilities.

A few days ago, a property developer proposed to build a shopping centre at the border. I think this will help to resolve some of the current problems. On the other hand, the authorities have proposed to set a ceiling on the number of entries in relation to the policy on multiple-entry endorsements. I think if restrictions are imposed, it will inevitably create negative feelings in some Mainland tourists who may think that Hong Kong does not welcome them. How will these tourists consider Hong Kong as a hospitable city then? Will the Mainland authorities impose restrictions on Hong Kong people to visit the Mainland? These are questions which we have to consider. While we have to take care of ourselves, we have to consider the needs of others too.

Deputy President, many IVS visitors will not revisit Hong Kong shortly after their first visit. Therefore, we have to seek new sources of visitors. We can ask the Central Authorities to consider extending the IVS to more Mainland cities, for example, Dalian and Qingdao. We can attract overnight visitors with high spending power to visit Hong Kong and drive the tourism industry towards a more high value-added direction.

Deputy President, if the IVS is to be cancelled, we have to consider its impact on Hong Kong's economy, tourism and employment. Instead of using violence against Hong Kong people and tourists, we should sit down and discuss how to resolve the problem.

Thank you, Deputy President. I so submit.

**MR FRANKIE YICK** (in Cantonese): Deputy President, the tourism industry is one of the four pillars of Hong Kong's economy. In recent years, the number of visitors we received has been increasing steadily. In 2014, the total visitor arrivals reached a new record high of 60-odd million, representing an increase of more than 10% over 2013. As Mr James TIEN mentioned a while ago, a flourishing tourism industry will drive, both directly and indirectly, the development of other industries, for example, the retail and catering industries, as well as the transport and logistic industries which I represent. More importantly, it can help stimulate economic growth. Last year, Mr LAM Pun-lee, an economist, wrote an article about the economic contribution of the tourism industry. He pointed out that the contribution of inbound visitors is not only confined to the huge influx of foreign exchange they bring to Hong Kong, but also the rippling effect so caused which further spurs personal consumption and GDP growth.

(THE PRESIDENT resumed the Chair)

Nonetheless, radical protest actions targeting Mainland visitors under the Individual Visit Scheme (IVS) or parallel traders have occurred in Hong Kong over the past few weeks. Such actions do not only create nuisance for visitors, but also tarnish the international reputation and image of Hong Kong as a hospitable tourist destination. In fact, such radical and uncivilized behaviour has already deterred some visitors from visiting Hong Kong. Lately, we see a remarkable drop in the number of inbound tourists, both from the Mainland as well as from other countries. The business of retail shops in shopping districts obviously fared worse than before. Should the declining trend continue, Hong Kong's economic development as well as the labour market will obviously be impacted adversely.

While the Police must certainly step up enforcement against the law makers so as to protect the safety of tourists, the Government should expeditiously improve our tourism-related facilities, as suggested by Mr Vincent FANG. As a matter of fact, given the economic contribution of the tourism industry, our neighbours have been developing their tourism industry proactively in order to gain a share of the tourism market. Given Hong Kong's reputation as a shoppers' paradise and a gourmet paradise, as well as our edge in tourism development, we should strive to enhance the competitiveness of Hong Kong's tourism industry and increase our capacity to receive tourists. There is no reason why we should turn away inbound visitors and give up our status as a regional tourism hub.

Amidst the global economic downturn in recent years, the pace of economic development in Europe and the United States has slackened. As the global economic gravity has shifted to the East, all eyes are focusing on the development of Mainland economy. As China is pressing ahead with economic development, the consumption power of Mainlanders has also increased. All countries in the world are counting on Mainland visitors as a driving force of local economic development. In order to tap this huge visitor source market of 1.3 billion, various countries have been relaxing their visa restrictions on Mainland visitors successively. Given the close ties between Hong Kong and the Mainland, Hong Kong could benefit from the IVS implemented by the Mainland authorities as early as 2003 and quickly recover from the economic downturn at that time.

The IVS has been implemented for over a decade, and the number of cities under the scheme has been increased to 49. In 2009, the IVS was further relaxed to allow eligible residents with Shenzhen household registration to make multiple trips to Hong Kong with multiple-entry endorsement. As a result, the percentage share of IVS visitors among total Mainland visitors has increased from less than 10% to around 70% to date. At present, China is Hong Kong's largest visitor source market, accounting for 77% of our total arrivals. But there are signs that the growth of visitor arrivals from the Mainland, as well as their length of stay and per capita spending have been slackening. It is clear that Hong Kong has become less attractive as a tourist destination for Mainland visitors.

In fact, the Liberal Party has been suggesting to the Government time and again that more tourist attractions should be provided, for example, a casino and resort complex on Lantau Island, new theme parks, and so on, so as to divert the ever-increasing inbound tourists and diversify their spending, instead of only focusing on shopping. But these suggestions have been rejected by the Government. Meanwhile only slow progress has been made in the provision of additional tourist attractions. As a result, there is a serious shortage of tourist attractions in Hong Kong. Over the years, Hong Kong only has two major tourist attractions, namely, the Hong Kong Disneyland and the Ocean Park. In contrast, our competitor, Singapore, has implemented a number of proposals previously rejected by the Government including the construction of a casino and the Universal Studio, which bring vibrancy of the local tourism industry. Due to its proactive efforts in developing tourism supporting infrastructure, Singapore now ranks third in the world's tourist destinations with sustainable development, while Hong Kong lags far behind, ranking 37th.

President, among the numerous Mainland visitors to Hong Kong, only a handful are engaging in parallel trading activities. We should not simply label all Mainland visitors as parallel traders and hence, abolish the multiple-entry endorsement across the board. Nonetheless, it is true that Hong Kong lacks sufficient tourism supporting infrastructure, and we are lagging behind our neighbours. Hence, the authorities should make an effort to catch up in developing additional tourist attractions. Meanwhile, the Government should conduct an overall assessment on the problems hindering the growth of tourists and adopt targeted measures accordingly. Long-term planning for the development of tourism industry is needed if Hong Kong wants to enhance its competitiveness as a tourist destination and hence, achieving the effect of promoting economic development and reducing the likelihood of conflicts.

President, I so submit.

**MR LEE CHEUK-YAN** (in Cantonese): President, on behalf of the Labour Party, Dr Fernando CHEUNG has proposed an amendment which seeks to, *inter alia*, delete a large paragraph of text in the beginning of the original motion as follows: " over the past year, incidents targeting Mainland tourists have occurred repeatedly in Hong Kong, and recently some people have even used violence to harass tourists who 'appear' to come from the Mainland and local people; such incidents have damaged Hong Kong's reputation as a shoppers' paradise established for half a century". In their speeches, Members of the pro-establishment camp have tried to shift the public's attention to the attacks. That is also the same trick adopted by Secretary Gregory SO a moment ago as he repeated talked about the need to condemn the attacks and violent actions.

The Labour Party certainly does not agree with such behaviour, but we should consider where do the real problems lie? While they insist on distorting the whole incident and shifting the focus to the attacks, they have ignored the underlying deep-seated conflicts. Instead of confronting the deep-seated conflicts, they try to shift the attention to the attacks. What then are the underlying deep-seated conflicts? The answer is clear for all to see, but they just refuse to admit because LEUNG Chun-ying is incapable of resolving those deep-seated conflicts.

Intense grievances have been caused by the problems arising from parallel trading activities. And we all know why. A case in point is Sau Fu Street in Yuen Long. Local residents used to do their shopping here when the shops still offered a variety of local goods and other commodities, but now all shops along the entire street are selling powdered formula. Moreover, Yuen Long as well as other busy districts throughout the territory have become extremely crowded, and pedestrians can hardly move around. MTR trains as well as streets and walkways are all packed with people. All over the territory, we can only see tourists dragging luggage around and long queues; local people have nowhere to go for shopping.

Apart from the problem of overcrowding, another major problem lies with the sky-rocketing commodity prices. Why is that so? If there is a demand, prices as well as rental will naturally increase. Of course, rising rental will bring greater profits for property owners. In order to cope with the rising rental, business operators in all trades and industries must increase their prices. But even with price increases, the demand is still there because Mainlanders still flock to Hong Kong to line up in queues for shopping. What about the locals then? Poor people are facing livelihood difficulties because prices of all commodities are soaring. At present, even shopping arcades under The LINK, which are mostly located in housing estates, are also packed with Mainland tourists. Supposedly, these shopping arcades should facilitate local residents in buying their daily necessities, but now prices of all commodities are surging.

They mention nothing about problems arising from parallel trading activities, such as overcrowding and soaring prices. Instead, they divert the attention to the so-called attacks and avoid facing the problem squarely, that is, the pressures caused by the Individual Visit Scheme (IVS) to Hong Kong people as a whole. LEUNG Chun-ying is simply incompetent as he fails to do anything about the problem. He just tries to divert the public's attention, hoping that his incompetency and inaction will go unnoticed. Today, Members of the pro-establishment camp are just dancing to the tune of the Government as they continue to divert the public's attention. Hence, the Labour Party must remind Members not to divert the attention. We must examine the source of the problem in order to come up with some solutions.

As far as solutions are concerned, Members from the business sector often suggest that the problem is related to the lack of facilities. As Hong Kong does not have adequate facilities, more hotels and shopping centres should be built, and the problem will naturally be resolved. Nonetheless, they have missed a very important point, that is, Hong Kong's receiving capacity has reached its limit. Should more facilities be built, the situation would only become more intolerable. We must first resolve the issue about our receiving capacity. Let us put things in perspective. Although Hong Kong is such a small place, the number of visitor arrivals we received is some 60 million per year. Among them, some 40 million are from the Mainland, and some 10 million are travelling on multiple-entry endorsements. The visitor arrivals to Hong Kong under the multiple-entry endorsements alone is 10-odd million, and those people are actually a huge mobile population. The problem will never be resolved if we do not deal with it squarely or just keep suggesting the provision of additional facilities. In our view, the problem will not be resolved by simply taking care of the interests of the business sector, for example, the suggestions that we must support the tourism industry or build more hotels.

We endorse some suggestions made by Members from the business sector a while ago, including the provision of different types of tourism facilities which will attract tourists to visit Hong Kong other than shopping. Shopping should not be the only tourist attraction of Hong Kong, and we support the idea of diversifying our attractions. Nonetheless, diversifying Hong Kong's attractions is not in itself a solution to the receiving capacity problem. The solution lies with addressing the source of the problem, that is, the number of IVS visitors and those with multiple-entry endorsements. If there is no limit to their numbers, the problem will remained unsolved indefinitely.

I would like to talk about parallel goods, which is in fact a collective term and Members may have some confusing ideas. Some problems are not only related to parallel trading activities. Instead, it is just a case of too many Mainland visitors coming to Hong Kong for shopping, and they may not necessarily be parallel traders. Perhaps they are visitors with IVS multiple-entry endorsements who come to Hong Kong for shopping once a week. Yet they are also known as parallel traders collectively. Hence, it is clearly stated in the Labour Party's amendment that the arrangement of issuing multiple-entry endorsements under the IVS must be abolished, and only the applications made by Mainlanders for multiple-entry endorsements on the ground of family reunion should be approved because many holders of two-way permits must take care of their children in Hong Kong. Nevertheless, the entire policy on multiple-entry endorsements should basically be abolished.

Moreover, we request a reduction in the number of IVS visitors. It is quite absurd that some Members, such as Mr Michael TIEN, have suggested increasing the number of cities under the IVS. It will just make things worse. Reducing the number of IVS visitors is also another direction for reform. But regrettably, the Government is incompetent in this regard as it has failed to resolve the problem from these two perspectives. Likewise, the pro-establishment camp and the Hong Kong deputies to the National People's Congress are totally useless. Thank you, President.

**MR FREDERICK FUNG** (in Cantonese): President, Hong Kong people cannot bear anymore. They are both suffocated and paralysed by the over-crowdedness caused by the huge influx of Mainland visitors as well as the nuisance created by parallel traders. Regrettably, notwithstanding the intense public reaction in the past year or so, "689" has still turned a deaf ear to the problem and adopted a procrastinating tactic on the pretext of conducting a review. Hong Kong people demand the Government to revisit the matter and tighten the Individual Visit Scheme (IVS) as well as the policy on multiple-entry endorsement, in order to give Hong Kong people some breathing space.

However, the Government has been adopting a delaying tactic. It has neither taken any follow-up actions nor drawn up any contingency measures. Members should also recall that earlier, a senior government official has repeatedly resorted to verbal tricks by telling members of the public to be tolerant, bearing in the mind the overall interest of the society, and that it was no big deal to wait for a few more MTR trains before boarding. Afterwards, the antagonistic "689" poured oil onto fire by branding all those who hold a different view and have strong feelings about the matter as unruly people who feel conceited before getting rich. He totally disregards people's personal feelings and turns a blind eye to the adverse impact caused by the huge influx of Mainland visitors to Hong Kong.

Afraid of offending the Mainland authorities, the person in charge chose to forfeit the interest of Hong Kong people. As such, even when formulating its own policies, the Government must give regard to the feelings of Mainlanders, titling wholly towards the Mainland. For the sake of integration, the once mutually beneficial relationship between the Mainland and Hong Kong has now become a superior-subordinate relationship, yet "689" dares not even state our own case. As a result, the situation has been worsening. Eventually Hong Kong people reach the boiling point, and a spate of violent liberation protests have taken place recently, resulting in repeated confrontations.

Certainly nobody in society wants to see such violent actions. Any act in transgression would only gladden our enemies and sadden our allies. Moreover, the focus of the whole issue will be blurred, and we might easily be attending to trifles to the neglect of the essentials. Worse still, the antagonistic "689" will use this as an opportunity to shift people's focus and turn it into a tool to suppress the dissidents. Today he denounces the so-called violent acts and tomorrow he would single out some people as scapegoats. For no reason at all, he puts the blame on Ms Claudia MO and Mr Gary FAN, claiming that they are the culprits. Undoubtedly, his action is guided by the traditional conflict and confrontational mentality of the Communist Party of China, and his intention is to stir up political struggles, blatantly and visibly. What he has done is totally against the concept of practicing good governance in a modern metropolitan city. President, what is the intention? One can easily see through his inferior smearing tactics. There is no way "689" can hide his incompetency as well as his failure to honour his own undertaking. He is useless when it comes to reviewing and tightening the IVS and the policy on multiple-entry endorsement.

The Hong Kong Association for Democracy and People's Livelihood (ADPL) holds that condemning the violent acts during the liberation protests and the excessive law enforcement by the Police is simply making the wrong focus, and failing to resolve the imminent problems caused by the huge influx of Mainland visitors. Making such criticisms would only play into the trap of political struggles set by "689". All in all, we should focus on reviewing and tightening the IVS and multiple-entry endorsement policies, so that gradual restriction would be introduced by phases, with Hong Kong's receiving capability as an indicator. In other words, restrictions can be imposed from near to far and from light to severe. We should first review the effectiveness of various measures before deciding whether further actions are required.

For instance, as a starting point, the multiple-entry endorsements of Mainlanders with Shenzhen household registration can be revised to "certain number of trips per endorsement" or "two trips per day", so as to combat parallel trading activities. Relevant government departments should also co-ordinate and step up actions against parallel trading activities. Specifically, the Customs and Excise Department should carry out more rigorous law-enforcement actions; the Food and Environmental Hygiene Department should step up prosecution against placing goods on streets causing obstruction; the Lands Department should carry out inspection and impose sanction against property owners suspected of breaching land lease conditions. In respect of the IVS, we should start from freezing the number of cities under the scheme. Afterwards, further restriction on the number of IVS visitors under individual cities should be imposed gradually on the basis of their geographical proximity to Hong Kong. In the long run, consideration should also be given to imposing a land arrival tax.

The ADPL adopts an open attitude towards this motion today. I support any amendments, albeit from the pro-democracy camp or pro-establishment camp, so long as they contain proposals which seek to improve the IVS and the policy on multiple-entry endorsement and have a positive effect of brainstorming. I oppose any amendments which are non-committal or simply dancing to the tune of "Grandpa", that is, not daring to make any concrete proposals before a direction is given by the Central Authorities. The ADPL opines that the problem can only be resolved if we set our focus right and apply pressure to the Government accordingly. We must not let "689" divert people's attention again so that he can shirk his responsibility after reneging on his pledge.

President, I hold that a thorough review is required for the long-term development of tourism in Hong Kong. Previously, our tourism industry operated on a low-growth, "takes-all" approach with emphasis on quantity over quality and relying solely on Mainland visitors. Hong Kong can no longer bear the burden created by such an approach. The Government and the business sectors cannot always rely on the Mainland, as if they were "addicted" to the economic integration between the Mainland and Hong Kong. They always hold that Hong Kong has nothing to worry about so long as financial support is available from the Mainland, and that the integration can only bring benefits without any adverse consequence. Nonetheless, the price of adopting this mentality of relying on the Mainland unilaterally will ultimately be paid by the people, as our international vision and sound systems have been eroded gradually while the Government and the business sector have become complacent and stopped pursuing new development.

President, protest actions from the general public have aroused a strong reaction within the community. This represents an excellent opportunity for both the politicians and the business sector to ponder on the mode and position of social development in Hong Kong. We should not make compromises and relegate ourselves to be just another Mainland city, only for the sake of appeasing one group of tourists. We should develop Hong Kong's tourism industry and attract the world's attention by capitalizing on our international position, sound systems, fine traditions, as well as our freedom.

President, I so submit.

**MR IP KWOK-HIM** (in Cantonese): President, recently, a series of "liberation protests" targeting parallel traders have eventually developed into violent incidents of bullying the weak, which have not only damaged the business environment of Hong Kong, but also disrupted law and order of our society. It is most shocking that a number of young students have even participated in these violent actions. I think their defiance of the law may be a sequel to the Occupy action. During the disturbance of the Occupy action, politicians of the opposition camp have instigated young people to participate in the action with sophistry. As a result, the concept of the rule of law of young people has been distorted and they think that civil disobedience is supreme and they can do whatever they like. It is even more shocking that after the violent incidents, some Members of the Legislative Council held a press conference in which they seemingly condemned the use of violence, but actually put the blame on LEUNG Chun-ying and the SAR Government. In an attempt to justify the use of violence, they alleged that the people were forced to take violent actions because the misgovernance drove the people to revolt. Earlier, Mr Frederick FUNG ― it happens that Mr FUNG is not in the Chamber now ― severely reprimanded the Chief Executive and distorted the facts. I hope that the public can tell what Mr‍ FUNG is really thinking from his speech.

Chief Executive LEUNG Chun-ying has recently named and criticized some Members who are now present, including Ms Claudia MO. He criticized Ms MO for taking the lead to incite members of the public to protest against parallel traders, but Ms MO acted as if she was wronged and asked the Chief Executive to produce evidence. In fact, there is strong evidence to show that Ms‍ MO and her ally, Mr Gary FAN, have been using the excuse of promoting the local culture of Hong Kong to incite the people to protest against parallel traders. She cannot deny this fact. Ms MO and Mr FAN not only dragged luggage in Tsim Sha Tsui to protest against Mainland tourists, but also put up an advertisement in a Taiwanese newspaper which support "Taiwan independence", advocating the slogans of "We oppose the Individual Visit Scheme (IVS)", "We oppose Mainlandization" and "We oppose communization" and politicizing the problems arising from the IVS and multiple-entry endorsements in Hong Kong. In fact, promoting local culture does not necessarily exclude other cultures, but if localism has been manipulated to become a political idea, such as "anti-Mainlandization", "anti-communization" and driving our fellow Mainland compatriots away, that will be extremely dangerous. Unfortunately, Ms Claudia MO and Mr Gary FAN have been very keen to do so. Their intentions of opposing the Central Government and driving a wedge between Hong Kong people and the Mainland are crystal clear.

President, the IVS and the policy on multiple-entry endorsements were implemented in 2003 and 2009 respectively. If Members are not forgetful, they should remember that these measures were implemented by the Central Government at the request of the SAR Government in response to the impact caused by SARS and the financial tsunami to save Hong Kong from a weak economy. While these two measures have played a very important role in promoting the economic prosperity of Hong Kong, they have created some livelihood problems in the community, including crowded public transport facilities, inconvenience to pedestrians caused by people dragging suitcases, soaring shop rentals and disappearance of traditional small shops. In addition, the problem of parallel traders has been created and residents of Northern New Territories, Tuen Mun and Yuen Long have been hardest hit. However, if we analyse the problems rationally and thoroughly, we will understand that we should not put all the blame on the IVS and the policy on multiple-entry endorsements.

Instead, our attention should be drawn to one particular point and that is, population distribution in Hong Kong has undergone a significant change over the last 20 to 30 years. Since 1970s, as the Government has actively developed new towns in the New Territories, population in the New Territories has increased rapidly. At present, more than half of the people in Hong Kong live in the New Territories. According to the estimate of the Planning Department, population in the New Territories will exceed 4 million in 2021. Our public transport facilities have become more and more crowded partly because Mainland visitors would shop in places along the railway lines, and partly because the population in the New Territories has increased. That is an inevitable result of urbanization. Even if the IVS and the policy on multiple-entry endorsements had not been implemented, with the increase in population, our public transport facilities would become crowded, shop rental would increase and small shops would be replaced all the same. Recently, I have a deep understanding of this point. Since the commissioning of the West Island Line, significant changes have taken place in Kennedy Town. This phenomenon supports what I said earlier. The results of urbanization are obvious. Therefore, the only way to resolve the problem thoroughly is to develop more land to avoid over-concentration of population in certain areas.

There are many different views in society on the problems arising from the IVS and the policy on multiple-entry endorsements. Some people (particularly those from the opposition camp) think that these problems can only be resolved by tightening the IVS and cancelling the policy on multiple-entry endorsements. I cannot agree with this view. As most of the parallel traders are Hong Kong people, cancelling the policy on multiple-entry endorsements cannot resolve the problem. In fact, the IVS and the policy on multiple-entry endorsements are conducive to developing regional economies in Hong Kong. Therefore, for the benefit of our long-term economic development, these policies should be enhanced and not tightened or cancelled across the board. That is how the problems can be resolved practically.

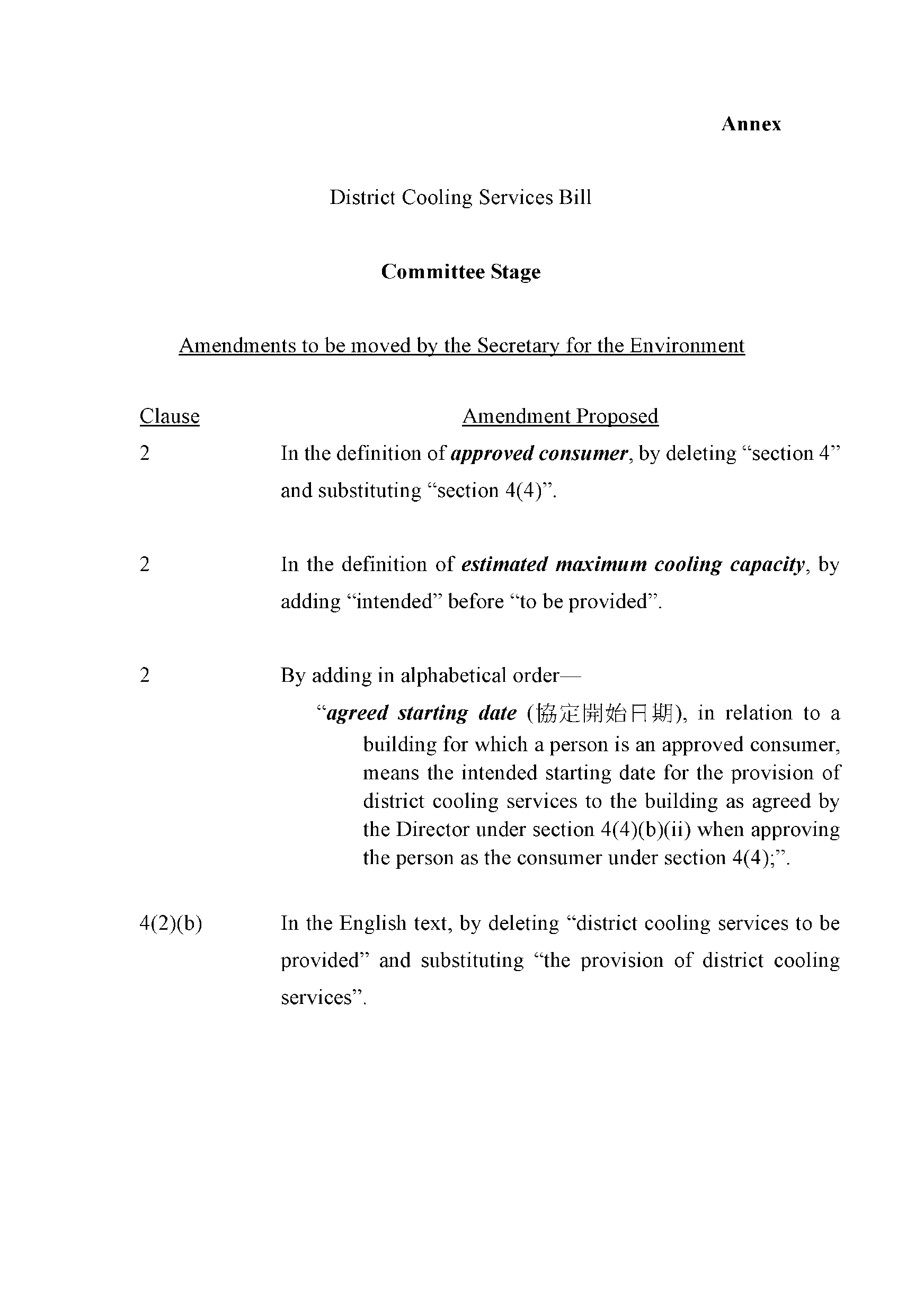
I so submit.

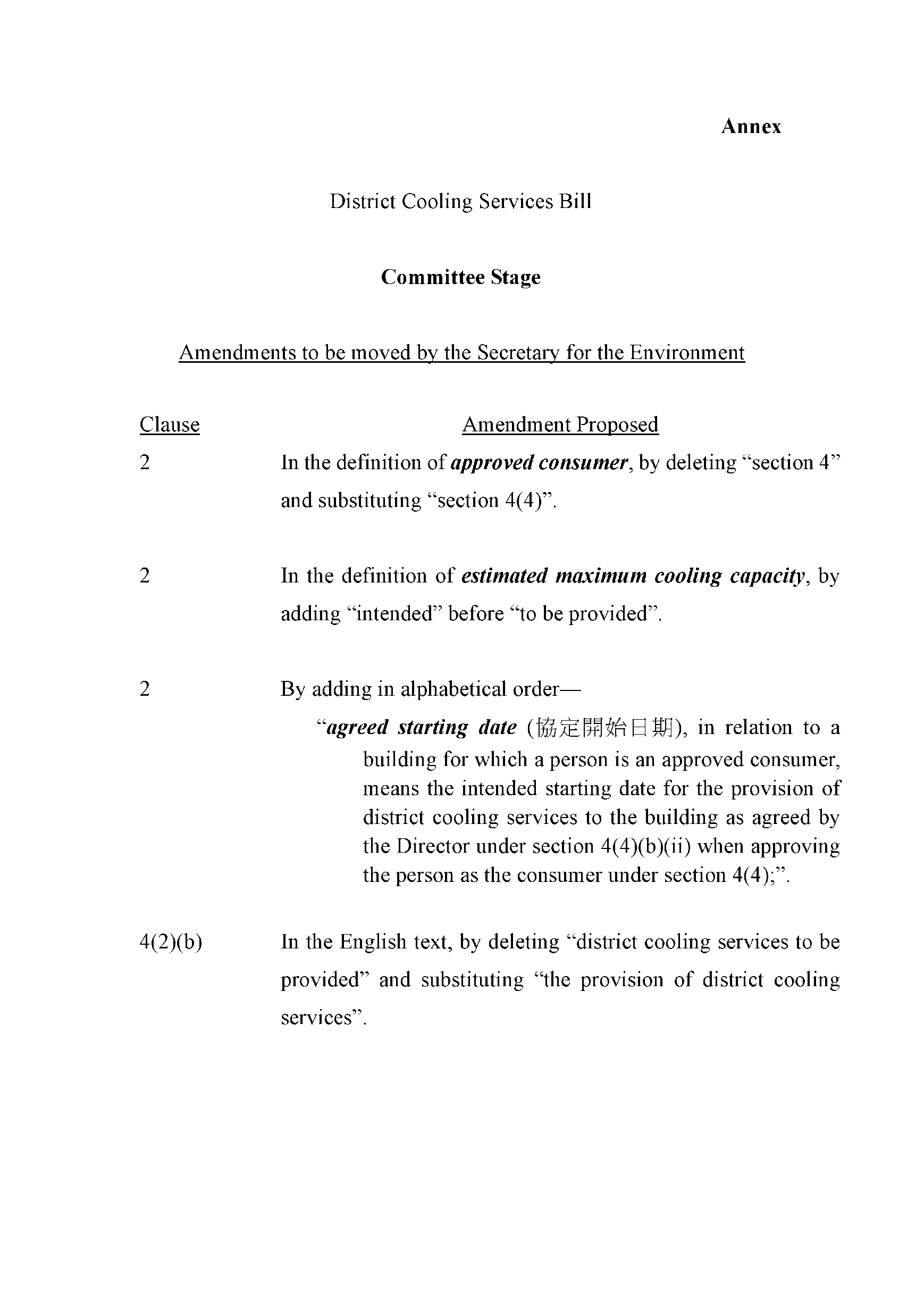
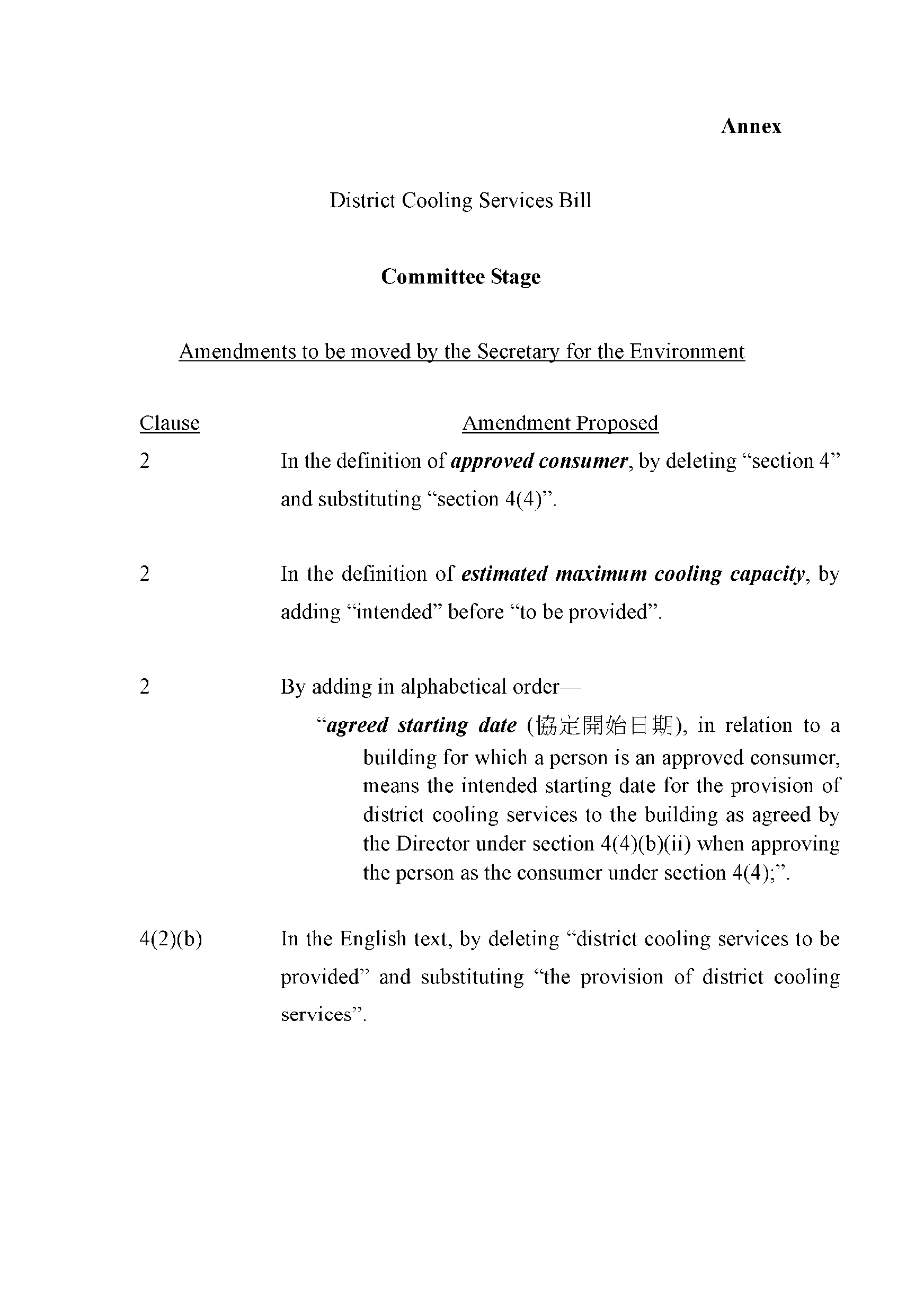
**SUSPENSION OF MEETING**

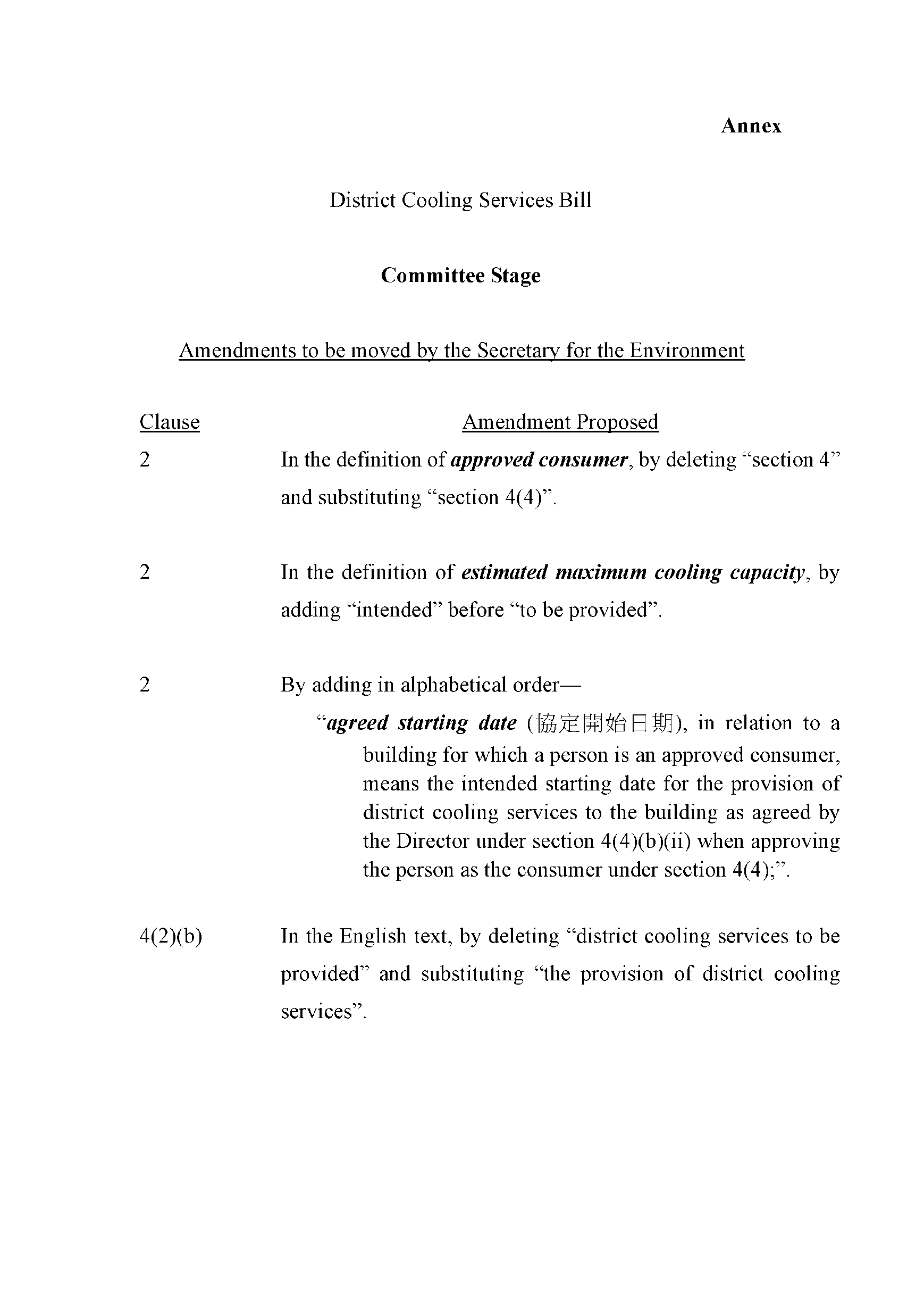
**PRESIDENT** (in Cantonese): I now suspend the meeting. I would like to remind Members that the Chief Executive's Question and Answer Session will be held from 9.15 am to 10.45 am tomorrow. The Council will resume at 2.30 pm and continue to deal with the unfinished business on the Agenda.

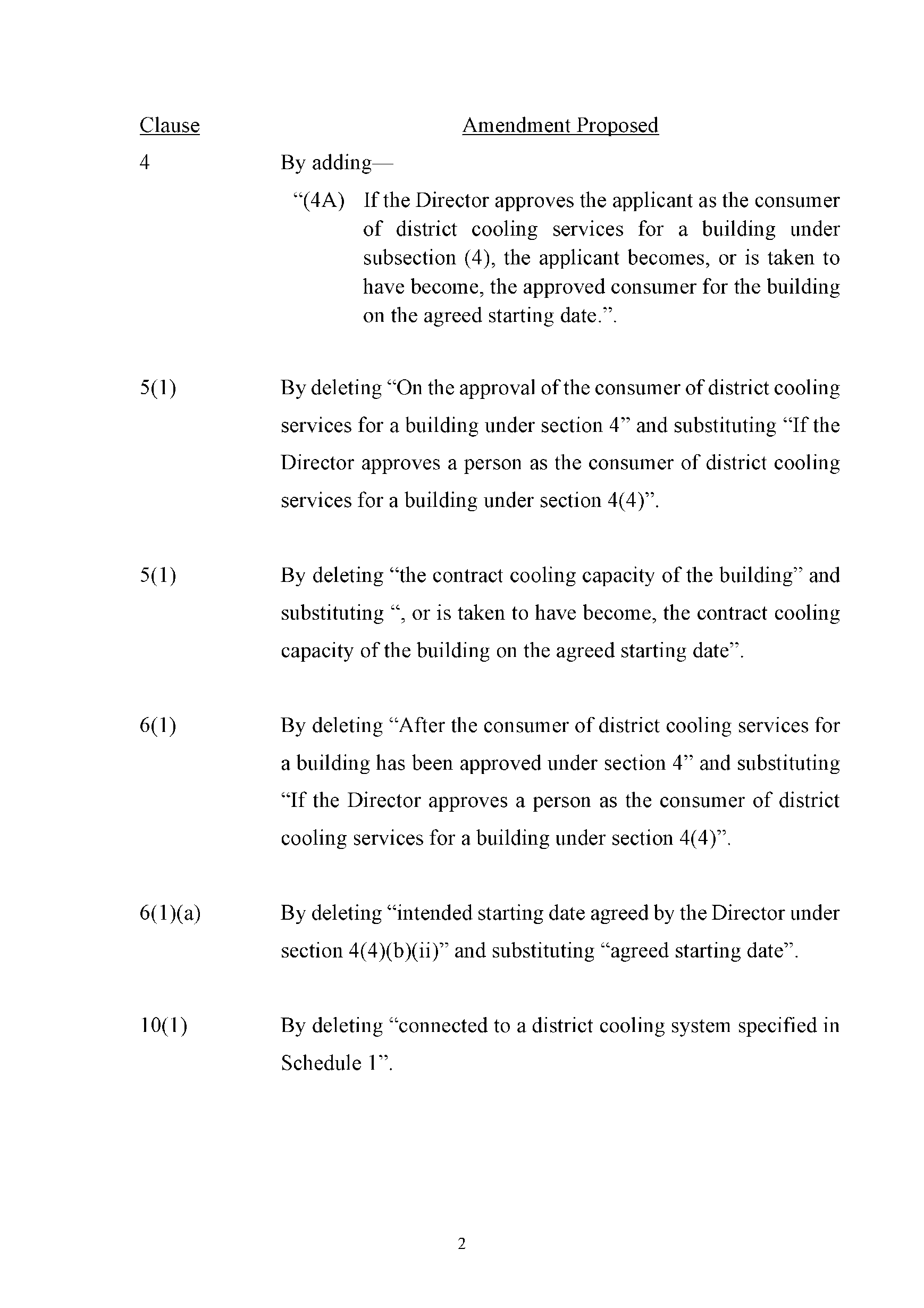
*Suspended accordingly at 7.57 pm.*

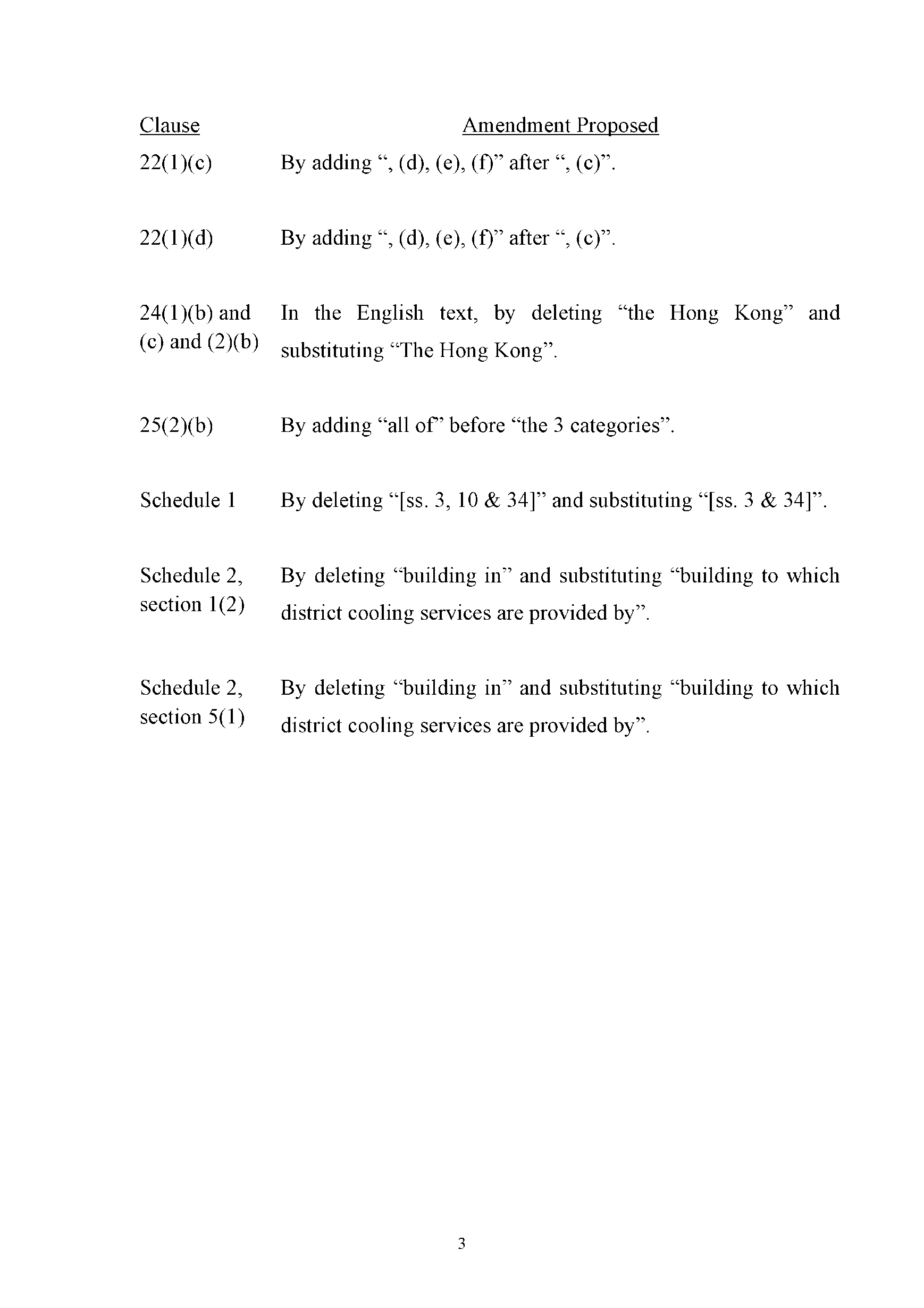
**Annex I**











1. (1) (1)Under the Demerit Point System, if a contractor has breached contractual obligations in respect of wages, daily maximum working hours, signing of standard employment contracts with and wage payment by means autopay to its non-skilled workers (except temporary leave relief workers) employed for the carrying out of the contract with the Government, a default notice will be issued to the contractor concerned. Each default notice attracts one demerit point. If the tenderer has obtained three or more demerit points over a rolling period of 36 months, its tender offer will not be considered for a period of five years from the date of the third demerit point is obtained. [↑](#footnote-ref-2)
2. (1) (1)The percentages represent the employment rates of graduates who have secured employment within three months after graduation. [↑](#footnote-ref-3)
3. (2) (2)Reference is made to the employment surveys released by the CIC in January 2015. The CIC regularly surveys the retention rates of trainees in the industry for three months, six months and 12 months after their graduation. [↑](#footnote-ref-4)
4. (1) (1)For details, please refer to <http://www.emsd.gov.hk/emsd/eng/sgi/lpg\_pub\_price.shtml> [↑](#footnote-ref-5)
5. (2) (2)Please refer to Legislative Council Paper No. CB(4)433/14-15(01) [↑](#footnote-ref-6)
6. (1) (1)Choi Ming Court ― four PRH blocks and six HOS blocks [↑](#footnote-ref-7)
7. (2) (2)Hoi Fu Court ― five PRH blocks and one BRO/MSS block [↑](#footnote-ref-8)
8. (3) (3)Yung Shing Court ― three PRH blocks and one BRO/MSS block [↑](#footnote-ref-9)