

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 15 July 2020

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

PROF THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P.

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

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

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

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

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

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

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

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

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

THE HONOURABLE CLAUDIA MO

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

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

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

THE HONOURABLE WU CHI-WAI, M.H.

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

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, B.B.S., J.P.

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

THE HONOURABLE KENNETH LEUNG

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

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG, J.P.

THE HONOURABLE DENNIS KWOK WING-HANG

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

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

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

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

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

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

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

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE ALVIN YEUNG

THE HONOURABLE ANDREW WAN SIU-KIN

THE HONOURABLE CHU HOI-DICK

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

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

THE HONOURABLE LAM CHEUK-TING

THE HONOURABLE HOLDEN CHOW HO-DING

THE HONOURABLE SHIU KA-FAI, J.P.

THE HONOURABLE SHIU KA-CHUN

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

THE HONOURABLE YUNG HOI-YAN, J.P.

DR THE HONOURABLE PIERRE CHAN

THE HONOURABLE CHAN CHUN-YING, J.P.

THE HONOURABLE TANYA CHAN

THE HONOURABLE CHEUNG KWOK-KWAN, J.P.

THE HONOURABLE HUI CHI-FUNG

THE HONOURABLE LUK CHUNG-HUNG, J.P.

THE HONOURABLE LAU KWOK-FAN, M.H.

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

DR THE HONOURABLE CHENG CHUNG-TAI

THE HONOURABLE KWONG CHUN-YU

THE HONOURABLE JEREMY TAM MAN-HO

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

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

THE HONOURABLE CHAN HOI-YAN

MEMBER ABSENT:

THE HONOURABLE JAMES TO KUN-SUN

PUBLIC OFFICERS ATTENDING:

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

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

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

PROF THE HONOURABLE SOPHIA CHAN SIU-CHEE, J.P.
SECRETARY FOR FOOD AND HEALTH

THE HONOURABLE KEVIN YEUNG YUN-HUNG, J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE CASPAR TSUI YING-WAI, J.P.
SECRETARY FOR HOME AFFAIRS

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

CLERKS IN ATTENDANCE:

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

MISS ODELIA LEUNG HING-YEE, DEPUTY SECRETARY GENERAL

MS DORA WAI, ASSISTANT SECRETARY GENERAL

MR MATTHEW LOO, ASSISTANT SECRETARY GENERAL

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

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

LAYING OF PAPERS ON THE TABLE OF THE COUNCIL

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

Subsidiary Legislation	<i>Legal Notice No.</i>
Hotel and Guesthouse Accommodation (Amendment) Ordinance 2020 (Commencement) Notice	140 of 2020
Prevention and Control of Disease (Prohibition on Group Gathering) (Amendment) (No. 7) Regulation 2020	141 of 2020
Prevention and Control of Disease (Regulation of Cross-boundary Conveyances and Travellers) Regulation	142 of 2020
Prevention and Control of Disease (Wearing of Mask) (Public Transport) Regulation.....	143 of 2020

Other Papers

J.E. Joseph Trust Fund

Report, Financial Statements and Report of the Director of Audit for the period 1 April 2019 to 31 March 2020

Kadoorie Agricultural Aid Loan Fund

Report, Financial Statements and Report of the Director of Audit for the period 1 April 2019 to 31 March 2020

Clothing Industry Training Authority
Annual Report 2019 (including Financial Statements and Independent Auditor's Report)

Hong Kong Deposit Protection Board
Annual Report 2019-2020 (including Statement of Accounts and Independent Auditor's Report)

Report of the Public Accounts Committee on Report No. 74 of the Director of Audit on the Results of Value for Money Audits (July 2020 — P.A.C. Report No. 74)

Report of the Committee on Members' Interests of the Sixth Legislative Council to be tabled at the Council meeting of 15 July 2020

Committee on Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region Progress Report for the period October 2019 to July 2020

Committee on Access to the Legislature's Documents and Records Progress Report for the period October 2016 to July 2020

Report No. 6/19-20 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

Report of the Panel on Food Safety and Environmental Hygiene 2019-2020

Report of the Panel on Manpower 2019-2020

Report of the Panel on Commerce and Industry 2019-2020

Report of the Panel on Home Affairs 2019-2020

Report of the Panel on Education 2019-2020

Report of the Panel on Information Technology and Broadcasting 2019-2020

Report of the Panel on Transport 2019-2020

Report of the Panel on Financial Affairs 2019-2020

Report of the Panel on Health Services 2019-2020

Report of the Panel on Administration of Justice and Legal Services
2019-2020

Report of the Legislative Council Select Committee to Inquire into
Matters about the Agreement between Mr LEUNG Chun-ying and the
Australian firm UGL Limited

Minority Report on an inquiry into matters about the agreement between
Mr LEUNG Chun-ying and the Australian firm UGL Limited (Chinese
version only)

ADDRESSES

PRESIDENT (in Cantonese): Addresses. Mr Abraham SHEK will address the Council on the "Public Accounts Committee Report No. 74".

(Dr CHENG Chung-tai indicated his wish to raise a point of order)

PRESIDENT (in Cantonese): Dr CHENG Chung-tai, what is your point of order?

DR CHENG CHUNG-TAI (in Cantonese): President, the United States President signed in the early hours of the morning, Hong Kong time, an executive order to cancel the preferential treatment for Hong Kong, and pointed out that Hong Kong's freedom and rights have been taken away, and Hong Kong will not be able to compete with free markets. In my opinion, such remarks have a serious impact on Hong Kong's social and economic interests and people's livelihood. I therefore request to move a motion debate under Rule 16(2) of the Rules of Procedure on the cancellation of Hong Kong's preferential treatment by the United States. I urge the President to consider and approve my request.

PRESIDENT (in Cantonese): Dr CHENG Chung-tai, I understand that the issue you have requested for a debate has aroused widespread concern. However, as we all know, the United States President has already signed the law concerned. Furthermore, Members may still follow up the issue through various channels, without necessarily having to conduct a debate in the form of an adjournment motion at this Council meeting.

As Members are aware, this meeting is the last meeting of the Council in the current term, and 12 bills on the Agenda must be dealt with at this meeting.

Given the above considerations, I rule that the motion proposed by Dr CHENG Chung-tai is not in order under Rule 16(2) of the Rules of Procedure. I am therefore unable to grant permission to your request.

(Dr CHENG Chung-tai asked the President to reconsider his request for moving an adjournment motion in his seat)

PRESIDENT (in Cantonese): As I said just now, the United States President has already signed the law concerned, and this issue is not so urgent as to warrant a debate at this meeting.

Mr Abraham SHEK, please speak.

Report of the Public Accounts Committee on Report No. 74 of the Director of Audit on the Results of Value for Money Audits (July 2020 — P.A.C. Report No. 74)

MR ABRAHAM SHEK: President, before I speak, I would like to thank each and every member of the Public Accounts Committee ("the Committee") for their hard work during the last four years. Now I start my report. On behalf of the Committee, I have the honour to table our Public Accounts Committee Report No. 74.

Out of the eight chapters covered by Report No. 74 of the Director of Audit ("the Director of Audit's Report"), the Committee has decided to conduct detailed investigation on two chapters, namely, "Management of funding for sports development through the Arts and Sport Development Fund (Sports Portion)" and "Sports Federation & Olympic Committee of Hong Kong, China".

The Committee has studied the other six chapters by first asking the parties concerned to provide written replies on their measures to address the inadequacies raised in the Director of Audit's Report. With a view to enhancing Government accountability, the Committee has also adopted a new arrangement by conducting short hearings on some of these chapters. Within the 30-minute hearing for each selected chapter, the relevant bureaux, departments and organizations have been invited to explain publicly their measures taken and answer follow-up questions from members. Three chapters with issues repeatedly identified in previous Director of Audit's reports have been chosen for short hearings in the present report. They are Chapter 3: Employees Retraining Board, Chapter 6: Management of insolvency services, and Chapter 7: Management of short term tenancies by the Lands Department. The Committee finds such arrangement very useful and effective in raising public awareness of the work of the Government.

Regarding the two chapters for which the Committee has held detailed investigation, they have a few things in common. I will highlight four points.

First, they are about sports development in Hong Kong. For the first chapter about funding for sports development through the Arts and Sport Development Fund ("the Sport Development Fund"), the Committee has put in quite a lot of efforts examining the operation and governance of the Hong Kong Football Association ("HKFA"), a national sports association to develop football in Hong Kong. For the second chapter, it is mainly on the work of the Sports Federation & Olympic Committee of Hong Kong, China ("the Olympic Committee"), the National Olympic Committee of Hong Kong, China. From the start, the Committee wishes to stress that both HKFA and the Olympic Committee must preserve its autonomy and resist all pressures of any kind which may prevent them from complying with the Olympic Charter.

Second, both organizations receive substantial funding from the Government, and they have to ensure that the money is spent in a value-for-money manner. For HKFA, funding has been provided from the Sport Development Fund to launch Project Phoenix on football development from 2011 to 2015, and a five-year strategic plan from 2015 to 2020. A new five-year plan has also been prepared by HKFA for the Administration's consideration. In 2017-2018, the total government funding amounted to more than \$34 million. For the Olympic Committee, the total amount of government funding in

2018-2019 was around \$39 million. The Home Affairs Bureau would also increase its recurrent subvention to the Olympic Committee from \$20 million last year to \$40 million in 2020-2021.

Third, the Committee finds that the governance of both organizations had room for improvement.

The Committee finds it appalling and inexcusable about the instances of non-compliances, irregularities and inadequacies relating to the governance of HKFA. One of the most disappointing examples was that the Audit Committee, a standing committee of HKFA which is responsible for the important task to monitor and review the effectiveness of HKFA's internal audit function, was not formed from July 2015 to June 2019. It is ridiculous.

The Hong Kong community and local football fans had high expectations of HKFA to raise the standard of football in Hong Kong as well as the ranking of Hong Kong football teams. However, the Committee considered that HKFA's overall achievement, at best, could be described as disappointing. This reflects that the Administration had failed to closely monitor HKFA's overall performance from a value-for-money perspective.

The Committee strongly urges HKFA to take measures to rectify various non-compliances, deficiencies and irregularities expeditiously. The Home Affairs Bureau, which is responsible for monitoring the use of funding by HKFA under the Sport Development Fund, should consider measures to assist HKFA to improve its governance.

For the Olympic Committee, the Committee expresses alarm and strong resentment, and finds it unacceptable that the Olympic Committee's athlete selection process and system for international games, which have been used for over a decade, have deficiencies and irregularities as revealed in the Director of Audit's Report and at public hearings. One of the deficiencies is that in selecting athletes to participate in the 18th Asian Games, the Selection Committee had considered factors such as whether an athlete is a member of the relay team or a holder of Hong Kong Sports Institute scholarship, and the Selection Committee had not formally announced these factors to the athletes and the public beforehand.

The Committee strongly urges the Olympic Committee to review its athlete selection and review processes, drawing reference from overseas practices.

Fourth, the Committee considers that the representatives of the relevant bureaux, departments and government-funded organizations should attach more importance to the Director of Audit's Report as well as make better preparation for their appearance at the Committee's public hearings. One of the most striking examples was that representatives of the Olympic Committee had been seen answering the Committee's questions evasively, providing inconsistent and multi-version answers to the same question as well as providing incomplete information taken out of context. On this, the Committee expresses alarm and strong resentment, and finds it unacceptable.

This is the last report of the Committee of the Sixth Legislative Council. Looking back at the past four years, the Committee has conducted 53 public hearings on 21 subjects and published 14 reports. I would like to stress that conclusions and recommendations have been made by the Committee in a constructive spirit and forward-looking manner. I would call on the Administration to ensure that all bureaux, departments and government-funded organizations could learn a lesson from the Committee's reports as well as previous reports of the Director of Audit. They should implement necessary measures well in advance to prevent the occurrence of the non-compliances, deficiencies and irregularities identified.

Lastly, I wish to record my appreciation of the contributions made by members of the Committee as I have stated when I began the speech. Our gratitude also goes to the witnesses who attended the hearings held by the Committee. I would like to express our gratitude to the Director of Audit and his colleagues for their unfailing support and, last but not least, to the Legislative Council Secretariat for their hard work.

Thank you, President.

PRESIDENT (in Cantonese): Mr Paul TSE will address the Council on the "Committee on Rules of Procedure Progress Report for the period October 2019 to July 2020".

Committee on Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region Progress Report for the period October 2019 to July 2020

MR PAUL TSE (in Cantonese): In my capacity as Chairman of the Committee on Rules of Procedure ("the Committee"), I submit to this Council the progress report of the Committee's work during the legislative session of 2019-2020. I will highlight several items of work of the Committee.

The Committee considered Mr Kenneth LEUNG's proposal to add a new rule to the Rules of Procedure to prohibit the President "from acting as director of any listed company in Hong Kong, whether the directorship is paid or unpaid". After deliberation, the Committee decided to consult all Members on this proposal. The outcome of the consultation showed that about two thirds of the respondents did not support the proposal. The Committee therefore decided not to pursue the proposal further.

The Committee also planned to consider, with reference to the sanction mechanism in the House of Commons of the Parliament of the United Kingdom, whether the Legislative Council should impose similar sanctions against grossly disorderly conduct of Members in Council or committee of the whole Council.

Besides, pursuant to existing provisions, Council meetings will deal with motions moved under Article 73(5) and (10) of the Basic Law or section 9 of Legislative Council (Powers and Privileges) Ordinance (Cap. 382) before motions with no legislative effect. This aroused concern that the moving of such motions moved under the Basic Law or Cap. 382 has the effect of "jumping the queue". The Committee intends to explore options to address this concern and examine the cause(s) of the reduced opportunities for the moving of motions with no legislative effect.

Moreover, the Committee also agreed to explore whether there could be an overhaul of the mechanism for the election of committee chairmen, with a view to addressing the problems arising from the election of the Chairman of the House Committee for the current session and avoiding frequent invocation of Rule 92 of the Rules of Procedure to introduce new procedures for the election of committee chairmen.

However, as the issues involved in the above are complicated and require a lot of time for examination and consultation, it is unlikely that the Committee can complete studying the issues in the current session which is the last session of the current term of the Legislative Council. The Committee has therefore decided to refer the issues to the Committee of the next term of the Legislative Council for consideration.

I would like to take this opportunity to thank Members, and in particular all Committee members and Secretariat colleagues, for their support for the Committee. Thank you, President.

PRESIDENT (in Cantonese): Mr Vincent CHENG will address the Council on the "Report of the Panel on Manpower 2019-2020".

Report of the Panel on Manpower 2019-2020

MR VINCENT CHENG (in Cantonese): President, in my capacity as Chairman of the Panel on Manpower ("the Panel"), I now table before the Legislative Council the Panel's work report for this legislative session and highlight the major work of the Panel.

Following the passage of the Secretary for Labour and Welfare's motion moved under Rule 54(4) of the Rules of Procedure that the Employment (Amendment) Bill 2019 ("the Bill"), which proposed to extend the statutory maternity leave by four weeks, be referred to the Panel, the Panel held a total of four special meetings to discuss issues relating to the Bill, and tabled a report on the relevant outcome of deliberations on the day when the Bill resumed its Second Reading debate, i.e. at the Council meeting of 26 June 2020. I will not repeat the details here.

As the ongoing epidemic situation of Coronavirus Disease 2019 ("COVID-19") has hard-hit the local economy and the business environment, members were concerned that both in-service personnel and job seekers would face aggravating difficulties in securing employment. Members urged the Administration to enhance employment and unemployment support measures, which included creating short-term employment positions and increasing training places and allowance, so that some of the temporary unemployed or underemployed can secure their income and tide over the financial difficulties.

To enhance the protection of employees' occupational health, most members strongly urged the Administration to amend the Employees' Compensation Ordinance to prescribe COVID-19 as an occupational disease such that employees would be compensated for incapacity or death resulting from COVID-19 infections. Members also urged the authorities to keep in view the health risks of employees working under very hot weather and standing at work.

In response to members' concern about the safety at workplace, the authorities are drafting provisions to increase the penalties for violating the occupational safety and health legislation. Most members were supportive of the proposal to increase the deterrent effect and ensure the occupational safety of employees, and urged the Administration to expedite the introduction of the relevant legislative proposals.

Members were also concerned about the labour benefits of employees. Since most employees earning the statutory minimum wage were outsourced contract staff for government services, members welcomed the new measures implemented by the Administration from 1 April last year for improving the employment terms and conditions as well as labour benefits of such outsourced contract staff, and urged the Administration to review the effectiveness of the new measures, with a view to further improving the outsourcing system.

President, I so submit.

PRESIDENT (in Cantonese): Mr Jimmy NG will address the Council on the "Report of the Panel on Commerce and Industry 2019-2020".

Report of the Panel on Commerce and Industry 2019-2020

MR JIMMY NG (in Cantonese): In my capacity as Chairman of the Panel on Commerce and Industry ("the Panel"), I submit the report on the work of the Panel for this session and briefly highlight its major areas of work.

Members raised concern about the overall impact on Hong Kong economy arising from the ongoing protests and unstable external environment from mid 2019 onwards, as well as the passage of the Hong Kong Human Rights and Democracy Act by the United States. In this regard, the Panel held a joint

meeting on 6 December 2019 with the Panel on Economic Development, Panel on Financial Affairs, and Panel on Information Technology and Broadcasting to discuss with the authorities the corresponding measures taken to support local enterprises. Members expressed support for the authorities' four packages of helping measures to support enterprises and safeguard jobs, and raised the issues faced by enterprises from different sectors.

Hong Kong economy has been facing downward pressure, coupled with the outbreak of the Coronavirus Disease 2019 which has further dealt a blow to the economic activities in Hong Kong, many enterprises suffer from a further plunge in business turnover, resulting in liquidity problem. In view of this, the Panel discussed with the authorities at the regular meetings held in October 2019, March and May 2020 the several rounds of their enhanced measures to support enterprises, and supported the funding proposal concerned, to help local enterprises cope with challenges such as shortage of liquidity, lack of resources for business promotion and export credit risk.

As regards the trade relations between the Mainland and Hong Kong, the Panel welcomed the Agreement signed in November 2019 between the Hong Kong Special Administrative Region Government and the Ministry of Commerce to amend the Agreement on Trade in Services of the Mainland and Hong Kong Closer Economic Partnership Arrangement in order to further open up the services market, thereby giving Hong Kong enterprises and professional sectors more preferential treatment to tap into business opportunities in the Mainland market.

During the current session, the Panel discussed with the authorities the policies on the innovation and technology development as well as re-industrialization in Hong Kong, and gave views on the progress of various funding schemes under the Innovation and Technology Fund ("ITF"). Members considered it very important to ensure the effective use of ITF's financial resources. Therefore, members urged the authorities to assess and quantify the effectiveness and achievements of ITF's funding schemes. In order to facilitate the creation of more quality jobs to retain technology talents, members suggested that the authorities should promote the industrialization of local innovation and technology industry by way of promoting the extensive use of local research and development outcomes in the private market, and incentivize multinational research and development corporations to set up regional offices in Hong Kong.

President, the work of the Panel has been set out in detail in the report. I would like to take this opportunity to thank members for supporting the work of the Panel. I so submit.

PRESIDENT (in Cantonese): Mr LAU Kwok-fan will address the Council on the "Report of the Panel on Home Affairs 2019-2020".

Report of the Panel on Home Affairs 2019-2020

MR LAU KWOK-FAN (in Cantonese): President, in my capacity as Chairman of the Panel on Home Affairs ("the Panel"), I report to the Council the main areas of deliberation of the Panel during the current legislative session.

In the current session, the Panel received views from the public as well as relevant groups on initiatives to promote football development in Hong Kong. Members considered that the Government should actively encourage more commercial sponsorships and support for football clubs and matches, and passed a motion urging the Government to introduce an additional tax allowance for enterprises sponsoring local football, so as to support football development. Furthermore, members also urged the Administration to expedite the construction of public football venues for football clubs to hold training and matches and for the public to carry out football activities. There were views that the Hong Kong Football Association should enhance communication with various stakeholders from the local football sector and establish additional channels for football players and fans to reflect views on the state of football development in Hong Kong.

The Panel supported the Government's amendment of the Pleasure Grounds Regulation ("the Regulation") for more effective control of noise nuisance caused by singing or musical performances in parks managed by the Leisure and Cultural Services Department. The Government accepted members' views and submitted to the Legislative Council the amendment proposals for the Regulation, which include enacting legislation to prohibit performers from accepting reward, empowering the authorities to specify requirements for musical performance and singing activities, and increasing the penalties concerned to enhance deterrent effect.

As regards culture, leisure and the arts, the Panel supported the Government's proposal to allocate an additional \$900 million to the Art Development Matching Grants Scheme, so as to further promote sponsorship of culture and arts and help arts groups expand their sources of funding. Members believed that the ability of arts groups to raise donations and sponsorships had been affected by the Coronavirus Disease 2019 epidemic, and thus requested the Administration to strengthen support for arts groups, and to facilitate the sustainable development of the arts and culture sector against the backdrop of the economic downturn triggered by the pandemic.

Furthermore, the Panel also discussed the progress of the review of the Building Management Ordinance. Members urged for the early enactment of the relevant amendments in order to address public concern about building management. The Government advised that it had planned to submit the relevant legislative amendment proposals as early as possible in the new legislative term. At present, the Government has published Codes of Practice, guidelines and a checklist on procedural propriety on building management, for adoption by owners' corporations and owners.

President, I so submit.

PRESIDENT (in Cantonese): Mrs Regina IP will address the Council on the "Report of the Panel on Education 2019-2020".

Report of the Panel on Education 2019-2020

MRS REGINA IP (in Cantonese): President, in my capacity as Chairman of the Panel on Education ("the Panel"), I submit the report on the work of the Panel for 2019-2020 and highlight several major concerns.

In the light of the great disputes in society on a compulsory question in History Paper 1 of the 2020 Hong Kong Diploma of Secondary Education ("HKDSE") Examination, the Panel held a special meeting to discuss the question setting mechanism of HKDSE Examination. Members expressed diverse views on the decision of the Hong Kong Examinations and Assessment Authority ("HKEAA") to invalidate the question concerned. Some members were worried

that the act would cause unfairness to the candidates and have adverse impact on the recognition of HKDSE Examination. Other members considered the question concerned biased and misleading, and thus supported the invalidation. Members also urged HKEAA to review the question setting and moderation mechanism of HKDSE Examination, so as to ensure the quality of examination papers. The Education Bureau advised that it would set up a task force with representatives of the education sector and HKEAA to conduct a review, and it had also requested HKEAA to investigate the incident and review the question setting and moderation mechanism.

President, let me mention in passing that an HKDSE Examination candidate applied for a judicial review on 3 June in connection with HKEAA's invalidation of the question concerned, and the application was dismissed by the Honourable Justice COLEMAN of the Court of First Instance on 3 July.

In recent years, many parents complained about biased and inaccurate contents in textbooks and teaching materials of kindergartens, primary schools and secondary schools. The Panel expressed great concern about this situation. Some members opined that the existing textbook review mechanism and school-based mechanism on teaching materials were effective, and therefore no further pressure should be exerted on the education sector. Some other members opined that teachers should not prepare teaching materials based on their political stance and with biased and negative views to mislead students. There were suggestions that the Education Bureau should include Liberal Studies textbooks in the textbook review mechanism, review the school-based mechanism on teaching materials, strengthen the promotion of values education, seriously follow up inappropriate teaching materials and take punitive actions against professional misconduct of teachers in developing teaching materials.

The Panel expressed views on granting capital assistance loan to four non-profit-making international schools. In the course of deliberation, some members expressed concern about the high tuition fees and school charges (such as debentures, school construction fees and nomination right fees) collected by international schools, and they urged the authorities to strengthen the monitoring of fee collection of international schools. The authorities advised that the relevant monitoring measures would be gradually optimized starting from next school year, and a comprehensive vetting mechanism would be formulated.

The Panel has also expressed concern about the impacts caused to students due to class suspension as a result of the outbreak of Coronavirus Disease 2019, and gave views on the arrangements of class resumption by phases in May and June. Members have urged the Education Bureau to assist schools to prepare well for class resumption, so as to ensure the safety of teachers and students.

Lastly, I would like to take this opportunity to thank members for their support of the work of the Panel over the past year.

President · I so submit.

PRESIDENT (in Cantonese): Mr Charles Peter MOK will address the Council on the "Report of the Panel on Information Technology and Broadcasting 2019-2020".

Report of the Panel on Information Technology and Broadcasting 2019-2020

MR CHARLES PETER MOK (in Cantonese): President, in my capacity as Chairman of the Panel on Information Technology and Broadcasting ("the Panel"), I submit to the Legislative Council the report on the work of the Panel for this year and outline several major areas of work of the Panel.

The Panel supported Hong Kong's development of innovation and technology. Members generally endorsed the Administration's measures of smart city development, but have reflected the public's worry about the provision of multi-functional smart lampposts, fearing that the Administration was able to duly protect personal privacy when collecting city data with this information technology infrastructure.

Promoting digital government and expanding online public services are crucial to the development of smart city. Members generally welcomed the Administration's plan of launching the "iAM Smart" platform and establishing the Smart Lab. Members commented about the slow progress of introducing e-Government services and urged the authorities to step up efforts to provide more convenient public services. Members also pointed out that the community expected that the Smart Lab would develop groundbreaking technologies to improve people's daily life and foster economic development.

The effective functioning of a smart city depends on whether the coverage of communication networks is extensive, and whether Internet services are safe and reliable. The Panel expressed concern about the slow progress in implementing the Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas. Even if fibre-based networks were rolled out to the vicinity of the entrances of villages, villagers still encountered difficulties in connecting their homes to the fibre-based networks. Members suggested the Administration to conduct a survey to understand why villagers were unable to connect to the fibre-based networks and to identify possible solutions.

During the session, some members had, on a number of occasions, raised concerns over issues related to the governance and management of the Radio Television Hong Kong ("RTHK"). Members' concerns were triggered by the Communications Authority's decision in March 2020 to revoke its directions to free television licensees on the requirements to broadcast RTHK's programmes. In light of the Administration's position on a criticism that RTHK had breached the "One-China" principle in some of its programmes, members were also concerned about the editorial independence of RTHK. Meanwhile, some members had also expressed concerns about the progress of RTHK in following up the recommendations of the Director of Audit's Report No. 71 on RTHK, as well as the public feedback which criticized that some of RTHK's programmes appeared to be biased and partial. However, there were also some members of the public who expressed their support for RTHK.

I would like to take this opportunity to thank members and the Secretariat for their support for the work of the Panel. I so submit.

PRESIDENT (in Cantonese): Mr Frankie YICK will address the Council on the "Report of the Panel on Transport 2019-2020".

Report of the Panel on Transport 2019-2020

MR FRANKIE YICK (in Cantonese): President, in my capacity as Chairman of the Panel on Transport ("the Panel"), I now submit the Report on the work of the Panel, and will give a brief account of several major areas of work.

In April 2020, the Panel was briefed on the fare adjustment the MTR Corporation Limited ("MTRCL") for 2020-2021. Members noted that according to the prevailing arrangement under the Fare Adjustment Mechanism ("FAM"), the fare adjustment rate for MTR fares in 2020-2021 should originally be +2.55%. However, as the year-on-year change in Median Monthly Household Income value in the fourth quarter of 2019 compared to the same period in 2018 is -2.48%, the fare adjustment rate should be deemed as 0% according to the mechanism. The Administration and MTRCL agreed after discussion, generally like that of last year, to simplify the arrangement by recouping the overall fare adjustment rate (+2.55%) in the subsequent two years. Most members called on MTRCL not to recoup the overall fare adjustment rate (+2.55%) in the subsequent two years to support the community during difficult times and shoulder its corporate social responsibility.

During the year, the Administration had consulted the Panel on a number of transport infrastructure projects, including the "Universal Accessibility" Programme, the widening of Castle Peak Road—Castle Peak Bay, the noise enclosures at Gascoigne Road Flyover, the New Wang Tong River Bridge, etc. Members expressed views proactively for the Administration's consideration.

The Subcommittee on Matters Relating to Railways ("the Subcommittee") under the Panel continued to follow up on matters relating to railway planning, implementation and operation. The Subcommittee had proactively provided views on the Shatin to Central Link project and the projects under the Railway Development Strategy 2014 (including Tung Chung Line Extension and Tuen Mun South Extension).

The Administration had also consulted the Panel on the relaxation of vehicle length restriction of light bus and other relevant technical amendments, fuel subsidy and one-off subsidy to transport and logistics trades, review of the use of electric mobility devices in Hong Kong and progress of implementation of the Public Transport Fare Subsidy Scheme.

President, a detailed account of the other work of the Panel can be found in the written report. I so submit.

PRESIDENT (in Cantonese): Mr Christopher CHEUNG will address the Council on the "Report of the Panel on Financial Affairs 2019-2020".

Report of the Panel on Financial Affairs 2019-2020

MR CHRISTOPHER CHEUNG (in Cantonese): President, in my capacity as the Chairman of the Panel on Financial Affairs ("the Panel"), I now submit the Panel's work report for the current session and give a brief account of its major work.

On Hong Kong's macro economy, members expressed concern that local social incidents and the Coronavirus Disease 2019 ("COVID-19") epidemic had led to a deterioration in economic conditions, dealing a heavy blow to various sectors. They urged the Administration to formulate relief measures to support enterprises and safeguard jobs. Members also expressed concern on the possible sanctions the United States Government might impose on Hong Kong in light of the National Security Law, which may affect the Linked Exchange Rate System and free flow of capital in and out of Hong Kong. In this connection, members urged the Administration to formulate measures to counteract the possible adverse impacts on the Hong Kong economy.

On the work of the Hong Kong Monetary Authority ("HKMA"), members expressed concern that the lingering social unrest in Hong Kong might undermine its financial and monetary stability. Members urged HKMA to take serious actions to dispel vicious rumours against the financial stability of Hong Kong. Members also stressed that the banking industry should introduce more measures to help local enterprises and mortgage borrowers ride through the challenges arising from the COVID-19 outbreak.

On the development of the Hong Kong securities market, the Panel has discussed strategies to develop Hong Kong as a premier listing platform and listened to a briefing by the Hong Kong Exchanges and Clearing Limited ("HKEx") on its future development. Members urged the Securities and Futures Commission ("SFC") and HKEx to step up protection for investors' interests and enhance the quality and governance of listed companies. In addition, members welcomed SFC's decision to waive the annual licensing fees for the current year, and called on SFC to consider continuing the licensing fee waiver in the coming year in order to alleviate the cost burden of brokerage firms.

The Panel discussed with the Administration and the Insurance Authority issues relating to promoting development of the insurance industry in Hong Kong and initiatives related to market access to the Greater Bay Area. While members

in general had no objection to the provision of a capital injection to the Insurance Authority by the Administration, some members considered that the funding should be made in the form of an interest-bearing loan.

On the development of the eMPF Platform, members urged that the Administration and the Mandatory Provident Fund Schemes Authority should develop measures to ensure scheme members could benefit from a fee reduction of Mandatory Provident Fund schemes as early as possible after the launch of the eMPF Platform.

Finally, I would like to thank members for their active participation in the Panel's work in the past year and the Secretariat for their assistance.

PRESIDENT (in Cantonese): Dr CHIANG Lai-wan will address the Council on the "Report of the Panel on Health Services 2019-2020".

Report of the Panel on Health Services 2019-2020

DR CHIANG LAI-WAN (in Cantonese): President, in my capacity as the Chairman of the Panel on Health Services ("the Panel"), I now submit to the Legislative Council the Panel's work report for the current Legislative session. I will focus on several major aspects of the Panel's work.

In the face of the Coronavirus Disease 2019 epidemic, the Panel has shown great concern about the epidemic prevention and control measures of the Administration. Members have made various recommendations in view of the international and local epidemic developments, ranging from issues such as relaxing and tightening of border-control measures under different circumstances and mandatory quarantine arrangements to social distancing measures. Members in general considered that the Administration should improve its virology capabilities in order to reduce the waiting time for test results and enhance its testing capacity in order to gain a clearer picture of the virus' prevalence in the community, as well as increase the availability of surgical masks and other personal protective equipment and, in the longer run, enhance the service capacity of isolation facilities under the public health care system.

On the prevention, control and treatment of other diseases, members urged the Administration to strengthen the role of District Health Centres in providing primary health care by introducing osteoporosis screening services, further increasing the seasonal influenza vaccination rate, introducing cancer screening programmes and vaccination schemes, reducing the hit rate of cancer in Hong Kong, and strengthening all-rounded support to cancer patients, cancer survivors and carers. Members also considered it necessary for the Administration to implement various policies to deal with the mental health issues arising from the social incidents in 2019.

In order to ensure an adequate pool of professional health care talents to support the health care system in Hong Kong, members urged the Administration to include workload indicators and a doctor-to-population ratio, among other factors, in its new round of health care manpower projection. In relation to the implementation of the proposals for advance directives and dying-at-home arrangements for patients, while expressing support towards the Administration's proposals, members also urged the Administration to step up life-and-death education and enhance its end-of-life care services. In addition, members called on the Administration to put in place data security and privacy protection mechanisms in respect of the Hong Kong Genome Project, and consider introducing regulatory measures on the use of genetic data when necessary.

Finally, I would like to take this opportunity to thank members for their support to the work of the Panel. I so submit.

PRESIDENT (in Cantonese): Dr Priscilla LEUNG will address the Council on the "Report of the Panel on Administration of Justice and Legal Services 2019-2020".

Report of the Panel on Administration of Justice and Legal Services 2019-2020

DR PRISCILLA LEUNG (in Cantonese): President, in my capacity as the Chairman of the Panel on Administration of Justice and Legal Services ("the Panel"), I submit the report on the work of the Panel for the current session.

In this session, the Panel discussed with the authorities a number of issues relating to the Judiciary. Among such issues, the impacts of the general adjournment of court proceedings caused by the Coronavirus Disease 2019 outbreak in Hong Kong have aroused the greatest concerns. Some Members opined that, in order to relieve the shortage in judicial manpower, the Judiciary should consider appointing more Deputy Judges and expediting its adoption of technology in courts. There was also a suggestion to allocate additional resources to the Judiciary so that the courts might operate on a round-the-clock basis to deal with the large backlog of cases.

Apart from that, the Panel supported the proposed major works project for the construction of additional courtrooms and associated facilities on the lower ground fourth floor of the High Court Building to meet operational needs of the courts. On the other hand, some members expressed concerns about possible abuse of the mechanism for handling complaints against judicial conduct. Concerns were also raised on how the Judiciary would handle complaint cases concerning the political neutrality of judges and judicial officers. In response, the Judiciary Administration indicated that it should not comment on individual cases, but stressed that complaints which comply with the mechanism's requirements would be dealt with and considered step by step by the Judiciary.

The Panel discussed policy initiatives under the Department of Justice, including "Vision 2030 for Rule of Law", the public consultation paper on whether the United Nations Convention on Contracts for the International Sale of Goods should be applied to Hong Kong and if so, its implementation in Hong Kong, as well as the proposed framework for cooperation with the Mainland in corporate insolvency matters. Some members felt that the promotion of public legal education, particularly on the Basic Law, was crucial to the "Vision 2030 for Rule of Law" initiative.

In regard to legal reform, the Law Reform Commission of Hong Kong ("LRC") issued in last December its report on "Review of Substantive Sexual Offences". The report set out analyses and final recommendations based on the responses received to the preliminary recommendations made in three consultation papers previously released by LRC. The main recommendations in the report include the creation of a range of non-consensual sexual offences, a uniform age of consent in Hong Kong of 16 years old, the creation of a range of new sexual offences involving children and persons with mental impairment

which are gender neutral, and the reform of a series of miscellaneous sexual offences. The Panel members expressed support to the report in general.

In the course of discussion, the Panel invited two legal professional bodies to attend the meetings to express their views.

President, a detailed account of the work of the Panel can be found in the written report. I wish to take this opportunity to express my gratitude to Panel members and staff of the Secretariat for their valuable opinions and support. I so submit.

PRESIDENT (in Cantonese): Mr Paul TSE will address the Council on the "Report of the Legislative Council Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited".

(Mr CHU Hoi-dick indicated his wish to raise a point of order)

PRESIDENT (in Cantonese): Mr CHU Hoi-dick, what is your point of order?

MR CHU HOI-DICK (in Cantonese): I request a headcount.

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

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

PRESIDENT (in Cantonese): Mr Paul TSE will address the Council on the "Report of the Legislative Council Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited".

Report of the Legislative Council Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited

MR PAUL TSE (in Cantonese): President, in my capacity as Chairman of the Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("the Select Committee"), I submit the Report to the Legislative Council on behalf of the Select Committee.

The Select Committee was established under Rule 20(6) of the Rules of Procedure ("RoP") to deal with the petition jointly presented by Mr Kenneth LEUNG and Mr Andrew WAN in connection with Mr LEUNG Chun-ying's receipt of payments from the UGL Limited ("UGL") and related matters. The Select Committee was not authorized to exercise the powers under section 9(1) of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382). Upon appointment by the President, the Select Committee, comprising 11 members, commenced its work on 3 March 2017.

The Select Committee has all along adhered to the principles of being impartial and fair in carrying out its work referred by the Council in a prudent manner. The Select Committee has held a total of 19 open or closed meetings to discuss various relevant matters.

The Report submitted by the Select Committee comprises two main parts. Part I is primarily an introduction to the establishment of the Select Committee as well as important matters relating to the work of the Select Committee. Part II (Chapter 3) documents the persons or bodies to whom the Select Committee has sent requests for information and invitation to attend hearings, and the replies of the persons or bodies concerned. Given the difficulties encountered by the Select Committee in gathering information and evidence, members have considered various actions for assisting the Select Committee in its inquiry, including: first, seeking specialist advice; second, seeking the Council's authorization for the Select Committee to exercise the powers under section 9(1) of Cap. 382 to order concerned parties to attend before the Select Committee to give evidence; and third, inviting the Department of Justice to provide any information in its possession that could assist the Select Committee's inquiry.

President, after careful consideration, the Select Committee has not taken the aforesaid actions and has decided to examine and deliberate on the information obtained with a view to preparing the Report of the Select Committee on the basis of conclusions drawn from the information available. In the course of obtaining information and evidence, members have considered that the Select Committee had encountered difficulties in obtaining relevant, sufficient and comprehensive information and evidence for the purposes of its inquiry. Relevant parties have also refused to attend hearings of the Select Committee, which prevented the Select Committee from obtaining more information and evidence from witnesses. The Select Committee has also noted that the information available were general in nature. With the limited amount of relevant and useful information on hand, it would not be possible for the Select Committee to arrive at any substantiated findings, observations and conclusions as regards the matters under inquiry in a fair and objective manner.

Given the difficult circumstances under which the Select Committee had been operating, members found it difficult to further proceed to inquire into the matters pursuant to its terms of reference and, specifically, to progress to the fact-finding and deliberative stages. The Select Committee has therefore decided to draw its work to a close and report to the Council in accordance with RoP 78(4).

I once again take this opportunity to thank all members, colleagues involved and the Secretariat for their help.

President, I so submit.

PRESIDENT (in Cantonese): Mr Kenneth LEUNG will address the Council on the "Minority Report on an inquiry into matters about the agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited".

Minority Report on an inquiry into matters about the agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited (Chinese version only)

MR KENNETH LEUNG (in Cantonese): President, the public and Members have raised various concerns about matters relating to the agreement between former Chief Executive Mr LEUNG Chun-ying and the Australian firm UGL

Limited ("UGL") and Mr LEUNG's receipt of payments, including the nature of the payments, any potential conflict of interests therein, the relevant system of declaration of interests by the Chief Executive, and the possible tax liability in respect of the payments. In fact, since October 2014, the Legislative Council and the House Committee have discussed the UGL incident at a number of meetings. At the Legislative Council meeting of 2 November 2016, Mr Andrew WAN and I jointly presented, in accordance with Rule 20(1) of the Rules of Procedure ("RoP"), a petition in connection with Mr LEUNG Chun-ying's receipt of payments from UGL and related matters, and a total of 28 Members supported the request for referring the petition to a select committee. The petition was thus referred to a select committee pursuant to the then RoP 20(6).

The Select Committee to Inquire into Matters about the Agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("the Select Committee") has prepared a report ("the report of the Select Committee") detailing and summing up the work of the Select Committee. However, the report of the Select Committee has not touched on the following matters: (1) the background of the investigation into matters about the agreement between Mr LEUNG Chun-ying and the Australian firm UGL; (2) the matters relating to the amendments proposed by Mr Holden CHOW to the proposed major areas of study; (3) Dr Junius HO's complaint against Mr Kenneth LEUNG, Mr Alvin YEUNG, Mr Andrew WAN and Mr LAM Cheuk-ting; and (4) the matters relating to the request for Mr Kenneth LEUNG to resign from the Select Committee.

In this connection, Mr Alvin YEUNG, Mr Andrew WAN, Mr LAM Cheuk-ting and I have not signed the report of the Select Committee, and instead we have issued the Minority Report on an inquiry into matters about the agreement between Mr LEUNG Chun-ying and the Australian firm UGL Limited ("the Minority Report") to supplement the report of the Select Committee and give an account of the views that are different from those in the report of the Select Committee. In this speech, I will highlight some main points of the Minority Report.

First, Mr Holden CHOW's work at the Select Committee has aroused controversy. At its third open meeting held on 25 April 2017, the Select Committee deliberated on the amendments proposed by Mr Holden CHOW to the

Chinese text of the revised proposed major areas of study. Mr Holden CHOW sent the proposed amendments to the Secretariat before the meeting; and the Secretariat tabled to members photocopies of the proposed amendments at the meeting. On that day, the Select Committee did not arrive at any conclusion on the proposed amendments. After the meeting, in line with the established practice, the Legislative Council Secretariat circularized to members the photocopies and electronic copies of Mr Holden CHOW's proposed amendments in the form of a follow-up to the meeting on 26 April 2017.

Subsequently, with the "track changes" feature enabled, the amendments on the electronic copies have been found to be made by a user named "CEO-CE". According to our understanding, "CEO-CE" refers to "Chief Executive's Office-Chief Executive". We expressed alarm and found it unacceptable that Mr LEUNG Chun-ying had been involved in proposing amendments to the major areas of study. We considered it inappropriate for Mr LEUNG Chun-ying, the subject of investigation by the Select Committee, to interfere with the work of the Select Committee. In fact, the Select Committee has sent Mr LEUNG Chun-ying a letter to request for information and invite him to attend hearings. Regrettably, Mr LEUNG Chun-ying has only provided a few basic documents and expressly refused to attend any hearings.

We have also noted that at the open meeting of 25 April 2017, Mr Holden CHOW did not declare that he had discussed with Mr LEUNG Chun-ying on the major areas of study while proposing amendments thereto, and that his amendments had been proposed by Mr LEUNG. The behaviour of Mr Holden CHOW and Mr LEUNG Chun-ying had seriously misled the Select Committee and seriously undermined the credibility of the Select Committee.

According to the report of the Select Committee, the Select Committee discussed the controversy arising from Mr Holden CHOW at a closed meeting held on 15 May 2017. We disagree with the Select Committee's decision of not disclosing the details of the closed meeting at its report. We consider that this decision is contrary to public interest and the public's right to know, making it impossible for the public to be informed of whether Mr Holden CHOW's behaviour has breached Members' code of conduct and undermined the credibility of the Select Committee.

Secondly, the Select Committee has also made a non-binding arrangement requiring all members to sign a confidentiality undertaking. In the light of the actual situation back then, I did not consider that any additional measure was necessary for keeping the actual information available to the Select Committee back then in strict confidence. Furthermore, there was no change in the situation back then which warranted additional measures to keep any information in strict confidence. Therefore, under the existing confidentiality arrangement laid down in RoP, any additional requirement for Members to sign a confidentiality undertaking may set a precedent which may create an impact on the operation of select committees formed pursuant to petitions in future. For this reason, Mr Alvin YEUNG, Mr Andrew WAN, Mr LAM Cheuk-ting and I have not signed the confidentiality undertaking.

Lastly, the Select Committee has encountered numerous difficulties. Given the refusal of subjects of investigation to cooperate, coupled with the failure of the Select Committee to exercise the investigation and summoning powers under the Legislative Council (Powers and Privileges) Ordinance, it has been difficult for the Select Committee to arrive at any meaningful conclusion from the investigation.

As the main subject of the investigation by the Select Committee, Mr LEUNG Chun-ying refused to attend all Select Committee meetings, making it difficult for the investigation to proceed and thus identify the truth of the UGL incident. Mr LEUNG Chun-ying's refusal to cooperate with the Select Committee is totally deplorable.

According to paragraphs 5 to 9 of the Minority Report, Mr Holden CHOW had contacted Mr LEUNG Chun-ying for a discussion on the proposed major areas of study of the Select Committee. Mr CHOW had subsequently proposed his amendments, but he failed to disclose to the Select Committee the relevant discussion in a timely manner. We strongly condemn Mr Holden CHOW's behaviour, which has constituted a breach of integrity and has seriously undermined the credibility of the Select Committee.

President, I so submit.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Prisoners receiving publications from outside the prison

1. **MR SHIU KA-CHUN** (in Cantonese): *President, Rule 56 of the Prison Rules stipulates that "prisoners may receive such books, periodicals, newspapers or other publications from outside the prison as the Commissioner [of Correctional Services] may determine" ("publications"). However, a Superintendent of the Correctional Services Department ("CSD") may withhold and dispose of a publication without forwarding it to the relevant person on remand or in custody if he has reasonable grounds to believe that such publication falls within the circumstances referred to in subrules (a) to (e) of the rule. I have received quite a number of complaints about CSD's withholding, without explanation, some publications (including those about the "anti-extradition to China" movement). In this connection, will the Government inform this Council:*

- (1) *who determines whether or not to withhold individual publications; whether CSD has maintained a list of publications which are prohibited from being forwarded; if so, of the number of publications on the list and the reasons for their inclusion on the list; how the family members of the persons on remand or in custody may know which publications will not be allowed for forwarding;*
- (2) *of the justifications for CSD to point out to the media that certain publications about the "anti-extradition to China" movement are not conducive to the rehabilitation of the persons in custody or pose threats to the security of penal institutions and therefore need to be withheld; and*
- (3) *whether CSD will establish a mechanism to handle review applications from persons who are dissatisfied with CSD's withholding of publications; if not, of the reasons for that?*

SECRETARY FOR SECURITY (in Cantonese): President, the Correctional Services Department ("CSD") is committed to providing a secure, safe, humane, decent and healthy custodial environment for persons in custody ("PICs"). According to this principle, PICs are currently allowed to receive six books, periodicals or other publications ("publications") per month through social visits. They may also be allowed to receive devotional books and textbooks on a need basis. However, in view of security considerations and the need to maintain discipline and order in the prisons as well as to ensure that PICs can rehabilitate in a beneficial environment, a scheme of controls need to be in place to regulate PICs' receipt of publications from outside. Rule 56 of the Prison Rules (Cap. 234A) stipulates relevant controls and CSD is responsible for handling publications received by PICs according to the law.

My reply to the Member's question is as follows:

(1) and (2)

According to Rule 56 of the Prison Rules, PICs may receive such publications from outside the prison as the Commissioner of Correctional Services may determine, but the Superintendent of the institution may withhold and dispose of a publication or any relevant part thereof where he has reasonable grounds to believe that such publication or such part thereof, as the case may be:

- (i) contains information on the manufacture of any arms, ammunition, weapon, explosive, harmful or deleterious substance, intoxicating liquor, or any dangerous drugs within the meaning of the Dangerous Drugs Ordinance (Cap. 134);
- (ii) depicts, describes or encourages violence in the prison, or the escape by any PIC from the prison;
- (iii) is of such a nature as to facilitate gambling in the prison, or is otherwise detrimental to the rehabilitation of any of PICs in the prison;
- (iv) is of such a nature as to encourage the commission of any offence enumerated in Rule 61 (i.e. including disobeying any prison rules; committing any assault; having in possession any

article that one is not authorized to have; fighting; in any way offending good order and discipline; obstructing an officer of CSD in the execution of his duty, etc.) or of any criminal offence by any of PICs in the prison; or

- (v) is of such a nature as to pose a threat to any individual's personal safety or to the security, good order and discipline of the prison.

CSD's rehabilitation work aims to help PICs develop a healthy life pattern with an organized schedule for work and rest, correct their perverted minds and foster a sense of responsibility and good work habits. Where hand-in publications (e.g. those containing behaviours or words that depict or encourage cruelty, abuse, violence, fight, crime, etc.) undermine PICs' achieving the above rehabilitation goals or are detrimental to their rehabilitation, such publications will be prohibited by CSD according to the law.

In fact, CSD has set up libraries in various correctional institutions to provide appropriate books for PICs so as to cultivate their interest in reading. At present, the libraries in correctional institutions have a total collection of over 110 000 items of books. Correctional institutions acquire appropriate books for the libraries in accordance with the established procedures on procurement, having regard to factors such as reading interests and learning needs of PICs. In addition, CSD borrows books from the Hong Kong Public Libraries to facilitate loans to PICs, and replaces the borrowed books in batches on a regular basis. CSD also receives books donated by outside organizations or individuals according to the established mechanism.

CSD has an established mechanism on the specific arrangements for scrutinizing the contents of hand-in publications. In every correctional institution, there is a publications adjudication committee which scrutinizes publications suspected to have contravened the regulation. The committee is chaired by the head of the institution with members comprising a Chief Officer, staff in the security section, clinical psychologist, etc. The committee will

make adjudications on publications suspected to have violated the restrictions under Rule 56 of the Prison Rules. As to whether a book, publication in question or the relevant part(s) thereof should be withheld or disposed of, each case will be considered individually having regard to the uniqueness of the individual institution, security considerations and the need to maintain good order and discipline, as well as whether the contents of the publication is detrimental to the rehabilitation of PICs, rather than considering solely the topics covered by the publication. CSD does not maintain a so-called "list of publications which are prohibited from being forwarded".

Where a publication is adjudicated by the committee as having violated the restrictions under Rule 56 of the Prison Rules, the management of the institution concerned will inform PIC of the result and the reason, which will be recorded in PIC's penal record. The staff of the institution will, at the will of PIC, return the publication to the visitor or keep it together with PIC's property on a temporary basis or have it destroyed by the institution.

- (3) Should PICs are not satisfied with the committee's adjudication result, they can complain through various channels. Internal channels include complaining to the directorate officers of CSD Headquarters during their inspections to the institutions or to the Complaints Investigation Unit ("CIU") of CSD. CIU is appointed by the Commissioner of Correctional Services. Being an investigation unit responsible for handling and investigating complaints, its operation is independent of other sections of CSD. As for external channels, PICs may write to members of the Legislative Council, The Ombudsman, statutory bodies, other law enforcement agencies, government bureaux, etc. to lodge their complaints. Besides, they can choose to seek assistance from or complain to Justices of the Peace during the latter's surprise inspections to their institutions, and even apply to the court for judicial review. If the relatives and friends of PICs are not satisfied with the way the institutions have handled the hand-in publications, they can lodge their complaints with the institutional management, CIU and through the aforesaid external channels.

CSD reviews and enhances the complaint handling mechanism from time to time with a view to increasing the transparency and credibility of the mechanism and achieving the principle of handling complaints in an open, fair and impartial manner. To further enhance the complaint handling mechanism, the CSD Complaints Appeal Board ("CSDCAB") was established in 2016. It operates independently to provide an appeal channel to those who are not satisfied with the investigation outcome. To widen the structure of CSDCAB and further strengthen the mechanism to scrutinize appeals, the number of members of CSDCAB has been increased from 18 in April 2018 to 24 at present. Apart from Justices of the Peace, religious persons who are acquainted with correctional operations have also been appointed to CSDCAB. The independence of CSDCAB ensures that appeal cases are handled fairly.

MR SHIU KA-CHUN (in Cantonese): *President, thank God for giving me the chance to ask, as a discharged prisoner, a question on prisoners' rights at the last Council meeting of this term.*

According to the main reply of the Secretary, CSD does not maintain a so-called "list of publications which are prohibited from being forwarded". However, the publications on my desk have just happened to form such a list. Here on my desk, there are at least 10 books and all of them are not allowed for forwarding. May I ask the Secretary what is wrong with these publications, such as 《催淚香港》(Hong Kong in Tears), 《自由六月》(Free June), 《邊走邊吃邊抗爭》(Walk, Eat and Protest), 《坐監記》(Behind the Bars), My 1000-day Ordeal—A Spiritual Journey, Unfree Speech, 《審判愛與和平：雨傘運動陳詞》(Judging Love and Peace: The Umbrella Movement be Heard) and CHAN Kin-man: Letters from Prison? How will these books affect the rehabilitation of PICs or pose threats to the security of penal institutions? What are the justifications behind? Can the Secretary please give a clear account?

SECRETARY FOR SECURITY (in Cantonese): *President, I have already clearly stated the criteria under Rule 56 of the Prison Rules for deciding which publications are not suitable to be forwarded to PICs. Given my clear account of those statutory criteria in the main reply, I am not going to make comments on individual publication on its suitability for forwarding.*

Some relevant figures can give us a clear picture. In 2019, only 0.1% of publications collected from friends and relatives of PICs were not forwarded as wished. In other words, 99.9% of publications were allowed for forwarding. Meanwhile, the reasons for withholding the publications were those as stated in my earlier reply, which included containing information on the manufacture of arms, ammunition, weapon, explosive, etc.; describing or encouraging violence in the prison or the escape from the prison; or the nature of which was detrimental to the rehabilitation of PICs, related to gambling, or would encourage PICs not to obey prison rules.

Just now I have clearly told Members that there is a publications adjudication committee in every correctional institution. The committee will make adjudications on all publications in a fair and impartial manner in accordance with the statutory rules mentioned above.

MR WONG TING-KWONG (in Cantonese): *President, in the past year, many young people arrested for suspected offences were "brainwashed" by the idea of achieving justice by violating the law. Their incorrect and distorted understanding of the rule of law has made them wrongly believe that they did no wrong to break the law. As CSD emphasizes on both correction and rehabilitation, I would like to ask the authorities how they will rehabilitate prisoners and manage incoming publications to help young prisoners correct their wrong beliefs.*

SECRETARY FOR SECURITY (in Cantonese): President, upon entering correctional institutions, all new PICs are required to receive a risk assessment under which their law-abiding awareness and reoffending risk will be evaluated, so that CSD can provide them with suitable rehabilitation programmes based on their assessment results. For instance, PICs in need of psychological counselling will be arranged to see psychologists and receive counselling support from the counsellors of the Rehabilitation Unit.

Just now, the Member asked how we would correct the wrong beliefs of PICs. In managing PICs, CSD will adopt different management approaches based on the risk assessment results of individual PICs. In case there is a troublemaker who wants to rock the boat, CSD will put that PIC in a separate cell and activity area to stop him from spreading his bad influence on others.

The Member is also right to say that CSD emphasizes on both "correction" and "rehabilitation". In respect of correction, CSD provides correctional education through daily routine by, first, requiring PICs to establish an organized schedule for work and rest, and second, engaging them in work and requiring their compliance with rules in daily life. As for rehabilitation education, we do not only correct the wrong beliefs of PICs but also instil in them the correct doctrine through vocational training and schooling. CSD will design different rehabilitation programmes for different PICs based on their individual needs and situation.

MR IP KIN-YUEN (in Cantonese): *President, I think one of the reasons for PICs to receive publications is that they have to pursue studies or prepare for open examinations. In this connection, may I ask the Government whether there is any encouragement policy to support PICs pursuing studies in prison? For example, for PICs who need textbooks, reference books or notes for study, are they subject to the same cap on the number of publications they can receive as other PICs? Can the authorities give them more support? Do the authorities have any plans to make improvement in this area?*

SECRETARY FOR SECURITY (in Cantonese): *President, I have actually addressed the concerns of Mr IP Kin-yuen in the main reply. The cap of receiving six publications per month only applies to general publications. Devotional books are excluded and are not subject to any cap. As for textbooks, their receipt is allowed on application. For example, a PIC taking up study may apply to CSD for receiving textbooks necessary for the preparation of examination. As I just said, CSD strongly encourages PICs to pursue studies and rehabilitation programmes. Therefore, it will actively consider the needs of individual PICs and approve their applications for textbooks.*

DR FERNANDO CHEUNG (in Cantonese): *President, as its Chinese name implies, CSD is supposed to lay equal emphasis on correction and rehabilitation. On rehabilitation, CSD should of course encourage PICs to study in prison, to read and to keep in touch with the outside world. In many advanced overseas countries, PICs are allowed to use the Internet. If they have to study, they can also access online resources. PICs in Hong Kong are, however, kept away from the Internet and are not allowed to read freely.*

The five criteria mentioned by the Secretary just now should have been developed out of security consideration, and that seems reasonable. Yet, are those five criteria the reasons why the 10 publications on the desk of Mr SHIU Ka-chun are prohibited from forwarding to PICs? Hong Kong's prisons or CSD should not turn security screening into political screening.

While the Secretary has denied the existence of a list of prohibited publications, can he please explain, one by one, how the 10 publications on Mr SHIU Ka-chun's desk have contravened the five said criteria?

SECRETARY FOR SECURITY (in Cantonese): President, I do not think Dr Fernando CHEUNG has listened to me clearly. Whether a publication meets the Prison Rules or not is something to be decided by the Superintendent of the institution, who will take into account the Prison Rules and make his decision based on reasonable grounds. Also, in every correctional institution, there is a publications adjudication committee, comprising the head of the institution, Chief Officer, psychologist, staff in the security section, frontline correctional officers or civilian staff. They will consider all relevant factors in making judgment.

Most of the publications rejected in the past were about gambling. Some others contained information on the manufacture of arms, ammunition, etc., encouraged the violation of the Prison Rules or the commission of criminal offences, or were detrimental to the rehabilitation of PICs in the prison.

We should understand that it takes a long time to rehabilitate a person. Therefore, we do not want the rehabilitation efforts of correctional staff to be ruined by undesirable information. Let us see the various programmes designed by CSD. With regard to rehabilitation, apart from engaging PICs in work on a daily basis, CSD also provides vocational training to young PICs aged under 21 in particular to facilitate their job search after release. This is a case in point which shows that CSD aims to achieve both correction and rehabilitation.

Furthermore, we hold that the law-abiding awareness must be developed in the correctional process. Right now in Hong Kong, the sense of law-breaking is prevalent, unfortunately resulting in people being put behind bars to receive legal sanctions. Correctional staff is now working very hard to build up the law-abiding awareness and we should support them. It is my hope that all PICs

can be self-reliant and make contribution to society after accepting due legal sanctions that cost them time and freedom.

CSD will also invite ex-offenders to share their experiences, so as to make people aware that offenders will not only lose their freedom in jail but will also pay a price in future job search, immigration and emigration. I hope Members will show gratitude to correctional staff for their efforts.

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, which part of your supplementary question has not been answered?

DR FERNANDO CHEUNG (in Cantonese): *Secretary John LEE did not answer my question at all. I am asking what is wrong with these 10 books. While he said that those five criteria were sound and reasonable, he should explain how each of these books has contravened the criteria. He has failed to answer this question.*

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, this is not a debate session. You have already pointed out the part of your supplementary question that has not been answered.

DR FERNANDO CHEUNG (in Cantonese): *So, please ask him to answer my question.*

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

SECRETARY FOR SECURITY (in Cantonese): President, Dr Fernando CHEUNG has turned a deaf ear to me.

PRESIDENT (in Cantonese): Second question.

Elderly Health Care Voucher Scheme

2. **MS CHAN HOI-YAN** (in Cantonese): *President, the Elderly Health Care Voucher Scheme, implemented for over a decade since its launch in 2009, aims to provide additional choices for the elderly on top of the public primary healthcare services, with a view to enhancing the primary healthcare services for the elderly. Some members of the public have criticized that after enhancement by the Government for a number of times, the Scheme still has long-standing shortcomings, including the small value and the narrow scope of use of health care vouchers, as well as the elderly being overcharged, etc. In this connection, will the Government inform this Council:*

- (1) *why the Government did not, for this year, provide each eligible elderly person with additional one-off health care vouchers amounting to \$1,000, as it did in June of the past two years; whether any mechanisms or criteria are currently in place for deciding if there is a need to adjust the value of health care vouchers; if so, of the details;*
- (2) *whether it has studied the feasibility of the arrangements under which health care vouchers may be transferred for spouse's use; if so, of the outcome; if the outcome is in the negative, the reasons for that and the difficulties involved; and*
- (3) *whether it will conduct in the near future a comprehensive review of the cost-effectiveness of the Elderly Health Care Voucher Scheme, so as to ensure that the implementation of the Scheme meets its original aim; if so, of the timetable; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the Government has implemented the Elderly Health Care Voucher Scheme ("the Scheme") since 2009. Currently, the Scheme provides an annual voucher amount of \$2,000 to eligible Hong Kong elders aged 65 or above to choose private primary health care services that best suit their health needs. The Scheme aims to enhance primary health care for the elderly and provide them with an added choice of service, thereby supplementing the existing public health care services and making it easier for the elders to receive health care services from their chosen service providers.

In consultation with the Financial Services and the Treasury Bureau, my reply to the various parts of the question raised by Ms CHAN Hoi-yan is as follows:

- (1) In the Budgets of 2018-2019 and 2019-2020, the Government provided eligible elders with an additional, one-off voucher amount of \$1,000. The Government will consider whether there is a need to provide one-off support or relief measures, having regard to the economic prospect of the coming year, the Government's fiscal position and the needs of the various sectors in society. When considering whether there is a need to adjust the prevailing voucher amount, we must take into account various related factors and make a prudent assessment. The Government has implemented a number of enhancements to the Scheme in recent years, including progressively increasing the annual voucher amount from the initial \$250 to the current \$2,000, lowering the eligibility age from 70 to 65 in 2017, as well as raising the accumulation limit of the vouchers to \$8,000, allowing the use of the vouchers at District Health Centres ("DHCs"), and regularizing the Pilot Scheme at the University of Hong Kong-Shenzhen Hospital ("HKU-SZH"), etc., last year. With Hong Kong's ageing population, we expect that both the number of elders who use the vouchers and the related financial commitment will continue to increase. When considering whether there is a need to adjust the voucher amount in the future, we will give full regard to the situation of Hong Kong's public and private health care services and the long-term implications on public finance, as well as carefully assess the Government's affordability.
- (2) As regards whether couples should be allowed to share the voucher amounts, having considered that every elder's health conditions and needs are different, in order to ensure that the elders spend the vouchers on themselves and based on the principle of fairness, we consider that the use of the vouchers and the voucher accounts should continue to be on an individual basis. This can also help prevent the elders from transferring the vouchers to their spouse at the expense of their own needs. Allowing elders to share their voucher amounts is also misaligned with our policy objectives to encourage elders to better manage their own health and improve their primary health care. Hence, the Government has no plans to allow the sharing of voucher amounts by couples.

- (3) The Department of Health ("DH") completed a comprehensive review of the Scheme early last year. The findings of the review showed that the Scheme had largely achieved its intended objective, which is to provide elders with additional choices with respect to private primary health care in addition to public health care services. With the subsidies provided under the Scheme, elders can more easily obtain the preventive, curative and rehabilitative services that suit their health needs from their chosen private primary health care service providers in the community. According to a survey conducted under the review, the vouchers had been well received by the elderly users, as seen from their utilization, awareness and attitude towards the Scheme. The Government had briefed the Legislative Council Panel on Health Services on the review findings and the proposed enhancement measures in March last year.

DH started to progressively roll out the various measures starting from mid-2019 to enhance the operation of the Scheme. The measures included allowing the use of the vouchers at DHCs; strengthening education for the elders on the proper use of the vouchers and forward planning; enhancing the checking, auditing and monitoring on voucher claims; minimizing over-concentration of voucher use; and regularization of the Pilot Scheme at HKU-SZH, etc. Vouchers will continue to support the Government's policy objective of promoting primary health care, support elders' health needs, assist to enhance their awareness of disease prevention and self-management of health, as well as complement the development of DHCs.

That said, the review also showed that with respect to strengthening primary health care, the Scheme still had room to improve in some areas, including not yet being able to more effectively facilitate health care providers to provide and elders to use services which are in line with the Primary Healthcare Reference Framework, and enhance elders' awareness of prevention of various diseases and promote healthy living, etc. We will continue to keep in view the operation of the Scheme and make appropriate adjustments and take suitable measures as necessary, in order to ensure that the Scheme will align with the Government's policy objectives.

MS CHAN HOI-YAN (in Cantonese): *Secretary, is the Government aware of people's hardship and the very humble requests of the elders? In the main reply, the Secretary pointed out that since the introduction of the Scheme, the annual voucher amount has increased from \$250 to the current \$2,000. However, do Members know when the last increase was made? The amount was increased from \$500 to \$1,000 in 2013 and from \$1,000 to \$2,000 in 2014, but no increase has been made from 2014 to this year 2020.*

As regards the fees charged by private doctors, Members may take a look at the Survey Results on Private Doctors' Fees released by the Hong Kong Medical Association every four years. Between 2014 and 2018, about half of the doctors interviewed (52.7%) had increased their fees, and the median fees charged by general practitioners and specialists were \$300 and \$800 respectively. If we multiply \$800 by 3, it will be \$2,400, but the Government has only provided an annual voucher amount of \$2,000 for the elders and the value has not been increased for many years.

Therefore, I asked in the main question why the Government has not adjusted the value of elderly health care vouchers. In her reply, the Secretary said that she has to take into account various related factors. However, given the simple factor that the fees charged by private doctors had increased between 2014 and 2018, why did the Government not increase the value of the vouchers accordingly? What factors has the Government taken into account? On the other hand, even if the spouses of elders feel unwell, transfer of voucher amounts is not allowed by the authorities. What is the justification for that?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *President, I thank Ms CHAN for her supplementary question. Firstly, when considering the value of elderly health care vouchers, we have always complemented with the Government's existing health care policies. While we introduced the Scheme to enable the elders to obtain services which they consider appropriate from the private sector, we are also aware that, as reflected from the last review of the relevant service, the vouchers did not contribute much in other respects, such as the waiting time for public health care services. We have thus introduced other public-private partnership schemes, such as the General Outpatient Clinic Public-private Partnership Programme launched by the Hospital Authority, to include a large number of private doctors to provide the elders with private health care services, thereby strengthening the services in this area.*

Secondly, with regard to the policies of primary health care services and DHCs, they do share similar objectives with the Scheme in some respects, such as encouraging disease prevention among the elders, especially in strengthening the first, second and third tiers of prevention in DHCs. As a result, the existing Scheme or other public-private partnership programmes should go in tandem with the development of DHCs, so as to achieve the same objectives. This is why holistic consideration has to be made.

As regards sharing of voucher amounts by elderly couples, given that every elder's health conditions and needs are different, we believe the use of the vouchers should continue to be on an individual basis; otherwise, there is no way we can prevent the situation of elders having no vouchers to spend on themselves when they are in need after they have shared the voucher amounts with their spouses. To avoid this situation, we will continue to encourage every independent elder to properly manage his/her health and spend the voucher on himself/herself.

PROF JOSEPH LEE (in Cantonese): *President, I have raised a lot of questions over the past 16 years and this will be my last time to raise a question in the Legislative Council. I would like to ask the Secretary an issue which is the prime concern of the industry. In part (3) of the main reply, the Secretary made it clear that as evident from the last review, vouchers can encourage the elders to use the services provided in the private market to promote and protect their health. We very much agree with this, and this is also the original intent of the Scheme.*

Secretary, the Accredited Registers Scheme for Healthcare Professions, jointly promoted by you and I, covers five professions, including dietitians, audiologists, speech therapists, clinical psychologists and educational psychologists. Given that all these five health care professions have been included in the accredited registers of DH, why did the authorities not expand the pool of health care services providers to include these five professions so as to provide better services for the elders? These health care professions can surely help the elders in areas such as hearing, food, swallowing and even mental health—some elders may suffer from depression—and can also provide service to members of the public in the private sector in the form of vouchers. As these five health care professions are already included in the accredited registers, why did the authorities not include them as service providers of the Scheme?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Prof Joseph LEE's supplementary question is concerned with five health care professions. In fact, we have been vigorously promoting these five professions and providing accreditation under the Accredited Registers Scheme for Healthcare Professions. There are currently 10 categories of registered health care professionals who are eligible to become service providers of the Scheme and provide services under the existing legislation.

The Government will, depending on the situation, consider whether there is a need to provide additional health care services under the Scheme, that is, to include the different categories of health care professions mentioned by Prof LEE just now. We will review and follow up on this matter, taking into account the needs and expectations of the elders. Of course, the views of different stakeholders in society and the arrangements of the relevant regime will also be taken into consideration. We will pay attention to the situation.

PRESIDENT (in Cantonese): Prof Joseph LEE, which part of your supplementary question has not been answered?

PROF JOSEPH LEE (in Cantonese): *My question is very straightforward: Why did the authorities not include these accredited professions into the Scheme to help the elders? Can the Secretary undertake to conduct a review to include these five health care professions into the Scheme, so that the elders can receive these services with the vouchers?*

PRESIDENT (in Cantonese): Prof LEE, you have already pointed out the part of your supplementary question that has not been answered, please sit down. Secretary, do you have anything to add?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): The Government will, based on the accreditation scheme, continue to promote the relevant accreditation policy and study how to formulate a statutory registration regime for the relevant accredited professions. We will continue to promote this work, whereas the Scheme will also continue to review the needs of the elders.

Let us not forget that DHCs will also continue to expand their services, not only to serve the elders, but also to cater for the needs of the general public in preventing and managing chronic diseases.

MR JEREMY TAM (in Cantonese): *While the vouchers have benefited a lot of elders, our gravest concern is whether the voucher amount of \$2,000 will be abused or improperly used. In the past, we often discussed the issue of glasses. After the Government provided in June last year that the voucher amount that could be spent by each eligible elder on optometry service was capped at \$2,000 every two years, the number of applications has decreased by more than 30% and the amount of transaction has also dropped by 43% when compared with the preceding year. At present, the average amount applied per case has been reduced to some \$1,700, while the average amount applied was \$2,000 to \$3,000 before the introduction of the cap.*

My supplementary question is very simple. At present, the average amount to be applied in each case is \$1,781 and elders can receive optometry service for the prescription of glasses every two years. And yet, it is indeed too short for the expected lifespan of each pair of glasses to be two years only. Will the authorities consider further tightening the relevant requirement? Secondly, will the authorities adjust the amount by introducing a two-tier system, with tier one being ordinary glasses and tier two myopia or presbyopia glasses? As the latter is more expensive, will the authorities make finer adjustments to the amount so that the provision of glasses will not result in the abuse of elderly health care vouchers?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): The supplementary question raised by Mr Jeremy TAM is concerned with optometrists, and I believe Members may recall that the introduction of a cap on the voucher amount for glasses some time ago has achieved significant effects. As Mr TAM mentioned just now, the amount of each application has decreased. However, since the new arrangement has not been implemented for a long time, we hope to make use of this period of time to continue to review the various figures, so as to ascertain the overall effectiveness and understand the needs of the elders for optometry services, and then strike a right balance.

As I have said earlier on, apart from an ongoing monitoring of the voucher amount and its scope of use, in order to achieve the goal of developing primary health care, the Steering Committee on Primary Healthcare Development has been established to examine how to promote the development of DHCs. The first DHC has already been set up in Kwai Tsing. The current-term Government will subsequently set up 11 DHC Express, and 6 more DHCs will be set up one after another.

MR MICHAEL TIEN (in Cantonese): *Secretary, currently the population of people aged between 60 and 64 in Hong Kong is 570 000, and as mentioned by the Chief Executive in the policy address, primary health care is the gateway to reduce the burden on hospitals. A community-oriented approach with coordination is the key to the effective implementation of primary health care. I am surrounded by elders aged 60 to 64 in the district every day, and they have kept asking me about the progress of the \$2 public transport fare concession proposed by Secretary Dr LAW Chi-kwong, and the reasons for not expanding the eligibility of receiving a voucher amount of \$2,000 to elders aged 60 to 64. Given that the crux is community health care, if vouchers are provided to elders aged 60 to 64, they would be able to make more efforts in disease prevention, which may, to a certain extent, reduce their demand for health care services when they reach the age of 65. Secretary, why has the Government been so reluctant to lower the eligibility age of elderly health care vouchers to 60?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as I have mentioned earlier on, we have to take into account many different factors when we examine the voucher amount and the minimum age requirement. In addition to the needs of the elders for health care services, we will also take into consideration the overall finances of the Government. Therefore, in 2017, we significantly lowered the eligibility age of elderly health care voucher from 70 to 65. At this stage, the Government has also introduced other primary health care policies that benefit the elders and other members of the public, for example, the eligibility age for receiving seasonal influenza vaccination has been lowered. People aged 50 to 64 can now receive the vaccination while elders aged 65 and above have all along been covered under the relevant scheme.

Therefore, the policies introduced by the Government aimed at continuously strengthening the health care services provided to the elders and other members of the public. The issue of primary health care services may not

necessarily be dealt with by increasing the voucher amount or lowering the eligibility age of elderly health care vouchers. In particular, with an ageing population, further lowering the eligibility age will impose immense pressure on government finances. However, we are also aware of the needs of the public or the elders for such services, and will therefore continue to examine other policy areas and provide the elders and other members of the public with the necessary primary health care services.

PRESIDENT (in Cantonese): Mr Michael TIEN, which part of your supplementary question has not been answered?

MR MICHAEL TIEN (in Cantonese): *Just now, I asked the Secretary whether she agreed that community health care should start at the age of 65 but not 60, because if it started at 60, then \$2,000 ...*

PRESIDENT (in Cantonese): Mr TIEN, this is not the supplementary question asked by you just now. Please sit down.

Third question.

Measures to support employment

3. **MR VINCENT CHENG** (in Cantonese): *President, amid a rapid downturn of Hong Kong's economy which has been caused by the epidemic, the seasonally adjusted unemployment rate from March to May this year was 5.9%, with the numbers of unemployed and underemployed persons surging to 230 000 and 130 000 respectively. To support employment, the Government has earmarked \$6 billion under the Anti-epidemic Fund to create approximate 30 000 time-limited posts in both the public and private sectors in the coming two years, and is disbursing a subsidy of \$7,500 to each eligible self-employed person ("SEP") under the Employment Support Scheme. Regarding the measures to support employment, will the Government inform this Council:*

- (1) *whether it has assessed the numbers and percentages of professional, skilled and non-skilled posts in the approximate 30 000 time-limited posts;*
- (2) *given that among the almost 260 000 subsidy applications submitted by SEPs, about 140 000 applications were rejected, whether the Government will expeditiously review the effectiveness of the Scheme, and when it will introduce new measures to support SEPs; and*
- (3) *whether it has assessed the industries that will recover at a slower pace, and of the plans in place to provide more timely support for such industries?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, having consulted the relevant Policy Bureaux and departments, my consolidated response to the Member's question is set out below:

- (1) To relieve the worsening unemployment situation due to the pandemic and the anti-epidemic measures, \$6 billion has been earmarked under the second round of the Anti-epidemic Fund ("AEF") to implement the Job Creation Scheme. Under the Scheme, around 30 000 time-limited jobs would be created in the public and private sectors in the coming two years for people of different skill sets and academic qualifications, including technical or non-skilled staff, clerical staff and professionals, etc. As at end June 2020, the planning of around 20 000 jobs (including around 13 500 jobs in the Government and around 6 500 jobs in the non-governmental sector) has reached an advanced stage. Among these 20 000 time-limited positions, the number and percentage of professional, technical and non-skilled positions are as follows:

<i>Type of positions</i>	<i>Number</i>	<i>Percentage</i>
Professional	About 3 800	19%
Technical	About 1 900	10%
Non-skilled	About 4 600	23%
Others	About 9 700	48%
Total	About 20 000	100%

Save for professional, technical and non-skilled positions, other positions include those created specifically for fresh graduates, positions for providing executive and clerical support services, and those for carrying out anti-epidemic work relating to COVID-19, etc.

- (2) Apart from providing wage subsidies for employers, the Employment Support Scheme ("ESS") also provides one-off lump-sum subsidy of \$7,500 to self-employed persons ("SEPs"). An applicant must have enrolled himself or herself in a Mandatory Provident Fund ("MPF") Scheme as an SEP and the relevant SEP MPF account should have been set up on or before 31 March 2020 (i.e. it cannot be backdated to that date or any earlier dates) and had not been terminated as of 31 March 2020. The ESS Secretariat ("the Secretariat") received a total of 259 860 applications from SEPs during the application period. Thus far, about 156 000 applications have not been approved.

The main reason for rejecting the applications is that the relevant applicants fail to meet the eligibility criteria, including applications were submitted based on an employee MPF account or a personal account created after termination of previous self-employment, rather than a dedicated SEP MPF account, or the relevant SEP MPF accounts had already been terminated on or before 31 March 2020. There are also cases where some applicants have provided in the application forms information regarding their SEP MPF accounts, which is not consistent with the records kept by the MPF trustees. The Secretariat has already informed these applicants that, if they have any questions, they should enquire through sending email to subsidy@employmentsupport.hk within 14 days from the date of receipt of the notification from the Secretariat. The Secretariat will follow up as soon as practicable.

We are reviewing the experiences and arrangements of the first tranche of ESS and expect to announce application details of the second tranche in mid-August, including considering allowing about 100 000 SEPs who fulfil the eligibility criteria but did not apply for the one-off lump-sum subsidy under the first tranche of ESS to apply.

- (3) In light of the development of the coronavirus disease 2019 ("COVID-19"), the Government has been taking vigilant anti-epidemic measures to contain the public health risk. Having regard to the impact of these measures on the livelihood of individuals and business operation, the Government secured the approval of the Legislative Council Finance Committee ("FC") on 21 February 2020 for a commitment of \$30 billion to set up AEF. The purposes of AEF are to enhance Hong Kong's capability in combating the pandemic, and to provide assistance or relief to enterprises and members of the public hard hit by the pandemic or affected by anti-epidemic measures. Taking into account the development of the pandemic and the overall situation, the Chief Executive announced on 8 April 2020 a comprehensive package of measures involving over \$130 billion in funding to support eligible individuals and businesses. The Government secured FC's approval on 18 April 2020 for the relevant funding application, including a \$120.5 billion injection to the AEF to implement second-round relief measures. The measures under the second-round AEF aims to preserve employment and assist the self-employed irrespective of the sectors to which they belong, provide extra relief to those sectors hard hit by the pandemic and pave the way for post-pandemic economic recovery.

A total financial commitment of \$150.5 billion was approved by FC for the two rounds of AEF. As of 26 June 2020, AEF has launched 66 measures with the financial commitment amounted to over \$142 billion and nearly \$48 billion of subsidies disbursed/paid, benefiting over 5.93 million⁽¹⁾ persons and about 1 million applications from enterprises/licence holders. There was an uncommitted contingency of around \$8 billion. The AEF Steering Committee will continue to monitor the implementation of various measures and roll out further measures to plug the gap in existing measures based on the recommendations from bureaux/departments, so as to benefit more enterprises and individuals affected by the pandemic.

(1) Including 3.93 million persons registered through the online platform to collect the CuMask+™.

MR VINCENT CHENG (in Cantonese): *Secretary, as the epidemic fluctuates recently, the implementation of the new group gathering restrictions or bans have resulted in many people having to stop working. The grass-roots and silver-aged workers will surely suffer most.*

First of all, I would like to thank the Secretary. He mentioned at the House Committee meeting this morning that the \$2 public transport fare concession scheme ("the \$2 Scheme") for elders aged 60 to 64 would be rolled out at the end of this year and implemented in the next financial year, one year earlier than the initial plan, and the demand of the Democratic Alliance for the Betterment and Progress of Hong Kong has been met. Considering that people in this age group may be unemployed or underemployed, the \$2 Scheme will offer genuine help.

The Secretary mentioned that the \$2 Scheme would be rolled out at the end of this year, does it mean that applications will be accepted? Can he provide more details and when the details will be made public?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): *President, we are now studying the whole consultancy report. The Government will make the relevant decision shortly and draw up the implementation details.*

As the \$2 Scheme will involve almost 600 000 elderly persons aged 60 to 64, we need time to make preparation and matching before formally launching the Scheme. We hope that the work can commence at the end of this year.

MR POON SIU-PING (in Cantonese): *President, as the epidemic becomes rampant again, many trades and industries have great hardship in operation and the number of unemployed persons will surge. Mr Vincent CHENG asked about the \$6 billion fund earmarked for creating 30 000 temporary positions in the public and private sectors in the next two years. The Secretary said in his earlier reply that as at end of June, the planning of around 20 000 jobs has reached an advanced stage. I do not know how advanced the stage is; has recruitment been conducted or have the recruits taken up the positions? Since the remaining 10 000 positions will only be rolled out in the next two years, we are really worried that "distant water cannot put out a fire nearby".*

What are the Government's justifications for taking two years to roll out these temporary positions? Can the process be expedited?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, by rolling out the positions in two years, we will have sufficient time to discuss, particularly with professional associations and business groups, how to implement the scheme of subsidizing private enterprises to create temporary positions. Thus, time is needed. In fact, each of these positions will last for about a year, with a maximum duration of 18 months. We hope that 30 000 positions will be created in two years.

MR JEREMY TAM (in Cantonese): *President, in part (3) of the main reply, the Secretary mentioned the second-round relief measures; yet as a matter of fact, dine-in services will be banned in all restaurants starting from tonight. I am disappointed that the Government has not announced the third-round relief measures and how it will cater for the food and beverage services sector.*

After the introduction of the above mentioned policy, has the Government provided immediate remedial measures to various affected trades at the same time? The Government should not, after introducing some stringent measures, wait for a month or two to see how many people are dissatisfied before deciding on the remedial measures to be taken.

Since this term of the Legislative Council will end this Friday, will the Government consider proposing expeditiously the third-round AEF at the FC meeting to be held this Friday for approval? The current policy has serious impacts on the food and beverage services sector and the authorities will certainly not relax all of the restrictions imposed on that sector after a week, will they? Extensive restrictions will certainly continue. Will the Government consider using the remaining time in this Legislative Council term to propose the third-round AEF at the last meeting of FC to be held this Friday?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, as I said in part (3) of the main reply, there is an uncommitted contingency of around \$8 billion. If there is a genuine need to step up the anti-epidemic efforts, I believe the amount of \$8 billion will be sufficient for the purpose.

Certainly, the epidemic situation may change in the coming days. Should the need arise, the Government may consider applying to the Legislative Council for special funding after obtaining the approval of the President of the Legislative Council.

MR PAUL TSE (in Cantonese): *President, part (2) of the main reply mentioned a cut-off date for an SEP to set up an MPF account. In other words, an SEP will only be eligible for the subsidy if he has set up an MPF account on or before 31 March 2020 and has not terminated the account thereafter. However, very often, many frontline practitioners in the tourism industry are not sure when they are self-employed and when they are not because the question involves very complex legal issues. Sometimes, they mistakenly consider themselves as SEPs; sometimes, they are compelled to be SEPs, and sometimes, they may not be able to set up their MPF accounts in time.*

Regarding ESS, among the 259 000-odd applications, a total of 156 000 applications (i.e. more than half of them) were rejected. Are there any technical problem resulting in many people living in hardship being unnecessarily denied from receiving subsidies? At present, the Government is not dealing with the issue of tax increase which requires a precise cut-off date. Since the purpose of ESS is to help the public, should the Secretary relax the relevant requirements so as to benefit more people, instead of turning so many people away?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, we set the cut-off date on 31 March because after ESS was announced in early April, there was a sudden increase in the number of new MPF accounts, particularly in the number of applications made by MPF trustees. Moreover, many new companies have suddenly been established. We wish to implement ESS in a simple and quick manner to help enterprises in need. If ESS is designed in a complicated way to avoid abuse, great difficulties will arise. The whole project can only be implemented at a later date, and cannot offer help to the enterprises concerned. Thus, we have set the cut-off date on 31 March.

Regarding the issue concerning SEPs mentioned by a Member earlier, in fact, it is not purely a technical problem. If a person sets up an account as an employee, he is obviously an employee and not an SEP. If a person has retired but still holds a personal MPF account, he is also not an SEP as defined by us. Thus, it is not purely a technical problem.

MR YIU SI-WING (in Cantonese): *President, the Secretary mentioned in the main reply that the second-round relief measures aimed to preserve employment and assist SEPs irrespective of the sectors to which they belong. Thus, the policy has obviously not tilted towards any particular sector. However, as pointed out by Mr Paul TSE, the tourism industry is most seriously and apparently affected. I understand that the Secretary wishes to disburse the subsidies expeditiously. Since the Government has earmarked an uncommitted contingency of \$8 billion, will the Secretary consider, upon the completion of the first-round relief measure, giving priority to meeting the actual needs of SEPs in industries which are more seriously affected when rolling out the second-round relief measures?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): *President, I believe Members are also aware that there are really many SEPs in the tourism industry, including tourist guides and tour escorts, etc. We have a special programme under AEF to provide support to these people. In fact, the objective of ESS is to help all enterprises in Hong Kong to preserve employment of their employees.*

Regarding SEPs mentioned earlier, as we understand it, among the 210 000 persons eligible for the subsidy, only 110 000 have applied. In other words, 100 000 persons may not be aware of their eligibility or their status as SEPs. Thus, I thank Members for giving me this opportunity to urge members of the public to find out the nature of their accounts under the MPF system. If they are eligible to apply for the subsidy, we will consider allowing them to do so in the second round.

MR MICHAEL TIEN (in Cantonese): *President, I would like to follow up on Mr Vincent CHENG's supplementary question on the \$2 public transport fare concession scheme for elders aged 60 or above. I remember that when I put this question to the Policy Bureau in the past, the authorities said that they would encourage elderly persons to apply for Personalized Octopus Cards at the end of this year. In fact, this work can be done at any time. May I ask the Secretary again whether he will start doing the preparatory work or start implementing the measure at the end of this year? The two are poles apart. The authorities told me that they would encourage elderly persons to apply for Personalized Octopus Cards at the end of this year; in other words, the measure can only be*

implemented next year and not at the end of this year, is that right? Can the Secretary clarify whether the measure will be implemented or whether the preparatory work will be done at the end of this year?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I have given the same answer in reply to Mr Vincent CHENG's question asked earlier, and at the special meeting of the House Committee held this morning. We hope that the measure can be implemented as soon as possible in the next financial year. Since preparatory work has to be done to dovetail with the implementation of the measure, we hope that we can start taking forward the relevant work at the end of this year.

MR VINCENT CHENG (in Cantonese): *President, I would still like to follow up on part (2) of my main question concerning SEPs. In the main reply, the Secretary said that the main reason for rejecting 156 000 applications was that the applicants submitted their applications based on an employee MPF account or a personal account created after termination of previous self-employment, etc. The Secretary then said that the Government would consider allowing about 100 000 eligible SEPs who had not submitted applications in the first round to apply for the subsidy, but he did not say whether the 156 000 persons whose applications were rejected this time could apply again. As we understand it, the majority of these 156 000 persons are really SEPs. Can the Secretary promise to further explore the possibility of giving subsidies to these people by administrative means?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, if these people have enrolled in MPF schemes as SEPs and not employees, and they have not set up personal accounts, we would certainly welcome their applications.

MR JEREMY TAM (in Cantonese): *President, regarding ESS, the wage cap is set at \$18,000 per month and the maximum wage subsidy is \$9,000 per month. Such a subsidy amount can really assist grass-roots workers in Hong Kong. However, let us bear in mind that a subsidy of \$9,000 is just a drop in the bucket for professionals. Some financial talents working in enterprises or banks, for instance, may earn more than \$100,000 per month. I am certainly not asking the Government to give an employee earning \$100,000 a subsidy of \$50,000.*

That is not what I mean. But, if the Government is to introduce the third-round AEF with a scheme similar to ESS, will it provide subsidies at several different levels? From part (1) of the main reply, we know that the Government has classified the 30 000 time-limited positions into professional, technical and non-skilled. If the Government is to introduce the third-round AEF, will it consider classifying the positions into professional, technical and non-skilled, as I said earlier? Why is such a classification important? The reason is that we should not forget that many ...

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

Secretary, please reply.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, in designing ESS, we have indeed considered the wage cap to be set for subsidizing half of the wage. We found that if we slightly adjust the cap upward, say from \$18,000 to \$20,000, or from \$20,000 to \$22,000, the total expenditure will be increased disproportionately. We think that the current design of ESS can basically achieve the policy objective of assisting enterprises to support their employees, particularly the grass-roots employees in an effective and targeted manner. Thus, presently, we do not have any plan to make adjustment in this regard.

PRESIDENT (in Cantonese): Mr Jeremy TAM, which part of your supplementary question has not been answered?

MR JEREMY TAM (in Cantonese): *President, my supplementary question concerns not only the wage cap; I am asking whether the Secretary will classify the positions into professional, technical and non-skilled?*

PRESIDENT (in Cantonese): Mr TAM, I think the Secretary has answered your supplementary question. However, do you have anything to add, Secretary?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I do not.

(Ms Claudia MO indicated her wish to raise a point of order)

PRESIDENT (in Cantonese): Ms Claudia MO, what is your point of order?

MS CLAUDIA MO: *Can we have the quorum please?*

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

(While the summoning bell was ringing, THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

(After the summoning bell had been rung, a number of Members returned to the Chamber, but some Members had not returned to their seats)

DEPUTY PRESIDENT (in Cantonese): A quorum is now present in the Chamber. Will Members please return to their seats. The meeting now continues.

Fourth question. Mr CHEUNG Kwok-kwan, please ask your main question.

District football teams

4. **MR CHEUNG KWOK-KWAN** (in Cantonese): *Deputy President, it has been reported that two district football teams respectively from Yuen Long and Tai Po announced earlier their withdrawal from the current football season of the Hong Kong Premier League ("HKPL"), thus leaving only one district football*

team competing for the HKPL champion. This situation has aroused concerns about the development and prospect of district football teams. In this connection, will the Government inform this Council:

- (1) whether it has taken the initiative to gain an understanding of the reasons for the withdrawal of the aforesaid two district football teams from HKPL;*
- (2) whether it knows the minimum annual funding needed for the continued operation of a district football team which participates in HKPL; whether it has assessed if the existing financial and other support for district football teams are adequate, and whether it has formulated plans to create new sources of income for such teams; and*
- (3) whether it has plans to comprehensively review the role and functions of district football teams in promoting local football development?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Deputy President, to promote district football development, the Hong Kong Football Association ("HKFA") invited all 18 districts in 2002 to establish district football teams ("district teams") to participate in the then newly-formed Third Division League. In the 2002-2003 football season, there were 12 participating district teams; in the 2003-2004 football season, the remaining six district teams also joined the Third Division League. Many of district teams were subsequently qualified for promotion to higher divisions of the league and have achieved very good results.

Since the 2011-2012 football season, the Home Affairs Bureau has implemented the District Football Funding Scheme ("DFFS") to provide funding support to the 18 district teams participating in HKFA league with the aim of improving their performance and governance, bringing community members together and fostering greater enthusiasm for football at the district level. The funding can be used to cover key expenses in areas including hiring coaches, renting training venues, transportation, purchasing team strips, purchasing necessary equipment for competition or training, engaging administrative staff, purchasing public liability insurance and accident insurance in connection with

local and overseas training and competitions, as well as hiring physiotherapy services. However, funding under DFFS cannot be used to cover players' salaries. The amount of funding for each team is determined by the division of HKFA league in which it is participating. Currently, the levels of funding for teams playing in the Hong Kong Premier League ("HKPL"), First Division, Second Division and Third Division are \$1.65 million, \$0.55 million, \$0.385 million and \$0.33 million respectively.

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

- (1) HKFA has originally scheduled to hold HKPL matches between August 2019 and May 2020 in the 2019-2020 football season. Due to impact of the COVID-19 pandemic, HKPL matches have been suspended and postponed since 23 March 2020, with resumption no earlier than August this year. In view of the special circumstances of the pandemic, HKFA allows HKPL teams to decide on their own whether to continue playing in HKPL matches upon its resumption.

The Home Affairs Bureau and the District Offices have been in close contact with district teams to understand their situation. It is noted that Best Union Yuen Long and Wofoo Tai Po have decided not to participate when HKPL matches in the 2019-2020 football season resume and would only compete in the First Division League in the 2020-2021 football season, having considered relevant factors such as the impact of the pandemic, downward pressure on the economy, football clubs' financial status and issues relating to sponsors.

- (2) Being the highest level of professional football in Hong Kong, HKPL requires all participating teams to operate as professional teams and meet the licensing requirements of HKFA. It is different from other divisions of the league in terms of competitiveness and nature. Just like any other professional team, district teams have to take into account various factors, such as their level of competitiveness, development plans and aims as well as financial arrangements, in deciding whether to compete in HKPL. The annual operating costs of football teams playing in HKPL have increased in recent years, ranging from several millions to tens of millions of dollars.

In the 2019-2020 football season, there were 10 teams competing in HKPL, including three teams with district background, i.e. Kwoon Chung Southern, Best Union Yuen Long and Wofoo Tai Po. In addition to an annual funding of \$1.65 million per team under DFFS, district teams playing in HKPL are provided with 36 sessions (54 hours in total) of free venues for training in their respective districts by the Leisure and Cultural Services Department in each football season. District teams are independent legal entities which run their own affairs, including financial arrangements. Irrespective of whether it is a district team or not, the costs of competing in HKPL vary from one team to another. Depending on the team's planning and targets, the various cost items such as players' salaries, local and overseas training and competitions, as well as promotion and marketing costs can vary significantly. In general, football clubs need to develop their income sources and seek sponsorship to maintain their commercial operation and competitiveness.

- (3) District teams are established to compete in local leagues with the aim of enhancing enthusiasm for football at the districts and strengthening cohesion of the community. District football teams have indeed made contributions to the development of youth training and the nurturing of young football players. In the 2002-2003 and 2003-2004 football seasons, all 18 district teams started from the lowest level, i.e. the Third Division League. The district teams have become stronger, with many of them qualifying for promotion to higher divisions of the league and winning numerous championships. In the 2019-2020 football season, there are three district teams playing in HKPL, six in the First Division, six in the Second Division and three in the Third Division Leagues.

In the past decade, all 18 district teams have taken root in local districts and made positive contribution to football development in Hong Kong. Regardless of the division of league they are participating in, district teams have, apart from contributing significantly in enhancing the interest and enthusiasm in football in their respective districts, provided training and competition opportunities for many young players, some of whom have even been selected as members of the Hong Kong Team and Hong Kong Youth Team. In general, district teams help improve the standard of play of and participation in football in Hong Kong.

The Home Affairs Bureau regularly reviews the funding levels of DFFS. Since the 2018-2019 football season, the funding levels have been increased by 10%. Upon completion of the 2019-2020 football season, the Home Affairs Bureau will review the reports submitted by district teams and determine the funding levels for the 2020-2021 football season. The Home Affairs Bureau will continue to support district teams and promote district football development through the DFFS.

MR CHEUNG KWOK-KWAN (in Cantonese): *Deputy President, under the current government policy, no matter how hard district teams work or strive for the best, even if the teams can participate in HKPL, they still need to be self-financed. As the government policy does not encourage district teams to participate in the top professional leagues in Hong Kong, the teams are always at an amateur level. Given that HKPL may not have enough teams to participate in the matches at any time, many football fans in Hong Kong are sad. Just now, the Secretary said that district teams have taken root in the community, they can strengthen cohesion of the community in supporting football in Hong Kong, encourage more young players to become professional players, increase the competition in HKPL and improve the football standard of Hong Kong.*

Deputy President, my supplementary question is: Will the Government seriously and actively support district football development? For example, the community proposes to set up a matching fund for district teams. When district teams participate in HKPL and obtain funding in the districts, the Government will provide similar amounts of funding. As such, the financial support for district teams can be increased directly, so that they can promote to higher divisions and participate in the top football leagues in Hong Kong. Will the Secretary consider this proposal?

SECRETARY FOR HOME AFFAIRS (in Cantonese): Deputy President, I thank the Member for his views. I have specifically mentioned just now that we attach importance to the history and development of district teams because they play very important roles, including strengthening the cohesion of the community, promoting community participation in football, and more importantly, nurturing many young players to participate in higher-level matches.

Regarding the three goals I just mentioned, as district teams have received funding, they have more support than other teams. The development of district teams in HKPL is different from the planning and arrangement of First and Second Division Leagues. Factors such as the strength of the team, its development plan and goal, financial arrangement and future development direction must be considered, and it is also necessary to find income sources for business operations, etc. Therefore, the Home Affairs Bureau will regularly review the funding level of DFFS and it is hoped that the reports submitted by district teams will be reviewed after the end of the 2019-2020 football season and the funding level for the 2020-2021 football season will then be determined. We will continue to support district teams and promote local football development through DFFS.

MR LEUNG CHE-CHEUNG (in Cantonese): *Deputy President, many people know that I am a great football fan. Best Union Yuen Long has joined the Third Division since 2003 and it was later promoted to HKPL. Unfortunately, it has to withdraw from HKPL this year due to funding problems. As Best Union Yuen Long has always focused on nurturing young players, it has received funding from the District Council ("DC"); yet, I learnt that DC will no longer provide funding this year. The Bureau fully supports the development of football as this plays a very important role in helping the younger generation get on the right track. It is a pity that DC no longer allocates funds to support these young people and the Bureau will not provide funds as well. Honestly, it is very difficult to seek external sponsorship, and owing to the impact of the epidemic, the business community may not be willing to give strong support. I would like to ask how the Government will support these groups in training and nurturing young players and helping them get on the right track. The Government currently provides venue support; can the authorities continue to provide venue support even if financial support is not provided?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Deputy President, I thank the Member for his supplementary question. In fact, DC absolutely has the right to decide how to use the funds received. In the past, many activities worth promoting had not been supported, which was a great pity. Not only the development of football, the development of other sports has also been greatly affected. Some organizations have also reflected that owing to the lack of funding support in the coming year, some activities that are popular among the public or that can bring positive message or bring community members together

can no longer be held. Nevertheless, the Government will not stop developing sports. In the past, the Government provided sports facilities such as stadiums. The public hope that we will enhance long-term planning so that district teams will have more venues for training.

We have invested more than \$20 billion in the Five-Year Plan for Sports and Recreation Facilities ("the Five-Year Plan") which includes many projects such as stadium planning. As I mentioned earlier, we will also strengthen support for district teams and provide more venues for training. For example, Leisure and Cultural Services Department currently provides 61 11-a-side turf pitches and 21 7-a-side turf pitches. In line with the Five-Year Plan I just mentioned, we hope to increase at least four 11-a-side turf pitches, two 7-a-side turf pitches, three 7-a-side hard-surface pitches and four five-a-side hard-surface pitches. We will also carry out improvement works to two 11-a-side turf pitches and two 7-a-side hard-surface pitches. In addition to natural turf pitches, we also provide artificial turf pitches, which allow more people to undergo training. There will be 28 to 40 additional artificial turf pitches this year, the utilization rate is four times more than that of natural turf pitches. Regarding other support measures, I will respond after other Members have asked follow-up questions.

MR TONY TSE (in Cantonese): *Deputy President, football used to be a sport well-liked and participated by many Hong Kong people, and there were many football fans. At that time, football in Hong Kong was at the leading level in Asia, but the level of football has gone from bad to worse in the past 10 years or so. The numbers of football players and football enthusiasts have been on the decrease and it seems that young people are less interested in this sport. I would like to ask whether this situation is due to the Government's perfunctory efforts. The Secretary mentioned that the Government has put in a lot of resources in training young people, but has the Government's efforts been slackened? Or is HKFA's management chaotic and poor?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Deputy President, I thank Mr TSE for his supplementary question. In fact, Hong Kong people generally love football but as pointed out by the Member, football in Hong Kong had, at a time, entered into an ice age. Therefore, for many years in the past, we have formulated many plans and proposals to promote football development in Hong Kong.

Speaking of football development in Hong Kong, one of the important tasks is to upgrade the level. Several Members have mentioned on different occasions that it is best to start with youth training. Therefore, district teams used to play a very important role, not only to forge social cohesion and promote community participation in football, but more importantly, nurture many young players. Therefore, to promote football development, we must start with young people.

In the past, HKFA's performance was unsatisfactory, therefore the Five-Year Plan has incorporated some directions of work, which includes strengthening youth training, increasing the number of spectators in stadiums, and enhancing the communication between the teams or HKFA with stakeholders in respect of football development. We all hope that the Five-Year Plan can achieve better results.

However, I must point out that the Football Task Force under the Hong Affairs Bureau supports in principle HKFA's "Vision 2025 Strategic Plan". We will review HKFA's future performance. If there is a significant gap between HKFA's actual and expected performance, the Bureau will consider reducing the funding reserved for HKFA or shortening the period covered by the funding. Yet, we wish to promote football in a positive direction. In this regard, not only HKFA or the teams, the participation of all sectors is important.

DEPUTY PRESIDENT (in Cantonese): Mr Tony TSE, which part of your supplementary question has not been answered?

MR TONY TSE (in Cantonese): *The Secretary has not answered my question. Is the situation attributable to the Government's perfunctory efforts or due to the chaotic management of HKFA? Should HKFA be held responsible?*

DEPUTY PRESIDENT (in Cantonese): Mr Tony TSE, you have pointed out clearly which part of your supplementary question has not been answered. Secretary, do you have anything to add?

SECRETARY FOR HOME AFFAIRS (in Cantonese): I do not have anything to add.

DR JUNIUS HO (in Cantonese): *Deputy President, I had been involved in the work of HKFA as an independent non-executive director. I left HKFA last year but in the past eight years, I was aware that the Government had put in a lot of resources. For example, the Government provided considerable funding each year under the Phoenix Project of HKFA to promote football. However, if a basic problem remains unsolved, i.e. if we cannot see the prospect of local football development, then we cannot look after the poor indefinitely. Even if many people are committed to promoting football, the efforts will be futile. In fact, many Hong Kong people support football development and overseas teams. Some people like to watch overseas football matches while some others like to watch local football matches. This problem arises because the Government lacks a consistent policy on local football. I am not encouraging gambling or football betting, but since gambling on football matches is legalized in Hong Kong and the Jockey Club also has football betting services (The buzzer sounded) ...*

DEPUTY PRESIDENT (in Cantonese): Dr Junius HO, please state your supplementary question direct.

DR JUNIUS HO (in Cantonese): *Yes. Will the Government introduce a new policy on local football betting?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Deputy President, I thank the Member for his question. In fact, the Government has been putting in resources to promote football development, but we do not encourage too many new gambling channels. We also think that increasing the number of local football matches may not directly promote local football development. In fact, the level of football in Hong Kong has improved, especially in terms of player salaries.

As I mentioned earlier, the annual funding of many teams of HKPL might amount to several million or even several ten million dollars. The average monthly salaries of many local players in HKPL range between \$70,000 and \$80,000 and the highest monthly salary is more than \$200,000. We have to work harder to bring more spectators to stadiums. HKFA and all football clubs must enhance communication with stakeholders to give a better experience to football fans in stadiums. These are the future direction for football

development and we will continue to strengthen communication and cooperation with HKFA, football clubs and stakeholders with a view to improving the level of football in Hong Kong.

(A mobile phone was ringing in the Chamber)

DEPUTY PRESIDENT (in Cantonese): Will Members please set their mobile phones to silent mode so as not to hinder the proceeding of the meeting.

Fifth question.

Professional conduct of teachers

5. **MR HOLDEN CHOW** (in Cantonese): *Deputy President, it has been reported that since the eruption of the disturbances arising from the opposition to the proposed legislative amendments, around 100 primary and secondary school teachers have been arrested for suspected participation in unlawful activities. Also, quite a number of teachers have made hostile remarks on the Internet against the Police and instilled into students the idea of achieving justice by violating the law and hatred-inciting thoughts, but so far no cancellation of teacher registration has been heard of. In this connection, will the Government inform this Council:*

- (1) *of the number of persons whose applications for teacher registration have been refused (with a breakdown by reason) and the number of teacher registrations cancelled by invoking section 47 of the Education Ordinance (with a breakdown by the situation, as set out in that provision, into which the relevant case fell) by the Education Bureau ("EDB") since Hong Kong's return to China;*
- (2) *whether the authorities have invoked section 84(1)(m) of the Education Ordinance to make regulations on "the control of the dissemination of information, or expression of opinion, of a clearly biased political nature in schools" since Hong Kong's return to China; if so, of the details; whether they will make the relevant regulation on the control of teachers instilling into students the ideas of secession and achieving justice by violating the law as well as hatred-inciting thoughts; and*

- (3) *given that newly appointed and in-service teachers are required to complete 30 hours of training within three years of service starting from September this year, and the content of such training covers teachers' professional roles, values and conduct, what manpower and other resources are involved in the relevant training courses, and whether post-training examinations are needed; if examinations are needed, whether EDB will stipulate that teachers may continue teaching only if they have passed such examinations?*

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, over the past year, the social incidents have brought unprecedented impact on and challenges to the whole society including the education sector. Among the people arrested from June 2019 to May 2020 in relation to the social incidents, about 100 of them were staff or teachers of primary and secondary schools and kindergartens. Under the established mechanism, the Education Bureau will consider whether a teacher under arrest has misconducted himself/herself and review his/her teacher registration status according to the information available, regardless of whether the teacher concerned is charged and convicted or not. If the teacher concerned is charged and/or convicted, we will trigger action to review his/her teacher registration status in accordance with the Education Ordinance by making reference to the information obtained by this Bureau and referring to court documents after conclusion of the case and completion of appeals.

At the same time, the Education Bureau is handling complaints that are non-criminal but relating to the professional conduct of teachers in a serious manner. From June 2019 to June 2020, the Education Bureau received 222 complaints about suspected professional misconduct of teachers related to social incidents. We have broadly completed the investigation of 180 cases, of which 63 were found unsubstantiated. Regarding the substantiated cases, 17 teachers were reprimanded and another 9 were warned in writing as at mid-July this year. The Education Bureau will consider cancelling these teachers' registration pursuant to the Education Ordinance if they misconduct themselves again. We also issued written advice to 19 teachers and verbal reminders to another 15, reminding them to refrain from activities that are detrimental to the image of the teaching profession and be mindful of the behavioural norms generally acceptable to society. For the remaining cases that are likely to be substantiated in our initial view, we are currently waiting for or considering the responses from the

teachers concerned in accordance with the established procedures with a view to determining the appropriate follow-up actions.

Our reply to the question raised by Mr Holden CHOW is as follows:

- (1) The Education Ordinance empowers the Permanent Secretary for Education ("the Permanent Secretary") to refuse to register an applicant as a teacher and cancel the registration of a teacher in the circumstances set out under section 46 and section 47 respectively. Regarding the number of cases, the Education Bureau can only provide figures for the past 10 years at the moment. The Education Bureau handled a total of 585 cases relating to the professional conduct of teachers from January 2010 to December 2019, of which the registrations of 72 teachers were cancelled. In addition, there were 26 persons whose applications for teacher registration were refused.

As each case had its uniqueness and the teachers or applicants concerned might be involved in more than one of the situations specified in section 46 or section 47 of the Education Ordinance at the same time, the Education Bureau needed to consider all the circumstances of a case before making a decision. Therefore, we are unable to provide a breakdown by the situations set out in the ordinance. Generally speaking, the teachers or applicants concerned were mainly involved in sex-related offences, fraud-related offences or some minor but repeated offences, or had serious integrity problems.

- (2) According to section 84(1)(m) of the Education Ordinance, the Chief Executive in Council may make regulations on the control of the dissemination of information, or expression of opinion, of a clearly biased political nature in schools. The Chief Executive in Council made regulation 98(2) of the Education Regulations (Cap. 279A) and as prescribed therein, the Permanent Secretary may give directions in writing or other guidance to the management authority of any school as to the dissemination of information or expression of opinion of a political nature in that school, so as to ensure that that information or opinion is unbiased.

In the past year, the Education Bureau has repeatedly and clearly stated to local schools and teachers through various channels (including issuing guidelines and letters) that schools are places for students to learn and grow and should not be used as the venues expressing political stance or demands. Teachers play a vital role in passing on knowledge and nurturing students' character and their every word and deed have a far-reaching impact on students' growth. We have for many times issued letters or guidelines to remind teachers of the need to display professionalism, uphold their professional ethics, and adopt suitable learning and teaching strategies in accordance with the curriculum aims and objectives set by the Curriculum Development Council. Teachers should guide students to think from multiple perspectives in an objective, rational and impartial manner and to respect different views, and should cultivate students' positive values and attitude without imparting their political views. On the whole, both school sponsoring bodies and school management are able to follow the Education Bureau's guidelines and remind teachers to uphold their professional ethics.

Regarding the complaints against individual teachers suspected of making biased remarks in schools, if inadequacies are identified in areas such as curriculum planning and management, as well as arrangements and supervision of teaching and learning activities in schools during the investigation, the Education Bureau will make recommendations to the schools concerned for improvement. For cases of a serious nature, warning letters will be issued to require the schools concerned to submit plans for improvement. On the whole, upon receipt of the Education Bureau's comments or warnings, schools would generally take appropriate follow-up actions to meet the requirements of the Education Bureau. Therefore, there is no need for the Education Bureau to make additional regulations on top of the existing regulation 98(2) of the Education Regulations.

- (3) To facilitate the implementation of the Professional Ladder for Teachers as recommended by the Task Force on Professional Development of Teachers, the Education Bureau has prepared corresponding professional development plans for teachers at different professional development stages (including newly-joined teachers, teachers with experience and teachers aspiring for promotion to middle management), which will be introduced starting

from the 2020-2021 school year. The training programmes for the newly-joined teachers, in-service teachers and teachers aspiring for promotion will include 30 hours of core training covering teachers' professional roles, values and conduct, education policies and education initiatives in the local context or the Education Ordinance, as well as topics relating to national and international education development. Being the authorities for teacher registration, as well as formulation, implementation and monitoring of education policies, the Education Bureau has the responsibility to provide the related training. Regarding the elective part of the training, newly-joined teachers and teachers aspiring for promotion may select suitable elective programmes based on their individual professional development needs and the needs of school development. As a matter of fact, the Education Bureau has been actively providing a variety of professional development programmes and activities for teachers. As with most education measures, the expenses to be incurred will be subsumed under the Education Bureau's overall staff and operating costs. Besides, we plan to commission teacher education universities and external training providers to offer part of the elective training programmes, and the expenditure will be met by the \$500 million non-recurrent provision allocated by the Government in 2018 for strengthening the professional development of teachers.

The Education Bureau provides various kinds of professional development programmes and activities with a view to promoting the continuing professional development of teachers who are registered and serving at schools. As employers, schools are in the best position to assess teachers through close observation of their teaching and related work performance. The Education Bureau also requires schools to set up a school-based appraisal mechanism to assess the professional competencies and performance of teachers. The professional development programmes and activities provided by the Education Bureau are developmental in nature. Since most of the skills and theories learnt in courses and activities need to be applied subsequently in teaching practices, post-course/activity assessment will not be able to effectively evaluate a teacher holistically.

MR HOLDEN CHOW (in Cantonese): *Deputy President, during the period of "black violence", some teachers have misconducted themselves by inciting hostility against the Police and hatred sentiment, inciting others to participate in illegal riots and even promoting secession, causing great worry to many parents. According to the main reply, over 20 of the approximately 100 teachers who have been arrested so far might have their registration cancelled. In other words, many cases are still pending handling by the authorities.*

In the main reply, the authorities indicated that it would not consider making additional regulations on top of the existing laws to regulate misbehaving teachers, given that the existing guidelines were adequate. However, I would like to remind the Secretary that had the guidelines been effective, there would not have been so many emboldened teachers.

Regarding regulatory efforts in the future, it has been stated in the main reply that assessment of teachers will be undertaken by schools, not the Education Bureau. In view of the Education Bureau's lax law enforcement and numerous excuses, we are extremely worried that those misbehaving teachers will mislead students and cause harm to the next generation.

To follow up on the main reply of the Bureau, I would like to ask whether the Secretary will consider making public the misconduct, identities and schools of misbehaving teachers to enable parents to have the right to know? I am eager to listen to the Secretary's reply.

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, Mr CHOW has made a rather long statement before raising his supplementary question. What he has mentioned is inconsistent with some situations under the current system. Before replying to his supplementary question, I will give a brief explanation first.

The Education Bureau is concerned about the overall performance of teachers. As the teacher registration authority, we will follow up each and every complaint in a serious manner. We will follow up all cases involving teachers arrested by the Police or law enforcement agencies, and teachers who will attend court hearing. Nevertheless, in line with the established practice, we will only trigger action to review teachers' registration status after conclusion of the cases

and completion of appeals and other legal proceedings. As a result, given that most of the approximately 100 cases mentioned just now are still sub judice, we will not go about handling them. As I understand it, in one teacher-related case, despite the completion of trial, we have not formally launched our investigation into the case pending expiry of the appeal period. We can only gather information in advance. Meanwhile, we will also earnestly follow up and handle other non-criminal complaints.

Toward the end of his supplementary question, Mr CHOW asked whether we would make public the information about teachers who have been punished or complained about, including their names and schools. We should understand that it will be unfair to both teachers and schools if we disclose the information concerned simply upon receipt of complaints. We will handle complaints when the misconduct of teachers is eventually substantiated. Upon cancellation of their registration, the teachers concerned will not have a chance to teach in schools in future. The Education Bureau and schools will be responsible for gatekeeping. For cases which are not so serious as to warrant cancellation of registration, we will give the teachers concerned advice or warning. By doing so, we hope that the teachers concerned will make improvement in their work and strive to make progress in future. We therefore consider it necessary to give them a chance.

It may be unfair to schools if we publish their names because some cases may only involve the personal behaviour of teachers. It is not the best arrangement to require schools to be held accountable for teachers' personal behaviour unrelated to schools. Nevertheless, I would hereby assure Members that we will handle every case in a serious manner. We will issue warning to and reprimand teachers concerned as warranted, and we will absolutely pull no punches if cancellation of registration is warranted. We will carefully examine all cases in a just manner while handling them under our established and effective system.

MS YUNG HOI-YAN (in Cantonese): *Deputy President, in fact, Mr Holden CHOW has clearly raised his main question, focusing on teachers who have made hostile anti-police remarks on the Internet and instilled into students the idea of achieving justice by violating the law and hatred-inciting thoughts. The Education Bureau has completely failed to respond to this part in the main reply.*

How will the Education Bureau handle remarks on the Internet? Have the teachers in question abused the freedom of speech to propagate their idea of achieving justice by violating the law? In my view, this will have a great impact on students. If teachers post hostile anti-police remarks on Facebook or other social networking platforms, should their students who are following them declare their positions? Will their school performance be affected by their decision to declare positions or not? Parents have expressed concern about this.

While responding to Mr Holden CHOW's supplementary question just now, the Secretary stated that he would not follow up any concluded complaints to avoid any impact on schools, and he will not disclose the outcome of investigation on complaint cases. In my view, this will render monitoring of schools ineffective. While the Secretary has suggested that schools can be responsible for monitoring, teachers, parents and students should also play a part in monitoring. I therefore strongly concur with Mr Holden CHOW that the Bureau must explain the reasons for not disclosing the information of the schools and teachers concerned. If there is actually dereliction of duty or breach of responsibility on the part of teachers, students and parents should also have the right to be informed so that universal monitoring can be conducted. I call on the Bureau to explain why they have failed or have been unwilling to do so.

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, my reply to Mr Holden CHOW's supplementary question just now has already provided an answer to Ms YUNG's supplementary question. First, we may receive numerous complaints about different teachers. Some of the cases we process may involve the personal information of teachers. As the Education Bureau and the teacher registration authority, we will also be accountable to the public for the overall performance of teachers, and of course we will also be held accountable by the Legislative Council. As we stated in the main reply, from June 2019 to June 2020, the Education Bureau received 222 complaints about suspected professional misconduct of teachers related to social incidents, some of which were found unsubstantiated. Regarding the substantiated cases, we have issued warning to various teachers in the hope that they will make improvement in future. We will also closely monitor them.

However, disclosure of the list of teachers concerned may be counterproductive to their work in future. From a holistic point of view, school principals are certainly the persons-in-charge in school education. Principals monitor teaching in schools and the work performance of all teachers in order to provide quality education, which is the primary responsibility of schools. Meanwhile, we are responsible for monitoring schools for the proper implementation of the work in this regard.

For this reason, both the Education Bureau and school principals understand that we will make concerted effort to help teachers who might have received written or verbal warning make continuous progress and do their work properly again in future. We should give these teachers opportunities for improvement. If the relevant list is made public, the potential labelling effect may make it more difficult for their work in future. Nevertheless, we also understand that there are tens of thousands of teachers in Hong Kong. We received 200-odd complaints last year, some of which were even found unsubstantiated. We therefore remain confident about the quality of the overall teaching force. I call on Members to trust the Education Bureau. We will continue to monitor these cases in an impartial manner and follow them up in a serious manner, with a view to maintaining a quality and committed teaching force.

MS CLAUDIA MO: *I urge the Minister to listen carefully. Education is the most noble profession in humanity. What if a teacher teaches his class: "True patriotism is to protect your country from the government." Judging by this quote, will that teacher be censored, warned or even have his licence taken away? Will that be considered, as the Minister called it, teaching of a clearly biased political nature, and will this person be discarded from the teaching profession? Thank you.*

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, it is very difficult for me to respond to the question as to whether the teacher's teaching was problematic. As I said just now, we will consider each case on its own merits. However, I would like to point out that we expect Hong Kong students to have a sense of national identity after completing their education, realizing that Hong Kong, the place where they live in, is part of the country and thus they are part of

the nation. In view of the recent discussion on the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region in the community, I hope that the forthcoming national security education will impress on students the importance of concerted effort by the Government and the public on national security work. This is our expectation for our students, and I also hope that professional teachers will undertake education work in this regard in future.

I therefore have high expectations and demands for teachers and hope that teachers themselves cherish the "one country" concept as well and understand the relations between themselves and the country. We will also provide teachers with more training and teaching materials on national security education in future. They themselves must also understand the importance of national security and "one country" so that they can assist students in deepening their understanding by means of the teaching materials we provide and becoming young people who will both serve Hong Kong and the country and be committed to the country. Hong Kong's future hinges on the quality of the next generation. We need a next generation who will love the country and love Hong Kong to sustain the future development of our society and carry on the work of our teaching force. We must walk the talk to steer our entire teaching force towards this goal starting today.

MS CLAUDIA MO: *Excuse me ...*

DEPUTY PRESIDENT (in Cantonese): Ms MO, which part of your supplementary question has not been answered?

MS CLAUDIA MO : *I just take it as an effective "yes"!*

DEPUTY PRESIDENT (in Cantonese): Ms MO, you are not following up the part of your supplementary question has not been answered.

(Mr CHAN Chi-chuen indicated his wish to raise a point of order)

DEPUTY PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, what is your point of order?

MR CHAN CHI-CHUEN (in Cantonese): *Deputy President, I request a headcount.*

DEPUTY PRESIDENT (in Cantonese): Mr CHAN Chi-chuen has requested a headcount.

Will the Clerk please ring the bell to summon Members back to the Chamber.

(After the summoning bell had been rung, a number of Members returned to the Chamber, but some Members had not returned to their seats)

DEPUTY PRESIDENT (in Cantonese): A quorum is now present in this Council. Will Members please return to their seats. The meeting now continues.

DEPUTY PRESIDENT (in Cantonese): Last oral question.

Laws listed in Annex III to the Basic Law

6. **MS CLAUDIA MO** (in Cantonese): *Certain provisions of the Basic Law, which make references to the common law, stipulate among other things that: the laws previously in force in Hong Kong which shall be maintained include the common law (Article 8), reference may be made to precedents of other common law jurisdictions in the adjudication of cases in accordance with the laws (Article 84), and the Court of Final Appeal may as required invite judges from other common law jurisdictions to sit on the Court of Final Appeal (Article 82). On the other hand, pursuant to Article 18 of the Basic Law, the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("the National Security Law") was added to the list*

of national laws in Annex III to the Basic Law and applied in Hong Kong by promulgation on the 30th of last month. In this connection, will the Government inform this Council:

- (1) whether it has studied if the aforesaid Basic Law provisions, which are related to the common law, are applicable to the criminal proceedings instituted under the national laws (including the National Security Law) listed in Annex III to the Basic Law; and*
- (2) of the justifications for the Secretary for Justice to make the following statement: "it is impracticable and unreasonable to expect that everything in a national law, the National Security Law, will be exactly as what a statute in the HKSAR common law jurisdiction would be like"?*

SECRETARY FOR JUSTICE (in Cantonese): Deputy President, the National People's Congress ("NPC") adopted the Decision of the National People's Congress on Establishing and Improving the Legal System and Enforcement Mechanisms for Safeguarding National Security in the Hong Kong Special Administrative Region ("the Decision") on 28 May 2020. Paragraph 6 of the Decision authorizes the Standing Committee of the NPC ("NPCSC") to enact relevant laws on establishing and improving the legal system and enforcement mechanisms for safeguarding national security in the Hong Kong Special Administrative Region ("HKSAR"). NPCSC adopted unanimously on 30 June 2020 The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("the National Security Law") in accordance with the Constitution, the Basic Law and the NPC Decision, and added it to Annex III to the Basic Law in accordance with Article 18 of the Basic Law on the same day after consulting the Basic Law Committee and the HKSAR Government. The Chief Executive then gave notice that the National Security Law applied in SAR from 11:00 pm on the same day.

Article 1 of the National Security Law declares at the outset that the National Security Law is enacted for the purpose of "ensuring the resolute, full and faithful implementation of the policy of One Country, Two Systems under which the people of Hong Kong administer Hong Kong with a high degree of autonomy; safeguarding national security; preventing, suppressing and imposing

punishment for the offences of secession, subversion, organisation and perpetration of terrorist activities, and collusion with a foreign country or with external elements to endanger national security in relation to the Hong Kong Special Administrative Region; maintaining prosperity and stability of the Hong Kong Special Administrative Region; and protecting the lawful rights and interests of the residents of the Hong Kong Special Administrative Region".

The National Security Law is divided into six chapters: general principles; the duties and the government bodies of HKSAR for safeguarding national security; offences and penalties; jurisdiction, applicable law and procedure; office for safeguarding national security of the Central People's Government in HKSAR; and supplementary provisions, with 66 sections in total. It is a comprehensive piece of legislation comprising substantive law, procedural law and organization law.

The Department of Justice now provides the following detailed reply to the questions raised by Ms Claudia MO.

- (1) Article 41, paragraph 1, of the National Security Law provides that the National Security Law and the laws of HKSAR shall apply to procedural matters, including those related to criminal investigation, prosecution, trial, and execution of penalty, in respect of cases concerning offence endangering national security over which the Region exercises jurisdiction. Article 45 provides that unless otherwise provided by the National Security Law, magistrates' courts, the District Court, the High Court and the Court of Final Appeal shall handle proceedings in relation to the prosecution for offences endangering national security in accordance with the laws of HKSAR.

HKSAR largely applies existing local laws and procedure when exercising jurisdiction over offences endangering national security in accordance with the National Security Law. It is true that the National Security Law makes different provisions for the legal procedure under certain special circumstances, but they are necessary for the prevention of, suppression of, and imposition of punishment for acts endangering national security given the special nature of cases involving national security.

The Basic Law was enacted by NPC in accordance with Articles 31 and 62 of the Constitution. It is a national law that applies in Hong Kong, prescribing the systems to be practised in HKSAR, in order to ensure the implementation of the basic policies of the People's Republic of China regarding Hong Kong. The National Security Law is a national law enacted by NPCSC in accordance with the authority delegated by the NPC Decision specifically for the establishment and improvement of the legal system and enforcement mechanisms for safeguarding national security in HKSAR. It is listed in Annex III to the Basic Law by NPCSC and applies in HKSAR by way of promulgation.

The local laws of HKSAR consists of the laws previously in force in Hong Kong referred to in Article 8 of the Basic Law, that is, the common law, rules of equity, ordinances, subordinate legislation and customary law, except for any that contravene the Basic Law, and subject to any amendment by the legislature of HKSAR. On 23 February 1997, NPCSC adopted a Decision on the treatment of the laws previously in force in Hong Kong in accordance with Article 160 of the Basic Law. According to that Decision, some of the ordinances and subordinate legislation previously in force in Hong Kong were not adopted as the laws of SAR. In addition, local laws also include laws enacted by the legislature of HKSAR in exercise of the legislative power under Article 73 of the Basic Law.

Article 62 of the National Security Law provides that the National Security Law shall prevail where the provisions of the local laws of HKSAR are inconsistent with the National Security Law. As stated above, local laws of HKSAR mean the laws previously in force in Hong Kong, including the common law, referred to in Article 8 of the Basic Law as well as laws enacted by the legislature of HKSAR. Hence, in accordance with the provisions of Article 8 of the Basic Law, Article 84 provides that precedents of other common law jurisdictions may be referred to by the courts of HKSAR when adjudicating cases. Article 82 of the Basic Law which provides that the Court of Final Appeal may as required invite judges from other common law jurisdictions to sit on the Court continues to apply.

- (2) The National Security Law is a special and innovative national law because it comprises three different types of laws, namely, an organization law which establishes the relevant responsible bodies, a substantive law which provides for offences and penalties, and a procedural law in relation to law enforcement, prosecution and trial. Although the National Security Law is a national law enacted by NPCSC, it has taken into account the differences between the legal systems of the State and HKSAR. Many provisions are included to ensure that the National Security Law and local laws are reconcilable, compatible and complementary with each other. The common purpose of these two major characteristics is to ensure that the laws on safeguarding national security can be fully and effectively enforced in HKSAR. Hence, one cannot demand that the legal provisions of the National Security Law are drafted in the language of Hong Kong common law.

MS CLAUDIA MO: *This is what you called special and innovative law. It does contain plenty of language that is not only broad but also very vague. Now, under this particular provision, if you use illegal means, which are unspecified though, to provoke hatred against the Hong Kong and Beijing authorities, you could be committing a crime. How do you define "hate", to start with, and is it all according to the prosecution's whims or to the court's whims? This is not exactly rule of law nor at least the spirit of the rule of law, is it?*

SECRETARY FOR JUSTICE: Deputy President, thank you for the question. In so far as the provisions relating to how the particular law is to be interpreted, it is important to bear in mind that when one is interpreting provisions of statutes and the Basic Law, the court would adopt the purposive approach; when one is looking at the particular wording in the particular section, which the Member is referring to, one would be looking at the meaning within the context of Chapter I of this particular legislation. Chapter I sets out the general principles of this legislation. In order to look at what amounts to hatred that could give rise to the particular commission of the crime, one has to bear in mind whether the purpose is such as to meet what is in Articles 1, 2 and 3 of Chapter I in particular, while of course bearing in mind the provisions in Articles 4 and 5 of Chapter I.

MR CHAN KIN-POR (in Cantonese): *Deputy President, in addition to providing for the four types of criminal acts endangering national security, are there any requirements protecting human rights and freedom in the National Security Law?*

SECRETARY FOR JUSTICE (in Cantonese): I thank the Member for his supplementary question. Article 4 of the National Security Law clearly states that "human rights shall be respected and protected in safeguarding national security in the Hong Kong Special Administrative Region. The rights and freedoms, including the freedoms of speech, of the press, of publication, of association, of assembly, of procession and of demonstration, which the residents of the Region enjoy under the Basic Law of the Hong Kong Special Administrative Region and the provisions of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights as applied to Hong Kong, shall be protected in accordance with the law." So, in response to the supplementary question of the Member, the National Security Law has explicitly provided that human rights shall be respected and protected.

MR MARTIN LIAO (in Cantonese): *Deputy President, some members of the Basic Law Committee have pointed out that though the National Security Law is listed in Annex III to the Basic Law, both laws are national laws with equal footings, and the National Security Law overrides the local laws of Hong Kong. Therefore, there is no mechanism allowing Hong Kong courts to rule that national laws contravene the Basic Law.*

As Secretary for Justice has said earlier, given that the National Security Law has taken into account the differences between the legal systems of the State and SAR, the laws of the two places are compatible and complementary with each other in respect of safeguarding national security. However, I also wish to ask Secretary for Justice how to distinguish the relationship among the Basic Law, the laws of Hong Kong and the National Security Law? If the national laws listed in Annex III to the Basic Law are in conflict with the provisions of the Basic Law in terms of legal understanding or fail to fully complement with the Basic Law, what will be the mechanism for resolution?

SECRETARY FOR JUSTICE (in Cantonese): I thank the Member for his supplementary question. Regarding the relationship among the Basic Law, the National Security Law and the local laws of Hong Kong, we can actually explain from the misunderstanding caused by Article 62 of the National Security Law. Article 62 of the National Security Law stipulates that the Law shall prevail where provisions of the local laws of Hong Kong are inconsistent with the Law. Therefore, the National Security Law is construed by some people as having an overriding effect.

It must be understood that when we talk about local laws, we are actually talking about the laws previously in force in Hong Kong and the relevant legal provisions enacted by the Legislative Council. These laws are the local laws. The Basic Law is a national law applicable to Hong Kong and is not a local law.

However, as indicated in my reply to Mr CHAN's supplementary question just now, regarding human rights, Article 4 of the National Security Law provides that the human rights as protected under the Basic Law shall still be respected and protected under the Law.

As for what should be done to resolve the conflicts among the three types of laws, namely, the Basic Law, the National Security Law and other laws in Annex III, the first thing I wish to Members to take note is that we should not assume there will be conflicts. The laws in Annex III, especially the National Security Law, are actually the laws enacted in the light of the Basic Law, the Constitution and the NPC Decision. When enacting the relevant law, the justifications of the Basic Law have been duly considered. As in the case of the Basic Law, the National Security Law is enacted by NPCSC in accordance with the authority delegated by the NPC Decision.

As for the second point, it can be said that the National Security Law is a special law. The National Security Law is enacted by the Central Authorities as national security, which falls within the purview of the Central Authorities, is involved. Therefore, the National Security Law is a special law. If there are any issues involving national security, we must consider the National Security Law. If some people think that there are problems with the Basic Law and the National Security Law, we have to turn to the interpretation of the Basic Law and the National Security Law. Regarding the power of interpreting the law, the

ultimate interpretation is made by NPCSC according to the Constitution. Therefore, should disputes arise, the ultimate power of interpreting the law will be vested in NPCSC. However, I have to supplement that this does not mean the courts cannot handle such cases. The courts can still make relevant interpretation based on the provisions of the Basic Law in carrying out their judicial duties.

MS ELIZABETH QUAT (in Cantonese): *Deputy President, though it has been 23 years since the handover of Hong Kong, many local legal practitioners still do not have sufficient knowledge of the laws of the State or the Constitution. For example, some renowned local barristers wrongly think that the National Security Law is only applicable to Hong Kong and is not a national law, hence it should not be listed in Annex III to the Basic Law.*

Although many members of the public are not legal experts, they fail to understand why a law enacted by NPCSC is not a national law. After the implementation of the National Security Law in Hong Kong, the local legal professionals and judicial officers will be responsible for instituting prosecutions on behalf of the Government, making defence on behalf of defendants, and even making rulings in courts, many members of the public are thus worried that if these people do not have a clear understanding of the legal principles and concepts of the State, how can they ensure that the National Security Law can effectively achieve its object of safeguarding national security? In this connection, I wish to ask what strategies Secretary for Justice has.

SECRETARY FOR JUSTICE (in Cantonese): Deputy President, I thank the Member for her supplementary question. The Department of Justice and other government departments will spare no efforts in accurately recognizing, understanding and grasping the provisions of the National Security Law and its legislative intents. During the process of understanding and learning, we will draw reference from the literature and advice of some authoritative experts. We hope that we will have a better understanding of the overall legislative intents of the National Security Law.

Apart from government officials, we also hope to promote education on public awareness of the State through the Department of Justice as far as possible. I believe other government departments also have relevant schemes. For example, through public education, especially those on the Constitution and the Basic Law, more members of the public can have a correct understanding of the origins and justifications of the law. Thank you, Members.

DEPUTY PRESIDENT (in Cantonese): Ms QUAT, which part of your supplementary question has not been answered?

MS ELIZABETH QUAT (in Cantonese): *Secretary for Justice has not answered my question. I am not only concerned about members of the Department of Justice ...*

DEPUTY PRESIDENT (in Cantonese): Please directly point out the part of your supplementary question which has not been answered.

MS ELIZABETH QUAT (in Cantonese): *... for example, for judges and members of the legal profession, what can be done to make them have a more in-depth understanding of the National Security Law?*

SECRETARY FOR JUSTICE (in Cantonese): We will try to conduct more discussions and organize more seminars; we will adopt a more open attitude in our presentation, so that more people can understand the legislative intents of the law correctly and accurately.

DR KWOK KA-KI (in Cantonese): *Deputy President, enacting the National Security Law is tantamount to slapping Hong Kong people on the face. Article 23 of the Basic Law provides clearly that any act of treason, subversion against the Central People's Government, or theft of state secrets shall be handled in accordance with Article 23 of the Basic Law. As Secretary for Justice has pointed out earlier, the National Security Law shall prevail where the*

provisions of the local laws are in conflict with the Law. She might as well tell us explicitly that the independent judicial power, including that of final adjudication, vested with HKSAR under Article 19 of the Basic Law as well as "one country, two systems" have been repealed. Basically, Hong Kong is no longer vested with the independent judicial power, including that of final adjudication, as allowed under the Basic Law. Can Secretary for Justice tell us directly that these have all been repealed?

SECRETARY FOR JUSTICE (in Cantonese): Deputy President, the understanding of the Member is wrong. He mentioned that Article 23 of the Basic Law (*The buzzer sounded*) ... Deputy President, may I continue to reply?

DEPUTY PRESIDENT (in Cantonese): Secretary for Justice, please continue.

SECRETARY FOR JUSTICE (in Cantonese): Thank you. Article 23 of the Basic Law provides that HKSAR has the constitutional duties and obligations to enact laws. However, we have failed to complete this task in the past 23 years. Since the State is facing a chaotic situation like that in 2019, and "Hong Kong independence" ideology is proliferating, the State enacts the National Security Law. This matter totally falls within the purview of the Central Authorities. The Central Authorities have the right to enact laws in Hong Kong, whether they have done so or not is another matter. Besides, as stated explicitly in the Decision, despite the enactment of the National Security Law, Hong Kong should still expeditiously complete the legislative work on national security under the Basic Law. So, we still have to continue with our work.

As for the second point, the judicial power of final adjudication is still vested with Hong Kong. As long as the cases are under the jurisdiction of HKSAR, the power of final adjudication of the cases is still with Hong Kong. Therefore, the understanding of the Member just now is completely wrong.

DEPUTY PRESIDENT (in Cantonese): Mr KWOK, which part of your supplementary question has not been answered?

DR KWOK KA-KI (in Cantonese): *I have asked very clearly. Basically, if the Committee for Safeguarding National Security of the Hong Kong Special Administrative Region or its commissioner is not satisfied with a case ...*

DEPUTY PRESIDENT (in Cantonese): Mr KWOK, please directly point out the part of your supplementary question which has not been answered, and do not comment.

DR KWOK KA-KI (in Cantonese): *... the person concerned can be arrested and sent to the Mainland for trial. If this is the case, is Hong Kong still vested with the power of final adjudication?*

DEPUTY PRESIDENT (in Cantonese): Mr KWOK, you have made your comments. Please stop speaking. Secretary for Justice, do you have anything to add?

SECRETARY FOR JUSTICE (in Cantonese): The Member has mixed up the two matters. As I have clearly pointed out earlier, if a case is under the jurisdiction of HKSAR, the power of final adjudication will absolutely be vested with Hong Kong and the case will be tried in Hong Kong. Chapter V of the National Security Law mentions that only cases over which the Office for Safeguarding National Security of the Central People's Government in the Hong Kong Special Administrative Region has to exercise jurisdiction will be handled according to Chinese law. Under Article 40 of the National Security Law, if cases are filed in Hong Kong, Hong Kong shall have jurisdiction over all these cases, except under the three circumstances specified in Article 55 of the National Security Law.

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

WRITTEN ANSWERS TO QUESTIONS

Reactivation of the scheme for revitalization of industrial buildings

7. **MR ABRAHAM SHEK:** *President, on 10 October 2018, the Chief Executive announced in the 2018 Policy Address the reactivation of the scheme for revitalization of industrial buildings ("IBs"). One of the policy measures under the scheme is to encourage redevelopment of IBs by relaxing the maximum permissible non-domestic plot ratio by up to 20% for IBs constructed before 1987 on sites located outside the relevant "Residential" zones, subject to the planning approval by the Town Planning Board ("TPB") for the relevant planning applications which must be made within three years from 10 October 2018 to 9 October 2021, and the execution of the modified lease with full land premium charged under the prevailing mechanism within three years after the planning approval. In this connection, will the Government inform this Council:*

- (1) *of the number of IB redevelopment projects, since 10 October 2018, the planning application for which has been received by TPB, with a tabulated breakdown of such number by the stage (as set out in the table below) that the projects have reached;*

<i>Stage</i>	<i>Number of projects</i>
<i>(i) Planning application approved and the modified land lease executed</i>	
<i>(ii) Planning application approved but the modified land lease has not been executed</i>	
<i>(iii) Planning application being processed</i>	
<i>(iv) Planning application rejected</i>	

- (2) *in respect of those projects for which the planning application has been approved but the modified land lease has not been executed, of the respective stages in the execution process that such projects have reached, and why the modified land leases have not yet been executed; the measures that the Lands Department will adopt for expediting the execution of the modified land leases; and*

- (3) *in respect of those redevelopment projects for which the planning application has been approved and the modified land lease has been executed, of the total additional gross floor area to be generated upon completion of the projects concerned?*

SECRETARY FOR DEVELOPMENT: President, the reply to the various parts of the question is as follows:

- (1) Further to the announcement in the 2018 Policy Address, private owners may apply to the Town Planning Board ("TPB"), within three years starting from 10 October 2018, for relaxation of the maximum permissible non-domestic plot ratio by up to 20% for redevelopment of pre-1987 industrial buildings. As at 30 June 2020, a total of 44 applications were received by TPB (excluding 2 withdrawn), and the status of these applications is as follows:

<i>Status of planning applications</i>	<i>Number of applications</i>
- approved	28
- rejected	1
- being processed	15

- (2) After obtaining planning permission for the increase in the non-domestic plot ratio, the respective lot owners have to apply to the Lands Department ("LandsD") for lease modification to implement the redevelopment projects, unless the redevelopment can be taken forward within the terms of existing leases in respect of land uses, gross floor area to be redeveloped, etc. Out of the 28 planning applications approved so far, the realization of 18 applications would involve such lease modifications. As at 30 June 2020, out of these 18 cases, the owners of 11 cases have so applied to LandsD for lease modification. All these applications, received consecutively since March 2019, are being processed and shall be subject to full land premium payment. To expedite the redevelopment, as part of our original scheme design, the land document is required to be executed no later than three years from the date of TPB's approval. The ongoing Pilot Scheme for Arbitration on Land Premium, with refinements being finalized for implementation very shortly, may help facilitate early execution within the prescribed time frame.

- (3) The 28 applications with planning permission obtained may potentially provide a total gross floor area of about 546 000 sq m upon completion of redevelopment works in future, including 257 000 sq m for commercial floor area, and 289 000 sq m for industrial floor area.

Assistance for victims of road traffic accidents

8. **MR CHAN KIN-POR** (in Chinese): *President, the Traffic Accident Victims Assistance ("TAVA") Scheme, which is administered by the Social Welfare Department ("SWD"), aims to provide victims of road traffic accidents or their dependents with speedy financial assistance calculated on the basis of the injuries sustained by or the death of the former. It has been reported that some persons who had not sustained any injury in the traffic accidents happened to them obtained, by pretending to be feeling unwell, medical certificates for sick leave of no less than three days so that they can apply for assistance under the TAVA Scheme. Moreover, some members of the insurance industry have relayed that some organizations suspected of engaging in champerty have sent persons station outside the office of the Traffic Accident Victims Assistance Section of SWD to persuade TAVA Scheme applicants to entrust their cases to the solicitors designated by such organizations, and arrange them to apply for legal aid for instituting legal proceedings to make claims for compensation. In this connection, will the Government inform this Council:*

- (1) *of the respective numbers of applications received and approved as well as the total amount of financial assistance disbursed by SWD under the TAVA Scheme in the past five years; among such cases, the relevant numbers and total amount of financial assistance in respect of those cases in which the applicants were professional drivers;*
- (2) *of the number of TAVA Scheme applicants who were prosecuted in the past five years for allegedly obtaining financial assistance by deception and the total amount involved; among such persons, the number of those who were professional drivers;*
- (3) *whether it will review if the eligibility criteria for the TAVA Scheme are too lax (e.g. the financial situation of the applicants and the element of responsibility for the traffic accident being disregarded),*

thereby giving lawbreakers opportunities to obtain financial assistance by deception; if so, of the details; if not, the reasons for that; and

- (4) *whether the authorities initiated any investigations in the past five years into suspected champerty cases involving traffic accidents; if so, of the number of such cases; of the measures in place to eradicate such unlawful acts?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, the Traffic Accident Victims (Assistance Fund) Ordinance (Cap. 229) provides for the establishment of the Traffic Accident Victims Assistance ("TAVA") Scheme, which is administrated by the Social Welfare Department ("SWD"). The objective of the Scheme is to provide speedy financial assistance to road traffic accident victims (including pedestrians and drivers) or their surviving dependents (in case of death) on a non-means-tested basis, regardless of the element of fault leading to the occurrence of the accident. Payments are made for personal injuries, while loss of or damage to property is not covered.

After consulting the relevant responsible bureaux/departments, the consolidated reply to the Member's question is as follows:

- (1) In the past five years, the number of applications received, the number of applications approved and the amount of assistance paid under the TAVA Scheme are as follows:

<i>Year</i>	<i>Number of applications received</i>	<i>Number of applications approved</i>	<i>Amount of assistance paid (\$ million)</i>
2019-2020	9 342	6 820	290.4
2018-2019	8 483	7 334	280.2
2017-2018	8 419	6 553	235.0
2016-2017	8 799	7 340	254.6
2015-2016	8 524	7 148	229.0

SWD does not keep statistics on the cases by the applicant's occupation.

- (2) In the past five years, there was one case of suspected fraud prosecuted by the Police. Since the applicant concerned had withdrawn his application, SWD did not authorize any payment of assistance.
- (3) TAVA Scheme is a social welfare initiative which aims to provide speedy financial assistance to injured victims of road traffic accidents or their surviving dependents (in case of death). To prevent abuse and fraud, an application for assistance payment must meet the following conditions:
 - (i) the accident must have been reported to the Police and determined by the Police as a road traffic accident; and
 - (ii) the victim is injured or killed in the accident. In case of injury, the injured victim must be certified by a registered doctor that such injury requires hospitalization of no less than three days or issued with proof for medical leave of no less than three days.

SWD staff will verify the information submitted by applicants when considering their applications, so as to ensure the assistance is paid and disbursed to eligible applicants. SWD collaborates and maintains close liaison with the Police, the Hospital Authority ("HA") and the Department of Health ("DH") to thoroughly review suspicious traffic accidents, medical proof and medical reports. Depending on the circumstances, the proof and reports submitted by applicants will be passed to HA or DH for re-assessment, and suspected cases of fraud will be referred to the Police for follow-up.

When processing an application, SWD will clearly explain to the applicant that obtaining assistance payment by deception is a criminal offence. Apart from being ineligible for assistance, the applicant is also liable on conviction under the Theft Ordinance (Cap. 210) to imprisonment of a maximum of 14 years.

- (4) Those injured in accidents who wish to pursue legal claims should seek professional legal advice, or assistance from The Law Society of Hong Kong or the relevant government departments such as the

Legal Aid Department, Labour Department and SWD. Maintenance and champerty are common law offences which are punishable by a fine and up to seven years' imprisonment. If the Police are aware of any suspected cases of maintenance or champerty or receive relevant reports, they will carry out comprehensive and professional investigations. The Police do not maintain statistics in respect of suspected champerty cases relating to traffic accidents. Besides, on public education, the Government has been strengthening public awareness against the relevant illegal acts through broadcasting of Announcements in the Public Interest on TV stations and radio stations.

National security law for Hong Kong

9. **MR LAM CHEUK-TING** (in Chinese): *President, the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("NSL") came into operation at 11 p.m. on 30 June this year. Some members of the public consider that NSL has seriously damaged the "one country, two systems" and Hong Kong's rule of law as well as undermined human rights. In this connection, will the Government inform this Council:*

- (1) *whether it has assessed where the provisions of NSL are in conflict with those of the Basic Law, which provisions shall prevail, and of the relevant justifications;*
- (2) *whether it has assessed where the provision about respecting and protecting human rights (i.e. Article 4) of NSL is in conflict with any other provisions therein, which provision shall prevail, and of the relevant justifications;*
- (3) *as Article 42 of NSL stipulates that "no bail shall be granted to a criminal suspect or defendant unless the judge has sufficient grounds for believing that the criminal suspect or defendant will not continue to commit acts endangering national security", whether it has assessed if the term "continue" used in this Article carries the presumption that the suspect or defendant has actually committed acts endangering national security, and thus the presence of the term*

has rendered the Article in conflict with the following provision in Article 5: a person is presumed innocent until convicted by a judicial body; if it has assessed and the outcome is in the affirmative, which one of these two provisions shall prevail; if the assessment outcome is in the negative, of the justifications for that;

- (4) *whether it knows if the penalties stipulated in NSL (the maximum penalty being life imprisonment) are applicable to those cases over which the Office for Safeguarding National Security of the Central People's Government in the Hong Kong Special Administrative Region ("the Office") exercises jurisdiction; if they are not applicable, of the details, including whether a defendant who has been tried and convicted on the Mainland may be sentenced to death;*
- (5) *as Article 35 of NSL stipulates that "a person who is convicted of an offence endangering national security by a court shall be disqualified from standing as a candidate in the elections of the Legislative Council and district councils of the Hong Kong Special Administrative Region, holding any public office in the Region, or serving as a member of the Election Committee for electing the Chief Executive", whether it has assessed if the disqualification of the convicted person shall be for life; if it has assessed and the outcome is in the negative, of the details; if the assessment outcome is in the affirmative, whether it has assessed if this Article is in conflict with the provision in Article 25(b) of the International Covenant on Civil and Political Rights ("ICCPR") which stipulates that every citizen shall have the right and the opportunity, without unreasonable restrictions, to vote and to be elected at elections; and*
- (6) *whether it knows if the suspects in those cases over which the Office exercises jurisdiction are, after being arrested, entitled to the human rights provided for in Article 9(3) of ICCPR and the existing laws of Hong Kong (including the rights to meet their lawyers and to be released if no charges are laid within 48 hours from the time of arrest), and if the suspects may, during detention or trial on the Mainland, engage Hong Kong legal practitioners who do not hold a Mainland lawyer's practice certificate to defend for them?*

SECRETARY FOR JUSTICE (in Chinese): President, on 28 May, the National People's Congress ("NPC") adopted the Decision of the National People's Congress on Establishing and Improving the Legal System and Enforcement Mechanisms for Safeguarding National Security in the Hong Kong Special Administrative Region ("the Decision"). Paragraph 6 of the Decision authorises NPC Standing Committee ("NPCSC") to formulate relevant laws on establishing and improving the legal system and enforcement mechanisms for safeguarding national security in the Hong Kong Special Administrative Region ("HKSAR"). On 30 June, NPCSC unanimously adopted The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("HK National Security Law") in accordance with the Constitution, the Basic Law and NPC Decision, and added it to Annex III to the Basic Law on the same day after consulting the Committee for the Basic Law of the HKSAR and the HKSAR Government in accordance with Article 18 of the Basic Law. The Chief Executive then gave notice that the HK National Security Law applied in the HKSAR from 11:00 pm on the same day.

Article 1 of the HK National Security Law declares at the outset that the Law is enacted for the purpose of "ensuring the resolute, full and faithful implementation of the policy of One Country, Two Systems under which the people of Hong Kong administer Hong Kong with a high degree of autonomy; safeguarding national security; preventing, suppressing and imposing punishment for the offences of secession, subversion, organisation and perpetration of terrorist activities, and collusion with a foreign country or with external elements to endanger national security in relation to the HKSAR; maintaining prosperity and stability of the HKSAR; and protecting the lawful rights and interests of the residents of the HKSAR".

Furthermore, Article 5 of the HK National Security Law also clearly lay down the principles of the rule of law that the HKSAR should adhere to in safeguarding national security, including that of conviction and punishment in accordance with the law; presumption of innocence; prohibition of double jeopardy; right to a fair trial (i.e. the right to defend himself or herself and other rights in judicial proceedings that a criminal suspect, defendant, and other parties in judicial proceedings are entitled to under the law); non-retrospectivity; as well as respect and protection of human rights, protecting Hong Kong residents' rights and freedoms under the Basic Law and the provisions of the relevant international covenants as applied to Hong Kong.

My reply to Mr LAM Cheuk-ting's question is as follows:

- (1) The HK National Security Law was enacted by NPCSC in accordance with the Constitution, the Basic Law and the mandate given by the Decision of NPC. It is in line with the constitutional provisions and principles, the "One Country, Two Systems" principle and the Hong Kong Basic Law, as well as the spirit of the Decision of NPC. It improves the implementation of "One Country, Two Systems" and makes up for the deficiencies of the HKSAR in safeguarding national security at the legal and institutional levels. NPC Decision on 28 May and the HK National Security Law complement each other. In the specific area of safeguarding national security, the HKSAR should implement the relevant provisions of the HK National Security Law to fulfil its constitutional obligation of safeguarding national security.

- (2) Article 2 of the HK National Security Law stipulates that the provisions in Articles 1 and 12 of the Basic Law on the legal status of the HKSAR are the fundamental provisions in the Basic Law. No institution, organisation or individual in the HKSAR shall contravene these provisions in exercising their rights and freedoms. Article 4 of the HK National Security Law goes on to stipulate that human rights shall be respected and protected in safeguarding national security in the HKSAR. The rights and freedoms, which Hong Kong residents enjoy under the Basic Law and the provisions of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights as applied to Hong Kong, shall be protected in accordance with the law. Article 5 also provides that the principle of the rule of law shall be adhered to in preventing, suppressing, and imposing punishment for offences endangering national security.

The third paragraph of Article 3 of the HK National Security Law stipulates that the executive authorities, legislature and judiciary of the HKSAR shall effectively prevent, suppress and impose punishment for any act or activity endangering national security in accordance with the HK National Security Law and other relevant laws. Article 4 of the HK National Security Law does not contravene other provisions in the Law. All the work and law

enforcement efforts for safeguarding national security will be undertaken in strict accordance with legal provisions, in line with statutory functions and powers, follow statutory procedures, and without prejudice to the lawful rights and interests of Hong Kong residents, legal persons and other organizations.

- (3) As set out in the introduction, Article 5 of the HK National Security Law stipulates that the principle of the rule of law shall be adhered to in preventing, suppressing, and imposing punishment for offences endangering national security; and a person is presumed innocent until convicted by a judicial body. The first paragraph of Article 42 also stipulates that when applying the laws in force in the HKSAR concerning matters such as the detention and time limit for trial, the law enforcement and judicial authorities of the HKSAR shall ensure that cases concerning offences endangering national security are handled in a fair and timely manner. The second paragraph of Article 42 stipulates that "No bail shall be granted to a criminal suspect or defendant unless the judge has sufficient grounds for believing that the criminal suspect or defendant will not continue to commit acts endangering national security."

The principle of presumption of innocence in Article 5 is laid down in Chapter I ("General Principles") of the HK National Security Law. Article 42 also requires that when applying the laws concerning detention, judicial authorities shall ensure that cases are handled in a fair manner. The provisions of the second paragraph of Article 42 do not contravene the principle of presumption of innocence laid down in the General Principles, and a defendant is entitled to the right to a fair trial.

- (4) and (6)

The offences endangering national security under the HK National Security Law and their penalties are detailed in Chapter III of the Law. The maximum penalty prescribed therein does not include death penalty. Article 55 of the HK National Security Law provides that the Office for Safeguarding National Security of the Central People's Government in Hong Kong ("the Office") shall exercise jurisdiction over a case concerning offences endangering

national security under the Law under one of three specific situations. According to Article 56, it is the court designated by the Supreme People's Court which shall adjudicate a case over which the Office exercises jurisdiction in accordance with the HK National Security Law. Article 57 stipulates that the Criminal Procedure Law of the People's Republic of China and other related national laws shall apply to procedural matters, including those related to prosecution, trial and execution of penalty, in respect of such cases. The relevant courts shall adjudicate such cases in accordance with applicable laws.

Article 58 of the HK National Security Law specifically provides that in a case over which jurisdiction is exercised pursuant to Article 55 of the Law, a criminal suspect shall have the right to retain a lawyer to represent him or her from the day he or she first receives inquiry made by the Office or from the day a mandatory measure is taken against him or her. A defence lawyer may provide legal assistance to a criminal suspect or defendant in accordance with the law. A criminal suspect or defendant who is arrested in accordance with the law shall be entitled to a fair trial before a judicial body without undue delay. As to whether a suspect can retain a Hong Kong legal practitioner not holding a Mainland lawyer's practice certificate to represent him or her when being detained or tried in the Mainland, it shall be determined in accordance with the relevant provisions of Mainland laws.

- (5) Article 35 of the HK National Security Law provides that a person who is convicted of an offence endangering national security by a court shall be disqualified from standing as a candidate in the elections of the Legislative Council and district councils of the HKSAR, holding any public office in the HKSAR, or serving as a member of the Election Committee for electing the Chief Executive. As the provision has not set a limit on the convicted person's disqualification period, the disqualification may be construed as permanent.

Article 25 of the International Covenant on Civil and Political Rights stipulates that citizens shall have the right to participate in public life without unreasonable restrictions. People convicted by the courts

are found to have committed offences endangering national security, which are serious offences. The measures do not constitute "unreasonable restrictions". Section 39(1)(c) of the current Legislative Council Ordinance (Cap. 542) also stipulates that a person convicted of treason is disqualified from being nominated as a candidate at an election, and from being elected as a Member.

Common Spatial Data Infrastructure

10. **MS STARRY LEE** (in Chinese): *President, to promote the development of Hong Kong into a smart city, the Government is developing the "Common Spatial Data Infrastructure" ("CSDI"), a digital infrastructure facility, to facilitate the consolidation, exchange, sharing and innovative application of geospatial data among government departments and public and private organizations. The Government has set up, for coordination of the related work, a working group which is jointly led by the Development Bureau and the Innovation and Technology Bureau, and has a membership comprising representatives from those policy bureaux/government departments which are major holders of relatively larger amount of spatial data. The Government expects that the CSDI portal can be rolled out by the end of 2022 for public use. In this connection, will the Government inform this Council:*

- (1) *of the details of the work carried out by various policy bureaux/government departments in respect of developing CSDI, and the situation on the usage of the funding of \$300 million earmarked in the last financial year by the Government for this initiative; and*
- (2) *of the specific measures and additional resources to ensure that policy bureaux/government departments will actively provide CSDI with the geospatial data in their possession?*

SECRETARY FOR DEVELOPMENT (in Chinese): *President, the Common Spatial Data Infrastructure ("CSDI") portal is one of the key digital infrastructures underpinning the smart city development in Hong Kong. It aims to enhance the use, management, discovery and sharing of spatial data for robust policy-making,*

driving innovation and value creation of society. With Legislative Council's approval of \$300 million (to be shared equally between the development of CSDI portal and production of 3D maps) and another \$60 million (for setting up a Geospatial Lab) in May 2020, the Development Bureau, with the support of the Innovation and Technology Bureau, the Survey and Mapping Office ("SMO") of Lands Department ("LandsD") and other bureaux/departments ("B/Ds"), have been working in full swing to expedite the development of the CSDI portal.

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

- (1) Through the Common Spatial Data Steering Committee ("CSDSC") co-chaired by the Development Bureau and the Innovation and Technology Bureau, we have been working closely with SMO and other B/Ds to ready CSDI for full operation by end 2022, with a minimum of 240 datasets covering the Development Bureau's family of departments and some other B/Ds including Agriculture, Fisheries and Conservation Department, Census and Statistics Department, Education Bureau, Leisure and Cultural Services Department, etc. for free download and use by the public. These datasets to be released through the CSDI portal are required to meet the CSDI standards, which include geo-tagging of non-spatial data, documentation of data specifications and metadata, conversion of spatial data to an open and machine-readable format, as well as establishment of Application Programming Interface ("API"). The Development Bureau is continuing discussion with B/Ds with a view to releasing more datasets through the CSDI portal by end 2022.

Between 2020 and 2021, the Development Bureau together with SMO will also launch four quick win projects including Map API, Geo-tagging Tool, District-based Spatial Information Dashboard and Address Data Infrastructure to facilitate users from the public and private sectors realizing early the benefits of using spatial data for various innovative applications and secure their buy-in and participation in the future CSDI portal. We are encouraged by the positive response since the launch of the pilot version of the Map API in October 2019—over 2.9 million requests for the tool have been received in the past eight months.

Moreover, the Development Bureau is making preparation to set up the first Geospatial Lab tentatively in early 2021. The Geospatial Lab provides a platform for the Government to reach out to the wider community in particular the younger generation and start-ups including application developers for promoting use of spatial data in developing useful mobile applications.

The Development Bureau and LandsD will set up the Common Spatial Data Advisory Committee to engage the non-government sector including professional institutes, academia and other stakeholder groups and tap their expertise and advice on how best to develop the CSDI portal that can suit the needs of society and economy.

In addition, we will conduct a number of activities to promote wider use of spatial data, including the launching of a CSDI website, in 2020-2021.

The \$300 million earmarked for CSDI portal and 3D maps is expected to be spent over four years between 2020-2021 and 2023-2024.

- (2) The policy direction is that, unless there are valid legal or operational concerns, B/Ds should make their best endeavours to release their spatial datasets through the CSDI portal for free download and use by the public. In this connection, one of the key functions of CSDSC is to identify and resolve systemic issues that may hinder B/Ds from releasing their spatial datasets. Specific measures formulated and overseen by CSDSC and its three working groups to encourage data release by B/Ds include the following:
 - (a) apart from building the architecture for CSDI portal, studies have been and will be engaged by SMO to establish common data standards for compliance by B/Ds releasing data onto the CSDI portal. Relevant B/Ds have been participating actively in the course of these studies so that technical solutions to be eventually adopted for the CSDI portal can take into account their operational concerns amongst other things;

- (b) of the \$150 million for the CSDI portal, a dedicated \$30 million has been set aside for B/Ds to ready their spatial datasets to meet the CSDI standards formulated through studies in (a) above. We are aiming to invite B/Ds to apply for this funding in the next few months for data conversion and other related projects;
- (c) since July 2020, the Development Bureau and SMO have provided in phases spatial data tools to facilitate B/Ds to improve their data readiness. To this end, training will also be organized to familiarize B/Ds with the use of such tools. For example, B/Ds have started attending training programmes on the location geo-referencing tool in June to learn how to geotag non-spatial datasets with a web-based geotagging tool; and
- (d) the Development Bureau is finalizing internal circulars to promulgate the policy and operational arrangements for the CSDI portal so as to provide an overall strategic framework to guide B/Ds' contribution to the CSDI portal.

Designating judges to handle national security cases

11. **MS TANYA CHAN** (in Chinese): *President, as provided in Article 44 of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region, which has come into effect since 30 June this year, the Chief Executive ("CE") shall designate a number of judges from the various levels of court to handle cases concerning offence endangering national security ("judges for national security cases"), and CE may, before making such designation, consult the Committee for Safeguarding National Security of the Hong Kong Special Administrative Region ("the Committee") and the Chief Justice of the Court of Final Appeal ("CJ"). In this connection, will the Government inform this Council if it has studied:*

- (1) *whether CE may designate judges for national security cases without consulting CJ; if it has studied and the outcome is in the affirmative, of the circumstances under which or the considerations based on which CE may do so;*

- (2) *whether CE may reject or only partially accept CJ's advice on the designation of judges for national security cases; and*
- (3) *in the event of discord between the advice on the designation of judges for national security cases offered by the Committee and that by CJ, whether CE should give priority consideration to the advice of CJ; if it has studied and the outcome is in the negative, of the reasons for that?*

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): President, according to Article 44 of the Law of the People's Republic of China on Safeguarding National Security in the HKSAR, the Chief Executive shall designate a number of judges from the magistrates, the judges of the District Court, the judges of the Court of First Instance and the Court of Appeal of the High Court, and the judges of the Court of Final Appeal, and may also designate a number of judges from deputy judges or recorders, to handle cases concerning offence endangering national security. Before making such designation, the Chief Executive may consult the Committee for Safeguarding National Security of the HKSAR ("the National Security Committee") and the Chief Justice of the Court of Final Appeal ("CJ").

The Government's reply to Ms Tanya CHAN's three-part question is that the Chief Executive is the authority to designate judges and may consult the National Security Committee and CJ. In designating the first batch of magistrates on 3 July 2020, the Chief Executive has consulted both.

The "new normal" of co-existence with virus

12. **MR MARTIN LIAO** (in Chinese): *President, at present, the Coronavirus Disease 2019 ("COVID-19") epidemic in various places across the globe is still fluctuating, causing significant impacts on public health and the economy. The epidemic has put additional pressure on Hong Kong's economy, which has been dealt a double blow by the riots and the Sino-US trade conflicts. The World Health Organization has advised recently that the world still has a long way to go in tackling the COVID-19 epidemic, and this novel coronavirus may co-exist with mankind for a long time. The governments of various places across the globe have adopted various anti-epidemic measures for tackling the epidemic, including*

immigration control, lockdown and isolation measures, social distancing, and restricting the conduct of business in high-risk premises. Worldwide communities may need to maintain the operation of their societies and economies through a wider use of models such as working-from-home and e-commerce. All of these are regarded as the "new normal" whereby the mankind co-exists with the virus for a long time. In this connection, will the Government inform this Council:

- (1) whether it has assessed the impacts of the new normal on (i) Hong Kong's economy, (ii) various trades, and (iii) the effectiveness of the Government's policies for economic revival;*
- (2) with regard to those trades severely hit by the new normal and are subject to great hardship, of the Government's new thinking and new measures (i) to help alleviate the adverse impacts of the epidemic and the anti-epidemic measures on them, such as by setting up a "travel bubble" with specific overseas places, and (ii) to turn risks into opportunities, in respect of supporting the digital transformation of small and medium enterprises for instance, apart from increasing the funding allocation for the Distance Business Programme under the Anti-epidemic Fund from \$500 million to \$1.5 billion in the light of the number of applications received which is five times that of the original estimation, what other enhancement measures are in place to ensure that the policy objectives of helping various trades to blaze an escape route and to survive the epidemic can be achieved; and*
- (3) of the measures in place to help local enterprises tap business opportunities in those markets outside Hong Kong which are also experiencing the new normal, including the establishment of a mechanism for mutual recognition of health certification between Hong Kong and the Mainland, as well as the implementation of electronic payment connectivity within the Guangdong-Hong Kong-Macao Greater Bay Area?*

SECRETARY FOR INNOVATION AND TECHNOLOGY (in Chinese):
President, regarding the various parts of the question, our reply which is prepared in consultation with relevant Policy Bureaux/offices is as follows:

- (1) The Coronavirus Disease 2019 ("COVID-19") caused a severe shock to the global economy. In June this year, the International Monetary Fund forecasted that the global economy would contract sharply by 4.9% for 2020, far worse than the situation seen during the 2008-2009 global financial crisis. Currently, the Government forecast the Hong Kong economy to contract by 4% to 7% this year. The threat of the epidemic to the economy would linger before effective vaccines or treatments for the disease are developed. The economic outlook is subject to a high level of uncertainty, and it might take a longer time for the global and local economy to recover.

Nevertheless, under the influence of various uncertain factors, although the global and Hong Kong's financial markets have become more volatile, Hong Kong's financial system and regulatory regime are resilient, and can cope with market volatility. So far, different facets of the financial services sector continue to function in an orderly manner. The Linked Exchange Rate System ("LERS") has been operating smoothly. There have been no notable outflows of funds. The strong-side Convertibility Undertaking under LERS had been repeatedly triggered recently. Financial regulators have, through stress tests conducted from time to time, ascertained that the regulated bodies can withstand market risks amidst market volatilities. The Government and the various financial regulators will continue to closely monitor the development of market situation to ensure normal operation of the local financial market.

- (2) The epidemic had caused serious disruptions to a wide range of economic activities, particularly those involving more frequent people contact. The Government has rolled out relief measures of unprecedented scale to support enterprises, safeguard jobs and relieve people's financial burden. The two rounds of measures under the Anti-epidemic Fund and the one-off relief measures in the 2020-2021 Budget amounted to \$287.5 billion, equivalent to around 10% of gross domestic product. These measures help preserve the vitality of the economy, and should facilitate a swift recovery once the epidemic is under control and the external economic environment improves.

Among them, in order to assist all walks of life survive the epidemic, the Employment Subsidy Scheme launched by the Government provides wage subsidies for eligible employers to pay wages for employees so as to help alleviating the staff cost to be borne by the employers during this difficult time. As such, companies may be more likely to stay afloat and maintain their businesses during the epidemic and hence, reducing the chances of closures or winding-up. This could enable enterprises to recover their businesses soon after the epidemic subsides, and help the economy recover as quickly as possible. It could also assist employers in retaining employees who may otherwise be made redundant, achieving the objective of maintaining employment.

We have also adopted targeted support measures for individual industries severely hit by the epidemic. Taking tourism industry as an example, in reviving Hong Kong's tourism sector, we will start with local tourism with the aim of energizing the local community so as to send a positive message worldwide and enhance visitors' confidence in visiting Hong Kong.

First, the Government has recently enhanced the "Green Lifestyle Local Tour Incentive Scheme", which was announced late last year, by increasing the total commitment to \$100 million, doubling the number of visitors to be subsidized for each travel agent as well as the subsidy per visitor, with a view to encouraging travel agents to organize green tours, which will also benefit related sectors such as food and beverage as well as transport. The trade has responded positively. The two theme parks have also reopened in June this year and provided a range of concessionary packages which received positive response from the community.

Besides, the Hong Kong Tourism Board ("HKTB") has also launched the "Holiday at Home" campaign to encourage Hong Kong people to be tourists in our own city. With the staunch support of the tourism, retail and catering industries, the campaign provides different offers to boost consumption. Moreover, once individual source markets have the conditions for resuming travelling to Hong Kong, HKTB will team up with the Government and trade partners to create a travel platform to welcome back visitors with enticing offers and exciting experiences.

For overseas, to generate a positive mood and ambience, HKTB launched a community campaign called "#Miss You Too" in April this year. HKTB, local trades, and celebrities shared their posts or messages at online platforms to rekindle passion of Hong Kong people and their friends overseas for the city. On the other hand, the Government is now exploring with places where the epidemic situation have stabilized how to gradually resume cross-border travel and establish the related arrangement as soon as possible. The Hong Kong Special Administrative Region ("HKSAR") Government has already had some initial discussions with various governments, among them, the Government of Thailand is going to commence discussion with Hong Kong on relaxing border control.

In addition, the epidemic also highlights the importance of developing and promoting technology application. At the same time, it creates opportunities for the innovation and technology sector. The promotion of innovation and technology is a key area in the Government's long-term economic development strategy. First of all, home office and distance service models have become a new trend under the influence of the epidemic. To support digital transformation in small- and medium-sized enterprises ("SMEs"), the Government has launched the Distance Business Programme under the Anti-epidemic Fund to provide funding support for enterprises to adopt information technology solutions so as to continue to operate during the epidemic, and at the same time create business opportunities and manpower demand for the industry and promote employment. In view of the overwhelming response from SMEs, the Government has decided to allocate an additional \$1 billion for the Programme, increasing the total commitment to \$1.5 billion to benefit more enterprises.

At the same time, the Government has been proactively adopting local research and development ("R&D") outcomes to help combat the epidemic. A special call for projects under the Public Sector Trial Scheme of the Innovation and Technology Fund ("ITF") has been launched to support product development and application of technologies for the prevention and control of the epidemic, as well as to foster commercialization of relevant R&D results.

Moreover, the "Technology Voucher Programme" under ITF subsidizes local enterprises to use technological services and solutions to improve productivity, or to upgrade and transform their business processes. A funding of up to HK\$600,000 for each eligible enterprise will be provided on a 3 (Government):1 (Enterprise) matching basis.

The Government also supports SMEs, public services and different industries face the impact brought by the "new normal" and facilitates economic recovery through various measures to promote the development of innovation and technology and smart city. We will release the "Smart City Blueprint for Hong Kong 2.0" in the second half of 2020, proposing more new proposals to bring convenience to the public, including initiatives which will promote and assist the general public to conduct various economic activities through online platforms and meet their living needs while staying home, thereby effectively maintaining social distancing and avoiding crowd gathering.

The Government will also launch the "iAM Smart" one-stop personalized digital government service platform in the fourth quarter of 2020, enabling access to commonly used online government services, including the application or use of the e-Services for Public Rental Housing, "eTAX", renewal of full driving licence, registration of outbound travel information and registration by job seekers, etc., and "form-filling" function, etc. These functions allows safer and more convenient use of the various e-services provided by the Government and commercial organizations by the public, and promote e-commerce and facilitate the development of more innovative services by public and private organizations. We will also actively promote the adoption of "iAM Smart" platform and run simulated tests for public and private organizations' online services.

- (3) Amid the continuous eastward shift of the global economic gravity, the Government will strive to strengthen Hong Kong's competitive edge, and actively seize the opportunities brought about by the "Belt and Road Initiative" and the Guangdong-Hong Kong-Macao Bay Area ("GBA") development, with a view to ensuring a sustainable and steady development of the Hong Kong economy.

Hong Kong, Guangdong and Macao are closely connected and there are frequent economic and trade activities among the three places. At present, the COVID-19 outbreak in Guangdong and Macao has relatively subsided. In view of this and in line with our "suppress and lift" strategy, relevant Policy Bureaux and departments are actively discussing with the relevant government departments of Guangdong and Macao, under the framework of joint prevention and control, on the resumption of the cross-boundary people flow between Hong Kong and Guangdong, and between Hong Kong and Macao in an orderly manner once the epidemic situation has stabilized. In respect of the mutual recognition of virus test result and exemption of designated cross-boundary travellers from compulsory quarantine, the three governments intend to mutually recognize the COVID-19 tests results carried out by designated testing facilities which meet the standards. The mutual recognition will be done through the "Health Codes" of the respective places. In relation to this, one of the preparatory tasks of the HKSAR Government is to develop a "Hong Kong Health Code" system. We shall announce the details of the arrangement for implementation after conclusion of discussions with the governments of Guangdong Province and Macao Special Administrative Region.

The Hong Kong Monetary Authority has been maintaining close liaison with e-wallet operators to promote service that can better address Hong Kong people's demand for making retail payments electronically in the Mainland. Currently, there are Hong Kong e-wallet operators providing services for their users to make retail payments in the Mainland. The relevant e-wallets have been widely accepted by merchants based not only in GBA but also other cities in the Mainland, and the operators will continue to progressively extend their services to more Mainland merchants nationwide.

To facilitate SMEs to carry out sourcing activities while staying indoors during the epidemic, the Hong Kong Trade Development Council ("HKTDC") launched the first Spring Virtual Expo in April this year, and will launch "Summer Sourcing Weeks | Go ONLINE" from 27 July to 7 August. HKTDC will continue to enable buyers and exhibitors from all around the world to forge business

connections online and beyond physical exhibitions through virtual expos, which could in turn generate synergy with physical exhibitions.

Furthermore, since January this year, the Dedicated Fund on Branding, Upgrading and Domestic Sales and the SME Export Marketing Fund have both expanded the funding scope to include virtual exhibitions organized by government-related organizations or reputable exhibition organizers with good track record to provide support for enterprises to conduct online promotion during the epidemic.

The Government will also collaborate with HKTDC to share with overseas markets and GBA Hong Kong's experience in applying technology to combat the epidemic, and explore more business opportunities for Hong Kong's innovation and technology industry.

Public housing

13. **MR KWONG CHUN-YU** (in Chinese): *President, regarding the public rental housing ("PRH") and the subsidized sale housing under the Hong Kong Housing Authority ("HA") and the Hong Kong Housing Society ("HKHS"), will the Government inform this Council (set out in different tables the information relating to HA and HKHS respectively in respect of (1) to (6)):*

- (1) *of the following details of each of the PRH redevelopment projects that were completed in the past 10 financial years:*
 - (i) *the name of the housing estate and the number of phases by which the redevelopment project was carried out,*
 - (ii) *the financial year in which the project commenced,*
 - (iii) *the financial year in which the project was completed,*
 - (iv) *the number of PRH units before redevelopment,*

-
- (v) *the gross floor area ("GFA") for community facility use before redevelopment,*
 - (vi) *the numbers of car parking spaces for various classes of vehicles before redevelopment,*
 - (vii) *the GFA for commercial use before redevelopment,*
 - (viii) *the number of PRH units after redevelopment,*
 - (ix) *the GFA for community facility use after redevelopment,*
 - (x) *the number of car parking spaces for various classes of vehicles after redevelopment,*
 - (xi) *the GFA for commercial use after redevelopment,*
 - (xii) *whether in-situ rehousing was provided for affected PRH tenants, and*
 - (xiii) *the main reception estate(s) for affected PRH tenants;*
- (2) *of the following details of each of the PRH redevelopment projects that will commence in the coming five financial years:*
- (i) *the name of the housing estate and the number of phases by which the redevelopment project will be carried out,*
 - (ii) *the financial year in which the project is expected to commence,*
 - (iii) *the financial year in which the project is expected to be completed,*
 - (iv) *the number of PRH units before redevelopment,*
 - (v) *the GFA for community facility use before redevelopment,*
 - (vi) *the number of car parking spaces for various classes of vehicles before redevelopment,*

- (vii) *the GFA for commercial use before redevelopment,*
 - (viii) *the projected number of PRH units after redevelopment,*
 - (ix) *the projected GFA for community facility use after redevelopment,*
 - (x) *the projected number of car parking spaces for various classes of vehicles after redevelopment,*
 - (xi) *the projected GFA for commercial use after redevelopment,*
 - (xii) *whether in-situ rehousing will be provided for affected PRH tenants, and*
 - (xiii) *the expected main reception estate(s) for affected PRH tenants;*
- (3) *of (i) the respective numbers of PRH units built and cleared as well as (ii) the net increases in the number of PRH units, in each of the past 10 financial years;*
- (4) *of (i) the respective numbers of PRH units expected to be built and cleared as well as (ii) the projected net increases in the number of PRH units, in each of the coming five financial years;*
- (5) *given that HA's PRH tenants affected by redevelopment projects are eligible for participating in the sale exercises for subsidized sale housing under HA (including the Home Ownership Scheme ("HOS") and the Green Form Subsidised Home Ownership Scheme ("GSH")) using green forms with priority in flat selection, of the following details of such tenants participating in the aforesaid sale exercises in the past 10 financial years:*
- (i) *the names of the housing estates redeveloped/to be redeveloped and the numbers of phases by which the redevelopment projects were/would be carried out,*
 - (ii) *the respective numbers of tenants who applied for the purchase of HOS and GSH flats,*

- (iii) *the respective numbers of tenants who succeeded in purchasing HOS and GSH flats, and*
 - (iv) *the numbers and percentages of HOS and GSH flats sold to such tenants in the respective total numbers of flats offered for sale in the relevant sale exercises;*
- (6) *regarding HKHS's PRH tenants affected by redevelopment projects, of the following details of those tenants participating in the sale exercises of subsidized sale housing under HKHS in the past 10 financial years:*
- (i) *the names of the housing estates redeveloped/to be redeveloped and the numbers of phases by which the redevelopment projects were/would be carried out,*
 - (ii) *the number of tenants who applied for the purchase of subsidized sale housing flats,*
 - (iii) *the number of tenants who succeeded in purchasing subsidized sale housing flats, and*
 - (iv) *the numbers and percentages of subsidized sale housing flats sold to such tenants in the respective total numbers of flats offered for sale in the relevant sale exercises; and*
- (7) *whether HA and HKHS will consider publishing on their websites the figures referred to in (3) and (4); if not, of the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my reply to the question raised by Mr KWONG Chun-yu is as follows:

(1) and (2)

Information on Public Rental Housing ("PRH") redevelopment projects completed by the Hong Kong Housing Authority ("HA") in the past 10 years (i.e. from 2010-2011 to 2019-2020) is set out in Annex 1. There was no rental estate redevelopment project completed by the Hong Kong Housing Society ("HKHS") in the past 10 years.

Information on PRH/rental estate redevelopment projects expected to be undertaken by HA and HKHS in the coming 5 years (i.e. from 2020-2021 to 2024-2025) is set out in Annex 2 and Annex 3 respectively.

HA does not keep complete figures of the gross floor area ("GFA") of the community and commercial facilities as well as the car parking spaces before commencement of these redevelopment projects. Since the number of development phases, site area and the use of these sites before and after redevelopment may be different, it is not suitable to directly compare the GFA and the number of car parking spaces before and after redevelopment.

- (3) HA's PRH production in the past 10 years is set out in Annex 4. The number of PRH units cleared in the same period was about 28 000. The reason of clearing these units was for redevelopment.

HA compiles the number of PRH units on a regular basis to enable the public understand the overall PRH supply situation. The number of PRH units in the past 10 years is set out in Annex 5.

For HKHS, the number of rental units built and cleared in the past 10 years and the number of net increase is set out in Annex 6.

- (4) The number of PRH units expected to be built by HA in the coming 4 years (i.e. from 2020-2021 to 2023-2024) is set out in Annex 7. These projects involve clearance of about 950 PRH units. The number of rental units expected to be built and cleared by HKHS in the coming 4 years and the expected net increase in rental units under HKHS is set out in Annex 8. Most public housing projects with completion dates in 2024-2025 or beyond are still at preliminary planning and design stages and are subject to change due to various factors. It is therefore difficult to provide detailed information and timetable of these projects at this stage.
- (5) In the past 10 years, tenants of public housing estates under redevelopment were accorded green former priority in buying Home Ownership Scheme ("HOS") flats and Green Form Subsidised Home Ownership Scheme ("GSH") flats. The public housing estates

concerned included So Uk Estate Phase 2, Tung Tau Estate Phase 8, Pak Tin Estate Phases 7 and 8, Mei Tung Estate (Mei Tung House and Mei Po House) and Pak Tin Estate Phases 12 and 13. Information of the sale exercises of HOS and GSH participated by these tenants in the past 10 years is set out in Annex 9.

- (6) Information on rental estate redevelopment project under HKHS in the past 10 years is set out in Annex 10.
- (7) HA's PRH production in the past 10 years is available on the following website:
<<https://www.housingauthority.gov.hk/en/about-us/publications-and-statistics/actual-public-rental-housing-production/index.html>>

The number of HA's PRH flats is also published on the following websites:

- (i) Appendix 4 of HA's Annual Report
<<https://www.housingauthority.gov.hk/minisite/haar1819/common/pdf/11-Appendices.pdf>>; and
- (ii) Report on Population and Households in HA's Public Rental Housing
<<https://www.housingauthority.gov.hk/en/common/pdf/about-us/publications-and-statistics/PopulationReport.pdf>>.

Regarding the publication of information on PRH units (including redevelopment projects) planned to be built, we will upload the updated five-year public housing production forecast onto the websites of the Transport and Housing Bureau and relevant organizations (including HA and HKHS) on a quarterly basis for public perusal. The Transport and Housing Bureau also reports the five-year public housing construction programme to the Panel on Housing of the Legislative Council on an annual basis. The relevant documents are available on the Legislative Council's website.

PRH redevelopment projects completed by HA in the past 10 years

<i>Estate name/ Redevelopment phases</i>	<i>Project commencement year</i>	<i>Project completion Year</i>	<i>Number of units before redevelopment</i>	<i>Number of units after redevelopment</i>
Shatin Pass Estate	1999-2020	2010-2011	1 278	1 270
Hung Hom Estate Phase 2	1997-1998	2011-2012	645	1 930
Shek Kip Mei Estate Phases 2 and 5	Phase 2: 1998-1999 Phase 5: 2004-2005	2011-2012	2 289	4 050
Tung Tau Estate Phase 9 (Tung Wui Estate)	1999-2020	2011-2012	2 100	1 330
Lower Ngau Tau Kok Estate Phase 1	2001-2002	2012-2013	5 169	4 230
Lower Ngau Tau Kok Estate Phase 2	2006-2007	2015-2016	5 405	560
Ex-Yuen Long Estate (Long Ching Estate)	1999-2020	2015-2016	3 511	430
So Uk Estate Phase 1	2006-2007	2018-2019	5 314	3 291
So Uk Estate Phase 2	2006-2007	2018-2019		3 694
Shek Kip Mei Estate Phases 3 and 7	Phase 3: 2002-2003 Phase 7: 1999-2020	2018-2019	914	480
Shek Kip Mei Estate Phase 6	2004-2005	2019-2020	897	1 100
Tung Tau Estate Phase 8	2008-2009	2019-2020	906	1 000

PRH redevelopment projects completed by HA in the past 10 years (continued)

<i>Estate name/ Redevelopment phases</i>	<i>GFA for community facility use after redevelopment (sq m)</i>	<i>Number of car parking spaces for various classes of vehicles after redevelopment</i>	<i>GFA for commercial use after redevelopment (sq m)</i>	<i>Whether in-situ rehousing was provided for affected PRH tenants</i>	<i>Main reception estate(s) for affected PRH tenants</i>
Shatin Pass Estate	0	Private vehicle: 4 Light goods vehicle: 5 Motorcycle: 5	53	Yes	Tsz Ching Estate
Hung Hom Estate Phase 2	Welfare facilities: 269	Private vehicle: 44 Light goods vehicle: 5 Motorcycle: 8	126	Yes	Hung Hom Estate
Shek Kip Mei Estate Phases 2 and 5	Welfare facilities: 8 025 Education facilities: 1 270 (this figure is for the estate as a whole; figures for individual phase are not available)	Private vehicle: 1 Light goods vehicle: 12 Motorcycle: 14	9 432 (this figure is for the estate as a whole; figures for individual phase are not available)	Yes	Pak Tin Estate/Shek Kip Mei Estate
Tung Tau Estate Phase 9 (Tung Wui Estate)	0	Private vehicle: 25 Light goods vehicle: 2 Motorcycle: 7	20	Yes	Upper Wong Tai Sin Estate
Lower Ngau Tau Kok Estate Phase 1	Welfare facilities: 491 Education facilities: 531	Private vehicle: 165 Light goods vehicle: 20 Motorcycle: 21	407	Yes	Yau Tong Estate/Lei Yue Mun Estate/Po Tat Estate
Lower Ngau Tau Kok Estate Phase 2				Yes	Upper Ngau Tau Kok Estate

<i>Estate name/ Redevelopment phases</i>	<i>GFA for community facility use after redevelopment (sq m)</i>	<i>Number of car parking spaces for various classes of vehicles after redevelopment</i>	<i>GFA for commercial use after redevelopment (sq m)</i>	<i>Whether in-situ rehousing was provided for affected PRH tenants</i>	<i>Main reception estate(s) for affected PRH tenants</i>
Ex-Yuen Long Estate (Long Ching Estate)	0	Private vehicle: 11 Light goods vehicle: 1 Motorcycle: 2	366	Yes	Tin Wah Estate/Tin Yuet Estate
So Uk Estate Phase 1	Welfare facilities: 6 380 Education facilities: 925	Private vehicle: 47 Light goods vehicle: 14 Motorcycle: 36	4 081	Yes	Un Chau Estate
So Uk Estate Phase 2		Private vehicle: 126 Motorcycle: 8		Yes	Un Chau Estate
Shek Kip Mei Estate Phases 3 and 7	Welfare facilities: 14 558 Education facilities: 1 270 (this figure is for the estate as a whole; figures for individual phase are not available)	Private vehicle: 2 Light goods vehicle: 1 Motorcycle: 4	13 678 (this figure is for the estate as a whole; figures for individual phase are not available)	Yes	Pak Tin Estate
Shek Kip Mei Estate Phase 6		Private vehicle: 1 Light goods vehicle: 3 Motorcycle: 8		Yes	Shek Kip Mei Estate
Tung Tau Estate Phase 8	0	Private vehicle: 27 Light goods vehicle: 2 Motorcycle: 9	94	Yes	Tung Wui Estate

Note:

GFA and number of car parking spaces quoted above are based on surveys conducted by HA after the completion of the redevelopment projects. They may be different from the figures when the projects were just completed and the current figures.

Annex 2

PRH redevelopment projects undertaken by HA in the next five years
(Based on HA's Housing Construction Programme as at March 2020)

<i>Estate Name/ Redevelopment phases</i>	<i>Project commencement year</i>	<i>Expected project completion year</i>	<i>Number of units before redevelopment</i>	<i>Projected number of units after redevelopment</i>	<i>Projected GFA for community facility use after redevelopment (sq m)</i>
Pak Tin Estate Phases 7 and 8	2012-2013	2020-2021	About 700	2 030	About 2 100
Pak Tin Estate Phase 11	2012-2013	2020-2021	About 250	1 088	About 500
Pak Tin Estate Phase 10 (Pak Tin Commercial Centre and community hall)	2015-2016	2023-2024	0	924	0

<i>Estate Name/ Redevelopment phases</i>	<i>Projected number of car parking spaces for various classes of vehicles after Redevelopment</i>	<i>Projected GFA for commercial use after Redevelopment (sq m)</i>	<i>Whether in-situ rehousing will be provided for affected PRH tenants</i>	<i>Expected Main reception estate(s) for affected PRH tenants</i>
Pak Tin Estate Phases 7 and 8	Private vehicle: 81 Motorcycle: 13	About 3 400	Yes	Shek Kip Mei Estate
Pak Tin Estate Phase 11	Private vehicle: 1	About 1 000	Yes	Shek Kip Mei Estate
Pak Tin Estate Phase 10 (Pak Tin Commercial Centre and community hall)	-	About 1 700	Not applicable	Not applicable

Notes:

- (1) Due to the phased development of Pak Tin Estate, some associated facilities/parking spaces are provided in other phases.
- (2) The above areas are internal floor areas (sq m) which are rounded to the nearest hundred. The area and number of parking spaces are subject to change at detailed design.
- (3) The above number of parking spaces does not include loading/unloading bays.

Annex 3

Rental Estate Redevelopment project undertaken by HKHS in the next five years (Based on HKHS' Master Development Programme as at March 2020)

<i>Estate name/ redevelopment phases</i>	<i>Project commencement year</i>	<i>Expected project completion year</i>	<i>Number of units before redevelopment</i>	<i>GFA for community facility use before redevelopment (sq m)</i>	<i>Number of car parking spaces for various classes of vehicles before redevelopment</i>	<i>GFA for commercial use before redevelopment (sq m)</i>
Ming Wah Dai Ha (Phase I)	2011-2012	2020-2021	652	0	Private vehicle: 6 Motorcycle: 3	0
Ming Wah Dai Ha (Phase II)	2011-2012	2026-2027	1 008	0	Private vehicle: 21 Motorcycle: 9	175 (Internal Floor Area)

<i>Estate Name/ Redevelopment phases</i>	<i>Projected Number of units after Redevelopment</i>	<i>Projected GFA for community facility use after Redevelopment (sq m)</i>	<i>Projected Number of car parking spaces for various classes of vehicles after Redevelopment</i>	<i>Projected GFA for commercial use after Redevelopment (sq m)</i>	<i>Whether in-situ rehousing will be provided for affected tenants</i>	<i>Expected Main reception estate(s) for affected tenants</i>
Ming Wah Dai Ha (Phase I)	966	0	Private vehicle: 19 Light goods vehicle: 2 Motorcycle: 2	0	Yes	Ming Wah Dai Ha
Ming Wah Dai Ha (Phase II)	1 595	6 042	Private vehicle: 81 Light goods vehicle: 5 Public light bus: 4 Motorcycle: 16	2 600	Yes	Ming Wah Dai Ha

Annex 4

HA's PRH production in the past 10 years

<i>Year</i>	<i>Production (Number of units)</i>
2010-2011	13 672
2011-2012	11 186
2012-2013	13 114
2013-2014	14 057
2014-2015	9 938
2015-2016	14 264
2016-2017	11 276
2017-2018	13 413
2018-2019	17 658
2019-2020	10 107

Note:

The above production includes PRH units, interim housing units and units of projects transferred from HOS to PRH. Flats under projects built as rental housing but transferred to flats of the Buy or Rent Option Scheme/Mortgage Subsidy Scheme are not included.

Annex 5

The number of PRH flats under HA in the past 10 years

<i>Year (as at end-March of the year)</i>	<i>Number of PRH flats</i>
2011	712 564
2012	726 909
2013	732 630
2014	748 605
2015	749 674
2016	756 272
2017	774 822
2018	782 170
2019	799 200
2020	800 974

Note:

The above number includes interim housing units.

Annex 6

The number of rental units built and cleared by HKHS and the number of net increase under HKHS in the past 10 years

<i>Year</i>	<i>Number of units built</i>	<i>Number of units cleared</i>	<i>Number of net increase</i>
2010-2011	0	0	0
2011-2012	0	0	0
2012-2013	0	0	0
2013-2014	0	0	0
2014-2015	0	652	-652
2015-2016	0	0	0
2016-2017	140	0	+140
2017-2018	0	0	0
2018-2019	0	0	0
2019-2020	0	0	0

Annex 7

The number of PRH/GSH flats expected to be built by HA in the coming four years

<i>Year</i>	<i>Expected number of flats</i>
2020-2021	8 000
2021-2022	21 000
2022-2023	10 400
2023-2024	22 500

Note:

Figures are based on HA's Housing Construction Programme as at March 2020 and are rounded to the nearest hundred. They are subject to revision in accordance with changes of the programme.

Annex 8

The number of rental units expected to be built and cleared by HKHS and the expected number of net increase under HKHS in the next four years

<i>Year</i>	<i>Projected number of rental units built⁽¹⁾⁽²⁾</i>	<i>Projected number of rental units cleared</i>	<i>Projected number of net increase</i>
2020-2021	1 000	0	+1 000
2021-2022	300	1 000	-700
2022-2023	100	0	+100
2023-2024	1 400	0	+1 400

Notes:

- (1) Figures are based on HKHS's Master Development Programme as at March 2020 and are rounded to the nearest hundred. They are subject to revision in accordance with changes of the programme.
- (2) Figures include the units under HKHS's Senior Citizen Residences Scheme.

Annex 9

Sale exercises of HOS and GSH in the past 10 years participated by the relevant tenants

<i>Sale exercise</i>	<i>Number of tenants applied (Domestic household)</i>	<i>Number of tenants who succeeded in purchasing the units (Domestic household)</i>	<i>Number of households affected by redevelopment who succeeded in purchasing the units as a percentage of the total number of units under the sale exercise</i>
Sales of Surplus HOS Flats Phase 7 2013	0	0	0%
Sale of HOS Flats in Tin Lee Court/Tin Chung Court 2014	Not applicable	Not applicable	Not applicable (No PRH redevelopment project during the period)

<i>Sale exercise</i>	<i>Number of tenants applied (Domestic household)</i>	<i>Number of tenants who succeeded in purchasing the units (Domestic household)</i>	<i>Number of households affected by redevelopment who succeeded in purchasing the units as a percentage of the total number of units under the sale exercise</i>
Sale of HOS Flats 2014	Not applicable	Not applicable	Not applicable (No PRH redevelopment project during the period)
Sale of HOS Flats 2016	Not applicable	Not applicable	Not applicable (No PRH redevelopment project during the period)
Sale of HOS Flats 2017	Not applicable	Not applicable	Not applicable (No PRH redevelopment project during the period)
Sale of HOS Flats 2018	230	150	3.5%
Sale of HOS Flats 2019	110	60	1.3%
Sale of GSH Flats 2018	300	100	4.2%

Annex 10

Rental estate redevelopment project under HKHS in the past 10 years

<i>Name of the housing estate redeveloped/to be redeveloped and the number of phases involved</i>	<i>Number of tenants applied for the purchase of subsidised sale flat ("SSF") under HKHS</i>	<i>Number of tenants who succeeded in purchasing SSF under HKHS</i>	<i>Number of SSF units sold to these tenants as a percentage of the total number of SSF units offered for sale in the relevant sale exercise</i>
Ming Wah Dai Ha (Redevelopment in three phases)	24	20	3.2% of the total number of SSF units offered for sale (620 units) in the relevant sale exercise

Provision of temporary public markets

14. **MR CHU HOI-DICK** (in Chinese): *President, in view of the fact that the new Tin Shui Wai public market under planning will only be completed in 2027 at the earliest, the Government announced in October last year the plan to provide a temporary market adjacent to Tin Sau Road Park in Tin Shui Wai. The temporary market, which will be built by adopting the "Modular Integrated Construction" approach at a cost of about \$30 million, is expected to commence operation at the end of this year the soonest. Regarding issues relating to the provision of temporary public markets, will the Government inform this Council:*

- (1) *of the time taken by the Government to conduct the relevant study before it announced last year the plan to provide a temporary market in Tin Shui Wai; whether it has compiled statistics on the shortest time needed for providing a temporary public market from initial thinking to commissioning upon completion;*
- (2) *given that both Tung Chung New Town and Tin Shui Wai are in lack of a public market, and an implementation timetable is not yet available for the provision of a permanent public market in Tung Chung as planned by the Government, whether the Government will, by making reference to the practice it has adopted for Tin Shui Wai, expeditiously provide a temporary public market in Tung Chung New Town to cater for local residents' daily shopping needs in the short run; and*
- (3) *whether it will draw up the criteria for determining the need for the provision of temporary public markets, e.g. that a temporary public market should be provided in a certain district when the need for the provision of a permanent public market in that district has been confirmed but it is impossible for the new market to be commissioned within a certain period of time?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, my reply to the various parts of the question is as follows:

- (1) The Chief Executive announced in the 2018 Policy Address that a new public market would be built at the section of Tin Fuk Road opposite Tin Shui Wai Station of the West Rail Line.

Subsequently, we announced in October 2019 the establishment of a temporary market adjacent to Tin Sau Road Park in Tin Shui Wai, so that the public can have an additional choice for purchasing fresh provisions early before the completion of the construction of the new public market. The Modular Integrated Construction method is adopted to shorten the on-site construction time as far as possible, with a view to having the market completed and commissioned early for the benefit of the public. We are pressing ahead with the temporary market project. Subject to the actual progress, it is expected to be completed and commissioned by the end of 2020 at the earliest.

Depending on factors such as scale of works and technical requirements, etc., the time required to take forward individual projects varies from case to case and cannot be generalized.

(2) and (3)

The site of the Tung Chung Town Centre New Public Market will be located on the lower floors of a commercial building in Area 6 adjacent to Tung Chung Mass Transit Railway Station. It is planned to be built by the developer of the commercial building and the market design will be prepared by the developer according to the requirements and conditions specified by the Government. The technical feasibility study for the entire development project (including the public market portion) is underway. We will brief the District Council concerned on the project details in a timely manner upon completion of the study. As for the new market project in Tung Chung New Town Extension, the preliminary planning is underway. The project will tie in with the housing development plan of the district. Details of the project will be confirmed upon completion of the preliminary planning.

Providing a public market requires the use of scarce land resources and entails public financial commitment, both capital and recurrent. We have to duly assess the need for the market and cost-effectiveness to ensure proper use of public resources.

Whether a temporary market should be built before the commissioning of a permanent public market depends on the actual needs and cost-effectiveness, as well as the availability of suitable sites in the vicinity. Besides, temporary markets. Considerable amount of resources will be required to provide the basic facilities, such as ceiling, stall partitions, electrical installations, water supply system, drainage system, sewage system, ventilation facilities, lighting system, fire safety system, refuse handling facilities, loading and unloading areas, etc. The difficulty in identifying locations for the provision of temporary markets in Tung Chung Town Centre and other developed areas cannot be underestimated.

Car parking spaces on the Hong Kong Island

15. **MR KWOK WAI-KEUNG** (in Chinese): *President, some members of the public have relayed that car parking spaces on the Hong Kong Island have all along been in short supply, resulting in illegal on-street parking of vehicles as well as activities of picking up/setting down passengers and loading/unloading goods by vehicles from time to time, which have aggravated the problem of traffic congestion and caused inconvenience to the residents. On the other hand, the Government has planned to implement pilot projects on automated parking systems in two government buildings proposed to be built on Chung Kong Road in Sheung Wan and Sheung Mau Street in Chai Wan. In this connection, will the Government inform this Council:*

- (1) *of the details of the law enforcement actions taken last year by the Police on the Hong Kong Island against illegal parking (including the number of fixed penalty notices issued, and the number and locations of large-scale operations conducted), and how the frequency of such actions compares with that of the year before;*
- (2) *of the respective current numbers of on-street parking spaces and those parking spaces in the public and the private car parks on the Hong Kong Island, with a breakdown by District Council district and type of vehicles that may be parked therein; the increase/decrease in such numbers in the coming year as estimated by the Government;*

- (3) *of the respective dates for (i) public consultation and (ii) commencement of works in respect of the two aforesaid pilot projects; the respective estimated numbers of parking spaces to be provided by the two projects, with a breakdown by type of vehicles that may be parked therein; and*
- (4) *whether it has put in place new measures for the short or medium term to alleviate the shortage of parking spaces on the Hong Kong Island and the problems arising therefrom (including traffic congestion and air pollution); if so, of the details?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the Government's current policy on the provision of parking spaces is to accord priority to considering and meeting the parking demand of commercial vehicles ("CVs") and to provide an appropriate number of private car ("PC") parking spaces if the overall development permits, but at the same time not to attract passengers to opt for PCs in lieu of public transport, so as to avoid aggravating the road traffic. After consulting the Hong Kong Police Force ("the Police") and Transport Department ("TD"), my reply to the various parts of Mr KWOK Wai-keung's question is as follows.

- (1) The numbers of fixed penalty notices ("FPNs") issued by the Police against illegal parking in the Hong Kong Island Region under the Fixed Penalty (Traffic Contraventions) Ordinance (Cap. 237) between 2018 and May 2020 and the percentage changes as compared with the corresponding period of the previous year are tabulated below:

<i>Year</i>	<i>Number of FPNs issued against illegal parking</i>	<i>Percentage changes as compared with the corresponding period of the previous year</i>
2018	385 196	-
2019	287 149	-25%
2020* (January to May)	208 844	+32%

Note:

* Provisional figure

The Police have not maintained records on the numbers and locations of enforcement actions conducted against illegal parking for specific districts.

- (2) As at May 2020, the numbers of on-street parking spaces as well as parking spaces in car parks provided by the Government and privately-operated car parks on the Hong Kong Island, with breakdowns by district and by vehicle type, are tabulated below:

1. On-street parking spaces on the Hong Kong Island

<i>District</i>	<i>PCs[#]</i>	<i>CVs[@]</i>	<i>Motorcycles</i>	<i>Total[*]</i>
Central and Western	471	215	587	1 273
Wan Chai	1 003	35	687	1 725
Eastern	441	124	653	1 218
Southern	628	192	415	1 235

2. Parking spaces in car parks provided by the Government on the Hong Kong Island

<i>District</i>	<i>PCs[#]</i>	<i>CVs[@]</i>	<i>Motorcycles</i>	<i>Total</i>
Central and Western	4 134	482	345	4 961
Wan Chai	2 766	318	267	3 351
Eastern	3 147	348	356	3 851
Southern	2 725	193	482	3 400

3. Parking spaces in privately-operated car parks on the Hong Kong Island

<i>District</i>	<i>PCs[#]</i>	<i>CVs[@]</i>	<i>Motorcycles</i>	<i>Total</i>
Central and Western	34 053	609	483	35 145
Wan Chai	35 811	190	351	36 352
Eastern	43 111	1 738	1 452	46 301
Southern	36 031	1 130	965	38 126

Notes:

PC parking spaces can be used by PCs, taxis as well as van-type light goods vehicles ("LGVs") with such sizes that can be accommodated within PC parking spaces.

@ CVs include LGVs, medium goods vehicles, heavy goods vehicles, coaches and non-franchised public buses, but exclude van-type LGVs as they may be parked at PC parking spaces.

* About 60 parking spaces reserved for special public services (such as refuse collection or post offices' vehicles) are excluded.

TD has been closely monitoring the parking needs of different districts and is committed to taking forward various measures to increase car parking spaces. Nevertheless, the provision of parking spaces hinges on views of local stakeholders, site constraints and the progress of individual development projects. Hence, TD is not in a position to make a precise projection on the change in the number of parking spaces on the Hong Kong Island for the coming year.

- (3) TD is taking forward pilot projects on automated parking systems ("APSs") so as to acquire and consolidate experience in building, operating and managing different types of APSs and the financial arrangements. This will pave the way for wider application of APSs in public car parks in future. So far, having regard to such criteria as parking demand, geographical environment, planning restrictions, impact on local traffic, etc., TD has identified four sites for launching APS pilot projects, including the proposed government building site at Chung Kong Road in Sheung Wan and another at Sheung Mau Street in Chai Wan. Since TD is conducting feasibility assessments on the two pilot projects in Sheung Wan and Chai Wan, the implementation timetables and numbers of parking spaces involved are not available yet. Upon completion of the assessments, TD will consult relevant District Councils.
- (4) To increase car parking spaces as appropriate, the Government is actively pursuing a host of short-and medium-to long-term measures, including the following:
 - (a) designating suitable on-street locations as night-time parking spaces for CVs;
 - (b) encouraging schools to allow school buses to park within school premises after school hours;
 - (c) reviewing the standards on parking spaces and loading/unloading bays for CVs as well as the standards on parking spaces for PCs stipulated in the Hong Kong Planning Standards and Guidelines with a view to updating the relevant requirements, thereby increasing the number of ancillary parking spaces in future housing developments; and

- (d) following the principle of "single site, multiple uses" to provide public parking spaces in suitable "Government, Institution or Community" facilities and public open space projects.

Besides, TD plans to install a total of 12 000 new generation of on-street parking meters by phases starting from the fourth quarter of 2020. Each of the new parking meters will be equipped with space sensor(s) to detect whether the relevant on-street parking spaces are occupied. For this purpose, the Government introduced the relevant bill into the Legislative Council in November 2019. If the bill is passed by the Legislative Council within the current legislative session, TD will activate the space sensors of the new parking meters with the legal backing provided by the relevant legislation. Real-time information of the relevant parking spaces will then be disseminated through TD's website and "HKeMobility" mobile application to facilitate motorists' search for vacant parking spaces, thereby reducing traffic and air pollutants generated by vehicles circulating on roads in search of parking spaces.

Apart from the above mentioned new initiatives, the Police all along pay much attention to the problem of illegal parking, and changing the irresponsible behaviour of road users that causes traffic obstructions is among the Police's traffic enforcement priorities in 2020. The Police will continue to seek to change such undesirable behaviour through publicity and education, and combat illegal parking through patrols and law enforcement. For drivers who commit traffic offences by causing traffic obstructions, the Police will issue warnings or summons, or even tow away the vehicles concerned. Should there be serious illegal parking on individual road sections causing obstruction to traffic, members of the public may report such cases to the Police for prompt handling.

Developing Chinese medicine

16. **MR WONG TING-KWONG** (in Chinese): *President, to promote the development of Chinese medicine ("CM"), the Government has allocated \$500 million to establish the Chinese Medicine Development Fund ("CMDF"). On developing CM, will the Government inform this Council:*

- (1) *of the total amount of subsidies approved since the launch of CMDF in June last year, with a tabulated breakdown by the names of the projects approved;*
- (2) *given that the Mainland medical sector has launched the traditional Chinese medicine ("TCM") health management services for the elderly with TCM constitution identification as the core, and has developed the Four Diagnostic Instrument that collects patients' clinical data through electronic means and continuously monitors the changes in such data, whether the Government will include those projects for developing electronic CM and big data for CM in the funding scope of CMDF; if so, of the details; if not, the reasons for that;*
- (3) *of the respective to-date numbers of applications for subsidies under CMDF which involved online learning of CM received and approved;*
- (4) *whether it will include those projects which apply blockchain technology in logistics control of Chinese medicines in the funding scope of CMDF; if so, of the details; if not, the reasons for that; and*
- (5) *of the progress of the work to include CM information in the Electronic Health Record Sharing System (commonly known as "eHRSS")?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Government announced the establishment of a \$500 million dedicated fund in the 2018-2019 Budget to further promote and facilitate the development of Chinese medicine ("CM"). We aim to enhance the overall standards of the industry by providing the CM and CM drug sectors with financial support, including nurturing talents for the CM industry and the CM Hospital ("CMH"), promoting CM-related scientific research, supporting local CM drug traders in improving the quality and standards of production, as well as registering their proprietary Chinese medicines ("pCms") in accordance with statutory requirements, and enhancing public knowledge and understanding of CM.

The Food and Health Bureau established an Advisory Committee ("AC") under the Chinese Medicine Development Fund ("CMDF") to advise and make recommendations to the Government on matters relating to the overall administration and operation of CMDF. AC is mainly responsible for formulating the application guidelines and procedures as well as assessment and funding criteria, assessing applications, specifying the terms and conditions for approved applications, and determining the amount of funding to be granted for such applications, etc. Non-official members of AC are representatives of the sectors of CM, CM drugs, testing and certification, health care as well as experts, academics and lay persons with rich experience in business management and public administration. The Hong Kong Productivity Council is the implementation agent of CMDF and provides secretariat service for AC to support its operation.

Funding schemes under CMDF were drawn up after consultation with the CM Development Committee and taking into account the views from the industry. There are two schemes under CMDF, namely the Enterprise Support Programme ("ESP") (A Scheme) and the Industry Support Programme ("ISP") (B Scheme). The A Scheme provides matching funds for individual CM practitioners ("CMPs") and CM clinics, members of the CM drug industry and CM drug manufacturers/traders to enhance the manufacturing and management qualities as well as support them in registering their pCms in accordance with statutory requirements. The B Scheme provides subsidies for non-profit-making organizations, professional bodies, trade and academic associations and research institutions to organize training programmes and courses to nurture talents needed by CMH and facilitate the development of CM, conduct applied studies or research on CM, and organize various CM promotional activities, etc. In addition, a CM resources platform has been established under CMDF to consolidate reference materials on CM and CM drugs so as to provide a variety of resources to facilitate information exchange and development of the industry.

In consultation with the Department of Health, the Hospital Authority and the implementation agent of CMDF, a consolidated reply to the five parts of the question is set out below:

- (1) CMDF was officially launched in June 2019. Most of the funding schemes under CMDF have been rolled out in phases. Applications received from the industry are undergoing the vetting procedure. All funding schemes under CMDF, the application procedures,

vetting criteria and information on approved projects have been uploaded to the CMDF website <<https://www.CMDevFund.hk>> for access by the public. The number of applications received by the implementation agent and the amount of funding approved as at 31 May 2020 are set out in the table below.

	<i>Funding Scheme</i>	<i>Sub-category</i>	<i>Number of applications</i>	<i>Number of applications approved</i>	<i>Amount of funding</i>
ISP	CM Industry Training Funding Scheme and CM Promotion Funding Scheme (B1)		73	13	About \$9 million
	CM Applied Studies and Research Funding Scheme (B2)		83	11	Over \$10 million
ESP	pCm Registration Supporting Scheme (A3)		382	152	Over \$2 million
	CM Personal Training and CM Clinic Improvement Funding Scheme (A1)	Training Courses recognized under the Qualifications Framework, Training Courses with Assessment, General Training Courses	100	18	Over \$1 million
		CM Clinic Improvement Funding Scheme	204	10	About \$140,000
	pCm Quality and Manufacturing System Enhancement Funding Scheme (A2)		To be rolled out for application by the industry ⁽¹⁾		
	CM Warehouse Management, Logistics and Services Improvement Funding Scheme (A4)		To be rolled out for application by the industry ⁽²⁾		

Notes:

- (1) The implementation agent is currently reviewing applications from service providers and application by pCm manufacturers would be open once the approved list of service providers has been compiled.
- (2) The implementation agent is finalizing the details of the scheme and liaising with the industry on the scheme details. It is expected that the scheme would be rolled out for application by the industry in the second half of 2020.

(2) to (4)

The B Scheme provides funding for non-profit-making organizations, relevant institutes/societies, trade associations and universities to organize a variety of CM-related activities such as training courses, workshops and seminars, with a view to addressing the inadequacies of the existing courses in the market and having regard to the development of CM in Hong Kong, in order to cultivate talents, enhance the professional knowledge level and demonstrate standards of good practice in the industry. The B Scheme also provides funding for eligible organizations to organize different activities to promote CM, such as mobile exhibitions, exhibitions, promotional events, video filming and computer/mobile phone applications development to showcase the latest development of the industry and enhance public knowledge of CM. In addition, the B Scheme covers research projects of different types and scales, such as CM technology applied studies and industry research, to promote the overall development of the industry. Research projects that are conducted by relatively few organizations or are yet to be supported by other funds, such as research on traditional CM, are also covered by the B Scheme.

Taking into consideration the views of the industry and having sought approval from AC, the implementing agent recommended a list of priority themes as a basis for vetting the applications and resource allocation. The list of priority themes has been uploaded to the CMDF website and will be updated at appropriate junctures in light of the development of the industry. The CMDF schemes have been well-received by the industry. Over 150 applications have been received and AC has approved some of the applications upon detailed vetting and deliberation. Approved training programmes cover, among others, hospital management, inheritance of traditional CM, clinical application of CM drugs and training on specialized disease treatment, some of which involve e-learning. Approved promotion projects cover on-campus promotion, picture book production, topical conferences and lectures. Approved research projects cover research on the professional certification system of CM pharmacists and persons engaged in CM drug industry, research on the use of CM by the public, clinical research on CM, and research on the processing technology of CM drugs.

On the promotion of electronic medical record system and enhancement of facilities and equipment in CM clinics, the CM Clinics Improvement Funding Scheme (A1-4 Scheme) is set up under the A Scheme to provide funding for eligible CM clinics to enhance their medical record system, improve clinical operations in the areas of safety and hygiene, and provide better quality CM services to the public. The scheme was launched in March 2020. As at 31 May 2020, the implementing agent has received a total of 204 applications, most of which are undergoing the vetting process. Among these applications, 10 applications have been approved with funding involving about \$140,000.

On the improvement of CM drugs logistics, the CM Warehouse Management, Logistics and Services Improvement Funding Scheme (A4 Scheme) is set up under the A Scheme to provide funding for eligible wholesalers and retailers of Chinese herbal medicines ("Chm") to purchase related equipment to enhance the efficiency and safety of the handling, storage and transportation of Chm. The implementation agent is finalizing the details of the scheme and liaising with the industry on the scheme details. It is expected that the scheme would be open for applications in the second half of 2020.

- (5) In July 2017, the Government embarked on the Stage Two Development of the Electronic Health Record Sharing System ("eHRSS"), which includes broadening the scope of sharable data to cover CM information. The Government has developed a clinical software, namely the Chinese Medicine Information System ("CMIS") On-ramp, the key functions of which include patient registration and appointment, access of and contribution to medical records, assistance to diagnosis and procedures, as well as prescription and dispensing of CM. The CMIS On-ramp helps promote the application of information technology by the industry, improves the quality and efficacy of diagnosis, and facilitates the sharing of CM information on eHRSS. The Government launched the CMIS On-ramp in the first quarter of this year for CMPs to use on a pilot basis and will collect their feedback afterwards. To encourage CMPs to use the CMIS On-ramp, applications for funding under the A1-4 Scheme will be given priority if the applicants concerned agree to use the CMIS On-ramp. As at 31 May 2020,

107 applications for CMDF have been received from CMPs under the aforementioned mechanism. We will continue to enhance the CMIS On-ramp. Depending on its implementation and feedback from the stakeholders, we expect to launch a pilot scheme in the third quarter of this year for CMPs to share CM information of patients on eHRSS.

Gift Book Pilot Scheme

17. **MR IP KIN-YUEN** (in Chinese): *President, the Education Bureau ("EDB") announced on 18 June this year the launching of a Gift Book Pilot Scheme ("the Pilot Scheme"), under which all participating public-sector schools (including special schools) and Direct Subsidy Scheme schools will be allocated a one-off grant, calculated according to the number of students in each school (about \$100 per student), for the procurement of printed books to be given to students for free. Under the Pilot Scheme, schools were required to complete the procurement procedure (including selecting books on the designated book lists provided by EDB, inviting quotations and placing orders for the books) within the period from 18 June to 9 July this year. In this connection, will the Government inform this Council:*

- (1) *why EDB set the requirement that schools and students participating in the Pilot Scheme may only select and buy books on the designated book lists, instead of following the approach for book procurement applicable to the Promotion of Reading Grant, i.e. schools selecting on their own those books which match the needs and abilities of their students;*
- (2) *as quite a number of members of the education sector have relayed that the schedule for schools to complete the procurement procedure within 13 school days was too tight, whether EDB had consulted the education sector when it set the deadline; of the respective current numbers and percentages of primary and secondary schools which completed the procurement procedure by 9 July (including the completion of book selection, invitation for quotations and placement of orders for books within the relevant deadlines); whether it has assessed the impacts on schools' class resumption work after the outbreak of the epidemic brought about by schools having to complete the procurement procedure in a hasty manner;*

- (3) *as some members of the education sector have criticized that the number of books published by a certain publishing group accounts for over 70% of the total number of books on the designated book lists, which has aroused suspicion of transferal of benefits, of the details of the compilation of the designated book lists, including (i) the rank of the officer-in-charge, (ii) the criteria for book selection and (iii) the time spent on compiling the lists; whether EDB had consulted teachers, teacher librarians and members of the publishing industry on the book lists; the measures in place to ensure that the books on the book lists can be delivered to participating schools in July before the commencement of the summer vacation;*
- (4) *as EDB has indicated that the Pilot Scheme has the support from the Hong Kong Publishing Federation ("the Federation"), of the reasons for and the details of EDB's decision to cooperate with the Federation (including the role of the Federation in the Pilot Scheme, as well as whether the Federation participated in the relevant work such as compiling the book lists, assisting schools in book procurement and supplying the books);*
- (5) *of the detailed estimated expenditure of the Pilot Scheme;*
- (6) *as some schools were unable to complete the procurement procedure within the aforesaid deadline, of the detailed arrangements for the late participation in the Pilot Scheme by such schools, including whether the level of the grant to be received by such schools will remain unchanged; if not, of the reasons for that; whether it has assessed if the situation where schools, due to different reasons, were unable to participate in the Pilot Scheme causing their students not being given any free books is unfair to the students concerned;*
- (7) *as some booksellers have indicated that it was difficult for them to cope with the surge in quotation requests from schools within a short span of time, and that they were unable to obtain the publishers' guarantee of supply of all the books being ordered and even unable to have any supply of the books from the publishers, which made such booksellers unable to provide quotations, whether EDB has approached schools to gain an understanding of the difficulties they encountered in procuring books, and whether it has assessed if monopolization has occurred; and*

- (8) *whether EDB will consider making changes to the Pilot Scheme as follows: (i) abolishing the requirement that schools and students may only select books on the designated book lists, and (ii) extending the deadline for completion of the procurement procedure to the end of this year or the beginning of the coming year, so that teacher librarians and teachers will have ample time to select suitable books for their students?*

SECRETARY FOR EDUCATION (in Chinese): President, the Education Bureau is committed to promoting "Reading to Learn" and has been supporting schools to organize diversified reading activities which are in line with the curriculum through various measures, thereby developing students' reading interest and habits from a young age to enhance their reading skills and learning capabilities. The Education Bureau has long been providing recommended book lists to schools with a view to promoting reading. For example, the previous Chinese and English Extensive Reading Schemes were also provided with recommended book lists. Since the 2018-2019 school year, to align with the disbursement of the Promotion of Reading Grant to all public sector schools, the Education Bureau has suggested four themes for reading, namely Chinese History and Culture, Healthy Living, Moral Education, and Science, Technology, Engineering and Mathematics (STEM) Education. Professional staff from the relevant Key Learning Areas of the Education Bureau have provided schools with theme-related recommended book lists with reference to the curriculum and students' learning needs. For details, please refer to <https://www.edb.gov.hk/en/curriculum-development/4-key-tasks/reading-to-learn/contribution-of-book-titles/index.html>. Schools may use the grant to procure reading materials or organize different types of school-based reading activities to create a favourable environment for reading. Moreover, the Education Bureau has collaborated with the publishing sector and professional organizations to organize large-scale reading promotion activities such as the Joyful Reading Carnival 2019 for encouraging parent-child reading. Furthermore, to provide more diversified opportunities to promote reading among students, reading award schemes and competitions will be held on a need basis at irregular intervals for certain curricula and subjects. The Education Bureau originally planned to organize another Joyful Reading Carnival in early 2020, but the event had to be cancelled because of the epidemic. In view of the benefits and importance of reading to students and the need to make up for the lack of reading activities in this school year, despite the very limited time for preparation, the Education

Bureau launches the "Gift Book Pilot Scheme (2020)" (hereafter "the Pilot Scheme") and provides schools with details for ease of implementation so as to benefit students.

Our reply to the various parts of the question raised by Mr IP Kin-yuen regarding the Pilot Scheme is as follows:

(1) to (3) and (6) to (8)

On top of the existing diversified reading activities, the Pilot Scheme is a token of goodwill from the Education Bureau to encourage students to read, with an aim to offer free printed books to about 600 000 primary and secondary school students before the summer holiday through schools' procurement. Launching the Scheme on a trial basis, the Education Bureau hopes to encourage students to enjoy leisure reading during the summer holiday and nurture good reading habits. Schools can make effective use of the books offered by the Education Bureau to enhance the reading promotion activities in the next school year, such as arranging sharing sessions to encourage students to exchange their views on the books and to cultivate their reading interest and habits. Schools may also organize, for example, class-based/level-based book crossing activities for sharing reading resources, which can help students develop a sense of gratitude and learn to cherish what they have, thereby nurturing their positive values.

Primary and secondary schools resumed classes by level from late May to mid-June respectively. We announced the above Pilot Scheme in mid-June to allow primary and secondary schools to duly undertake the book procurement procedures after class resumption. According to the Education Bureau's understanding from the publishing sector, there is only a limited stock of printed books currently. When there are a large amount of orders, it is very likely that publishers have to reprint or increase the printing of books. In addition, taking into consideration that logistic arrangements and book distribution will take time, it is necessary to complete the procedures of book selection and procurement within a short period of time, so that students can receive the books before the summer holiday. When procurement of English books from overseas

publishers is required, it is not quite possible to complete the procurement procedures in a short time. Therefore, a pragmatic approach is adopted to include only local Chinese books in the Pilot Scheme. As regards the arrangement for obtaining written quotations, the special measure to allow schools to shorten the period for quotations from two or three weeks to one week will enable schools to complete their book procurement procedures as early as possible, so that students can receive the books before the summer holiday. If schools are not able to complete the procurement procedures within one week due to preoccupation with heavy administrative work, they can choose to proceed with procurement in accordance with their established procedures and complete it within two to three weeks. However, the delivery of books to the schools concerned before late July may not be guaranteed.

The Education Bureau has all along been recommending books based on the professional considerations of the quality of the books with reference to the school curriculum for students at different key stages of primary and secondary schools. The publishers of the books have never been a consideration. Therefore, there is no question of giving preferential treatment to a particular bookstore or books from a certain publisher.

Based on the aforementioned recommended book lists on the four themes, the Education Bureau's professional staff have consolidated within a very short period of time the book lists, which consist of a certain amount of quality books from different publishers, to provide schools with sufficient choices to facilitate the participation of the scheme. Schools can exercise discretion on book selection according to their own contexts and actual operational needs. For example, schools can appoint suitable staff to select books from the Education Bureau's designated book lists for students with reference to students' abilities and interests, or let students choose from the book lists. Schools can also choose to place a bulk order for a few book titles, or select books together with parent-teacher associations. It was reported that to increase students' interest in reading, some schools let students choose the books they liked from the designated book lists.

This Pilot Scheme has its own inherent aims, including to enable students to enjoy leisure reading during the summer holiday and to align with the suggested themes for reading since the 2018-2019 school year. Moreover, as these books are special gifts to students from the Education Bureau, they are different from those purchased through the prevailing school-based book procurement practices. We do not see the need to change the implementation details of the scheme. We will not cancel the requirement on the selection of books from the designated book lists, or extend the procurement period to the end of this year or early next year. According to our preliminary understanding, many schools have placed orders according to the designated measures and the process is smooth in general. Despite the Education Bureau's announcement of early commencement of summer holiday due to the epidemic, schools may consider giving students the books in an appropriate way with due consideration given to the public health or using the books as extra-curricular reading materials in the new school year.

Regarding the comment that the scheme involves transfer of benefits, it is totally unfounded and has politicized the promotion of reading in schools, which is against the interest of students. Since printed book publishers have different market share and the types of their publications vary, it is not difficult to understand that the proportions of their books on the designated book lists are different.

We have to point out clearly that apart from the Pilot Scheme for this summer, schools are provided with the recurrent Promotion of Reading Grant (about \$20,000-\$40,000 and \$50,000-\$70,000 per year for primary and secondary schools respectively). Even though classes were suspended for four months this year, schools can still enjoy the full amount of the grant. Same as the previous year, schools can procure varied kinds of books of different languages according to their school-based needs and established book procurement procedures to enrich the collection of their school libraries. Schools can even procure e-books as there is no procurement restriction in this regard.

Schools will receive the one-off grant by the end of July this year and should use it for the procurement of books for students by the end of August this year. Upon the deduction of the actual amount

spent on the purchase of printed books, schools should return the unspent balance to the Education Bureau by the end of November this year. Our staff have provided to schools relevant information and explanation about the procurement procedures and other related arrangements. As mentioned before, the procurement process is smooth in general. Schools may choose whether to join the Pilot Scheme or not. As pointed out by the Education Bureau at the briefing session of the Pilot Scheme for school principal representatives of school councils, if schools consider not joining the Pilot Scheme, they may still enjoy the free use of the Hong Kong Education City's eRead Scheme until the end of this year, allowing students to read both Chinese and English e-books.

With regard to the number and percentage of schools that have completed the procurement procedures on or before 9 July, since schools place order with book suppliers directly and do not need approval from the Education Bureau beforehand, we do not have relevant information.

- (4) The Education Bureau works in collaboration with the publishing sector and professional organizations to create a reading atmosphere at all fronts. Being an important stakeholder in the publishing sector, the Hong Kong Publishing Federation has supported and participated in the reading promotion activities organized by the Education Bureau, such as the Joyful Reading Carnival 2019. The Federation is also the supporting organization of the Pilot Scheme. It is not involved in the compilation of the designated book lists of the Pilot Scheme. Nevertheless, the Federation provides assistance in disseminating the information of the Pilot Scheme to its members and the sector as well as enlisting the support of book stores and publishers in the supply of books and related logistics so that the ordered books can be delivered to schools in a timely manner.
- (5) The total expenditure for the Pilot Scheme is about \$60 million and the actual amount will depend on the number of schools/students participating in the scheme. A review will be conducted upon completion of the Pilot Scheme to consider whether it will be launched again in the future. The relaunching of the Scheme is also subject to the priority in resource allocation of the Education Bureau every year. In response to the misunderstanding and unfounded

criticisms expressed by some people, the Education Bureau issued a clarification on the Summer Reading Programme—"Gift Book Pilot Scheme (2020)" on 19 June 2020 to ensure a correct understanding of the facts. For details, please refer to <<https://www.info.gov.hk/gia/general/202006/20/P2020062000069.htm>>.

Illegal carriage of passengers for hire or reward by motor vehicles

18. **MR FRANKIE YICK** (in Chinese): *President, it is learnt that the activities of using motor vehicles for illegal carriage of passengers for hire or reward ("illegal carriage of passengers") have been quite rampant in recent years, resulting in unfair competition for the public transport trades which operate legally. In addition, the third party risks insurance for the vehicles concerned may be invalidated due to the vehicles having been used for illegal carriage of passengers, and this may result in a loss of protection for their passengers and other road users. In this connection, will the Government inform this Council:*

- (1) *of the respective numbers of first and subsequent convictions for illegal carriage of passengers in each of the past three years, with a breakdown by the groups (as set out in Table 1) to which the amounts of fines involved in such cases belonged;*

Table 1

	<i>Amount of fine (\$)</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
<i>First conviction</i>	<i>1,000 or below</i>			
	<i>1,001 to 2,000</i>			
	<i>2,001 to 3,000</i>			
	<i>3,001 to 4,000</i>			
	<i>4,001 to 5,000</i>			
	<i>Total:</i>			
<i>Subsequent conviction</i>	<i>5,000 or below</i>			
	<i>5,001 to 6,000</i>			
	<i>6,001 to 7,000</i>			
	<i>7,001 to 8,000</i>			
	<i>8,001 to 9,000</i>			
	<i>9,001 to 10,000</i>			
	<i>Total:</i>			

- (2) *of the respective numbers of first and subsequent convictions for illegal carriage of passengers in respect of which the court imposed the following penalties in each of the past three years: (i) imprisonment, (ii) disqualification of driving licence, and (iii) suspension of vehicle licence and impoundment of vehicles, with a breakdown by the penalty periods set out in Table 2;*

Table 2

	Penalty period (month)	2017			2018			2019		
		(i)	(ii)	(iii)	(i)	(ii)	(iii)	(i)	(ii)	(iii)
<i>First conviction</i>	<i>Less than 1</i>									
	<i>1 to less than 2</i>									
	<i>2 to 3</i>									
	<i>Total:</i>									
<i>Subsequent conviction</i>	<i>Less than 1</i>									
	<i>1 to less than 2</i>									
	<i>2 to less than 3</i>									
	<i>3 to less than 4</i>									
	<i>4 to less than 5</i>									
	<i>5 to 6</i>									
	<i>Total:</i>									

- (3) *given that the Government has planned to amend the legislation to increase the penalties for illegal carriage of passengers, of the progress of such work and the expected commencement date of the new penalties; the measures put in place by the Government to step up efforts in combating the activities of illegal carriage of passengers before the commencement of the new penalties; and*
- (4) *given that online vehicle booking platforms provide intermediary services for the activities of illegal carriage of passengers, whether the Government will put such platforms under regulation; if so, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, pursuant to section 52 of the Road Traffic Ordinance (Cap. 374) ("RTO"), no person shall drive or use a motor vehicle, or suffer or permit a motor vehicle to be driven or used, for the carriage of passengers for hire or reward unless the vehicle complies with certain conditions stipulated in RTO, for example, a hire car permit

is in force in respect of the vehicle. Otherwise, it is an offence. The Government has been taking stern enforcement actions against illegal carriage of passengers for hire or reward and does not condone such activities.

My reply to Mr Frankie YICK's question is as follows:

- (1) According to the Hong Kong Police Force ("HKPF"), a breakdown by the number of fined cases on contravention of the related laws involving illegal carriage of passengers for hire or reward, and the amounts of fines involved in the past three years is as follows:

<i>Amount of fines</i>	<i>Year/Number of cases</i>		
	<i>2017</i>	<i>2018</i>	<i>2019</i>
HK\$1,000 or below	2	34	17
HK\$1,001 to \$2,000	14	47	63
HK\$2,001 to \$3,000	6	26	37
HK\$3,001 to \$4,000	0	29	8
HK\$4,001 to \$5,000	0	4	9
HK\$5,001 to \$6,000	0	7	5
HK\$6,001 to \$7,000	5	0	4
HK\$7,001 to \$8,000	0	1	0

HKPF does not maintain any records on whether it was the offender's first conviction or subsequent conviction(s).

- (2) According to HKPF, a breakdown by the respective number of cases where (i) imprisonment, (ii) disqualification from driving, and (iii) suspension of vehicle licence and impoundment of vehicles were imposed on the offenders arising from their contraventions of related laws involving illegal carriage of passengers for hire or reward, and the penalty period in the past three years is as follows:

(i) Imprisonment

<i>Penalty Period</i>	<i>Year/Number of cases</i>		
	<i>2017</i>	<i>2018</i>	<i>2019</i>
Less than 1 month	1	2	2
1 month to less than 2 months	0	2	0
2 to 3 months	0	2	1
Total	1	6	3

(ii) Disqualification from driving

<i>Penalty Period</i>	<i>Year/Number of cases</i>		
	<i>2017</i>	<i>2018</i>	<i>2019</i>
6 months or below	0	1	0
More than 6 months but less than 12 months	0	3	2
12 months or above	14	54	60
Total	14	57	62

(iii) Suspension of vehicle licence and impoundment of vehicles

<i>Penalty Period</i>	<i>Year/Number of cases</i>		
	<i>2017</i>	<i>2018</i>	<i>2019</i>
3 months	9	39	78
Total	9	39	78

HKPF and the Transport Department ("TD") do not maintain any records on whether it was the offender's first conviction or subsequent conviction(s).

- (3) Having obtained the general support during the respective consultation with the Legislative Council Panel on Transport and the Transport Advisory Committee in 2019, the Government will increase the penalties for illegal carriage of passengers for hire or reward under RTO. The maximum fine will be increased from the current \$5,000 (for first conviction) and \$10,000 (for subsequent conviction(s)) to \$10,000 and \$25,000 respectively, while the period for suspension of vehicle licence and impoundment of vehicles will be lengthened from the current 3 months (for first conviction) and 6 months (for subsequent conviction(s)) to 6 months and 12 months respectively. The Government is currently undertaking the relevant legislative amendment work, and will introduce a bill into the Legislative Council for scrutiny as soon as possible.

HKPF will in parallel continue to closely monitor and step up efforts to combat the offences of using vehicles not issued with a valid hire car permit for illegal carriage of passengers for hire or reward. TD will also continue to collaborate with HKPF for exchange of relevant information.

In respect of publicity and education, TD has been making use of various channels, including launching online videos, broadcasting Announcements in the Public Interest ("APIs") on radio, displaying samples of hire car permits on the TD's website and putting up posters in public places in order to urge the public not to ride those private cars carrying passengers for hire or reward without a valid hire car permit. Moreover, TD encourages members of the public who intend to use hire car service to enquire with the service operator or make use of TD's online checking system to ensure the private car concerned has been issued with a valid hire car permit before the journey starts.

- (4) The Government encourages the use of different technologies, including online or mobile applications for hailing hire cars (i.e. online hailing). Yet, the use of new technologies or new platforms must also be lawful having regard to the interests and safety of passengers, the efficient use of road networks as well as the need to maintain the highly efficient and reliable services of the public transport system, which is used by over 90% of commuters, and to ensure its long-term healthy development.

Any person who drives or uses a vehicle without a valid hire car permit for carriage of passengers for hire or reward will commit an offence, no matter how the hire service is arranged (such as through a mobile application or a hire car platform).

HKPF has been gathering intelligence through different channels and monitoring different online car hailing platforms that offer hire car services. If there is sufficient evidence proving suspected vehicles without a valid hire car permit being used for illegal carriage of passengers for hire or reward, HKPF will immediately take appropriate enforcement actions.

Encouraging wider use of private healthcare services

19. **MR CHAN HAN-PAN** (in Chinese): *President, by implementing the Elderly Health Care Voucher Scheme ("EHV Scheme") and promoting the Voluntary Health Insurance Scheme ("VHIS"), the Government has encouraged*

members of the public to make wider use of private healthcare services, with a view to alleviating the pressure on the public healthcare system. In this connection, will the Government inform this Council:

- (1) whether it knows the number of VHIS policies as at 31 May this year, with a breakdown by the age group to which the policy holders belonged (i.e. aged 0 to 9, followed by groups covering 10 years each, and aged 60 or above);*
- (2) given that as projected prior to the implementation of VHIS by an independent consultant engaged by the Government, about 1 million people would take out VHIS policies in the first two years after the implementation of VHIS, whether the Government has set target percentages of the policies (i) which migrated from individual indemnity hospital insurance plan ("IHIP") policies effected before the implementation of VHIS and those (ii) which were newly issued, in the policies taken out by such people; if so, of the details; if not, the reasons for that;*
- (3) given that as at the end of September last year, 81% of VHIS policies were policies migrated from individual IHIP policies effected before the implementation of VHIS, and only 19% of VHIS policies were newly issued policies, of the Government's measures in place to encourage those who have not taken out any hospital insurance product to do so;*
- (4) given that currently people aged above 80 may be unable to take out policies through VHIS, whether the Government has studied the introduction of voluntary health insurance schemes for such people and chronic disease patients to take out policies; if so, of the details; if not, the measures in place to enhance the healthcare protection for these people;*
- (5) of the figures relating to the elderly (i.e. persons aged 65 or above) receiving the various healthcare services in 2018 and 2019 (set out in a table of the same format as Table 5 in the Report on the Review of the Elderly Health Care Voucher Scheme ("the Report") published by the Food and Health Bureau in March last year); and*

- (6) *as the findings of a survey cited in the Report have shown that only 24% of the elderly agreed to reserve a portion of EHV's for paying the fees of preventive care services (e.g. vaccinations, health checks and screenings), of the Government's measures to encourage the elderly to use EHV's for such purposes, with a view to achieving the objective of making use of the EHV Scheme to promote preventive care?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, our reply to the question raised by Mr CHAN Han-pan is as follows:

- (1) As at end-December 2019, the number of Voluntary Health Insurance Scheme ("VHIS") policies was around 418 500. The number of insured persons involved by age is set out as follows:

<i>Age of insured person</i>	<i>Number of policies (as at end December 2019)</i>
0-9	Around 50 700
10-19	Around 36 800
20-29	Around 56 900
30-39	Around 81 900
40-49	Around 80 000
50-59	Around 69 400
60 or above	Around 42 800
Overall	Around 418 500

- (2) We did not set a target on the percentage of policies that were newly insured or migrated from existing policies.
- (3) To enhance the public understanding of VHIS, ongoing publicity and promotion programs will be conducted, including advertisements through both conventional media and digital platform such as TV/newspapers and social media/online advertising. The estimated expenditure for the publicity and promotion programmes is around \$13 million in 2020-2021.

- (4) VHIS was implemented for about one year. We have been closely monitoring the implementation of VHIS and the market response. When more market data is available, we would review the effectiveness and attractiveness of VHIS, taking into account the concerns and needs of different age groups, among other considerations.
- (5) The Department of Health ("DH") completed a review on the Elderly Health Care Voucher Scheme ("EHVS") in early 2019. The relevant percentages of the types of health care services received by elders using vouchers under EHVS from 2009 to 2017 are set out in the review report. The relevant figures are categorized by the principal reasons for consultation (namely preventive care, management of acute episodic condition, follow-up/monitoring of long term condition and rehabilitative care). The relevant percentages in 2018 and 2019 are set out in the table below:

<i>The percentages of health care services received by elders categorized by principal reasons for consultation (service providers may choose more than one reason)</i>				
<i>Year</i>	<i>Preventive Care</i>	<i>Management of acute episodic condition</i>	<i>Follow-up/monitoring of long term condition</i>	<i>Rehabilitative care</i>
2018	47%	66%	40%	16%
2019	42%	68%	41%	15%

- (6) One of the policy objectives of EHVS is to provide elders with additional choices with respect to private primary health care in addition to public health care services. With subsidies in the form of vouchers, elders can choose the private primary health care services that best suit their health needs. With a view to enabling elders to use the vouchers in a convenient and flexible manner, EHVS does not restrict how elders apportion the use of the vouchers on preventive, curative or rehabilitative services.

The review on EHVS completed by DH last year includes a cross-sectional study conducted in 2016 on 974 elders aged 70 or above. Out of the elders who indicated that EHVS helped encourage them to use private primary health care services, 42%

claimed that EHVS could encourage them to use more preventive care services. That said, the review also showed that with respect to strengthening primary health care, EHVS still had room to improve in some areas, including not yet being able to more effectively facilitate health care service providers to provide and elders to use services which are in line with the Primary Healthcare Reference Framework, and enhance elders' awareness of prevention of various diseases and promote healthy living, etc. DH will continue to promote to elders the message that vouchers can be used for preventive care services (such as vaccinations, health checks and screenings) through different promotional activities and channels, including promotional videos and audio clips, promotional leaflets/pamphlets, advertisements on public transport, as well as mobilizing its Visiting Health Teams to host health talks for elders, etc.

Furthermore, since last September, elders can use vouchers on services in District Health Centres ("DHCs"), including preventive care services. Vouchers will continue to support the Government's policy objectives in promoting primary health care, support elders' health needs, assist in enhancing their awareness on disease prevention and self-management of health, as well as complement the development of DHCs.

Student guidance personnel

20. **MRS REGINA IP** (in Chinese): *President, some student guidance personnel have relayed that while they join hands with school-based social workers and Student Guidance Teachers ("SGTs") to provide Comprehensive Student Guidance Service, their posts are not on the approved establishment of teaching staff members of their schools. As a result, their salaries are on the low side with a lack of promotion prospect. On the other hand, the Education Bureau ("EDB") wrote to a relevant organization on 28 June last year, indicating that EDB was collecting data and views by way of questionnaire survey and school visits, etc. in order to review the implementation of the relevant policies, including the mode of cooperation among student guidance personnel/school-based social workers and SGTs. In this connection, will the Government inform this Council:*

- (1) *of the details of the aforesaid review exercise, (e.g. the content of the questionnaire and the names of the schools visited), the work schedule and the latest progress; whether EDB will submit the review results to the Panel on Education of this Council;*
- (2) *whether it will consider creating permanent posts of student guidance personnel in primary and secondary schools; if so, of the details; if not, the reasons for that; and*
- (3) *whether it will formulate professional development strategies for student guidance personnel, e.g. providing them with in-service education subsidies and progression pathways; if so, of the details; if not, the reasons for that?*

SECRETARY FOR EDUCATION (in Chinese): President, the Education Bureau has all along been encouraging schools to adopt a whole school approach for guidance and discipline in supporting and catering for students in need. Guidance work is no longer only the responsibility of social workers or guidance personnel. Teachers will work in collaboration with guidance personnel, social workers or other professionals (e.g. school-based educational psychologists) to provide students with comprehensive and extensive guidance service. In recent years, additional resources have been allocated to schools, including the implementation of the policy of "one school social worker for each school" in public sector primary schools and enhanced school-based educational psychology service in primary and secondary schools, and professional training and support have been provided to teachers on an ongoing basis to promote the healthy development of students. Currently, every school has already set up a guidance team, which comprises several teachers led by a senior teacher, responsible for coordinating the guidance work of the whole school. The school social worker and student guidance personnel ("SGP") also serve as ex-officio members of the team. This multi-disciplinary whole school approach facilitates the establishment of a robust student guidance system for the provision of sustainable services and minimizes the impact arising from the turnover of individual personnel.

Our reply to the question raised by Mrs Regina IP is as follows:

- (1) Since the implementation of the policy of "one school social worker for each school" in primary schools in the 2018-2019 school year, the Education Bureau has been continuously reviewing its implementation through different methods, including questionnaire surveys and school visits. In the 2019-2020 school year, a questionnaire survey for public sector primary schools was conducted to gather information concerning school social workers and SGP employed by public sector primary schools as well as how the policy of "one school social worker for each school" was implemented. Visits to some 30 schools were made to further understand the implementation of the Comprehensive Student Guidance Service and their views on the policy of "one school social worker for each school". Information shows that over 80% of public sector primary schools have employed at least one school-based registered graduate social worker. The new funding mode is in general well received by schools. Moreover, schools are found to be capable of effectively using the supervision and professional support provided by relevant organizations, which is considered helpful in enhancing the quality of student guidance service. In the 2020-2021 school year, we plan to continue to collect such relevant information, including utilization of guidance resources in schools, collaboration between school social workers/student guidance teachers/SGP and teachers, as well as the professional support on the overall school guidance service by social work supervisors, through school visits and questionnaire surveys. We will continue to communicate with the school sector to gauge its views and suggestions, so as to review and strengthen school social work and guidance services.
- (2) The SGP posts are not provided in the present approved staff establishment of schools. However, schools may exercise discretion in deploying the relevant grants provided by the Education Bureau and consider whether to engage SGP and the number of such professionals to be engaged having regard to their school-based needs for the provision or strengthening of school-based guidance service. There is no uniform requirement for SGP engaged by schools and they may include registered teachers with qualifications and experience in guidance, registered social workers or

professionals in guidance with degrees and relevant experience in psychology and counselling. SGP are normally employed by schools on contract terms or engaged through hiring service by service providers. With the implementation of the policy of "one school social worker for each school" in primary schools, the resources allocated to schools under the new funding mode have been increased. After employing one school-based registered graduate social worker, most of the schools still have sufficient resources to hire other SGP. As the actual circumstances and needs of schools vary, the Education Bureau considers it necessary to allow flexibility for schools to deploy resources to provide various kinds of enhanced support to students according to their needs. Therefore, it is not advisable to change the existing mechanism.

- (3) Every year, the Education Bureau organizes professional development programmes on various topics, including mental health, prevention of child abuse, anti-school bullying and supporting students on their relationship problems, etc., for related staff members of schools with a view to enhancing their counselling competencies in early identification and intervention for cases in need. Besides, to support school operation and development, we have all along been providing schools with recurrent grants for their flexible deployment in supporting staff members (including SGP) to participate in professional development programmes according to their school-based needs. In addition, we encourage SGP who do not possess the required qualification for being appointed to the post of Primary School Assistant Social Work Officer to consider pursuing in-service training as necessary, so that they can obtain the qualification of registered graduate social workers and continue to provide social work/guidance service in schools.

Measures to increase land supply

21. **MS ALICE MAK** (in Chinese): *President, the Task Force on Land Supply submitted in December 2018 a report to the Government, in which it tendered a number of recommendations on land supply strategy and put forward eight land supply options worthy of priority studies and implementation. There are*

comments that it has been more than one year since the Government announced in February last year that it had fully accepted such recommendations, but the Government has achieved very little progress in its land development work. The tight supply of land over a prolonged period has aggravated the financial burden on housing for the public and hindered the development of various industries. In this connection, will the Government inform this Council:

- (1) of the projected area of developable land that can be provided in the coming five years through developing brownfield sites; the ways to accelerate the development of brownfield sites;*
- (2) of the projected area of private agricultural land that can be released in the coming five years for housing development or other uses; whether it has set a target for the area of developable land to be supplied under the Land Sharing Pilot Scheme in the coming five years;*
- (3) whether it will expeditiously invoke the Lands Resumption Ordinance (Cap. 124) to resume idle private land, so as to carry out various development projects;*
- (4) of the latest progress of, and the timetable for, the implementation of the large-scale reclamation projects under the "Lantau Tomorrow Vision"; as the Government indicated in May this year that it aimed to submit, within the current legislative session, the funding application for the studies related to the artificial islands in the central waters to the Finance Committee of this Council for consideration, of the progress of the relevant work;*
- (5) whether it has assessed the impacts on the long-term land supply and the overall development of Hong Kong in the event that the implementation of the various projects under the Lantau Tomorrow Vision experiences delays; and*
- (6) as the following proposal has been put forward recently: that the Central Authorities, by making reference to the model in 2009 of authorizing Macao to exercise jurisdiction over parts of the land on Hengqin Island of Zhuhai, arrange for the Mainland authorities to*

construct artificial islands in the Mainland waters (e.g. the waters to the west of Lantau Island or in the vicinity of Guishan Island) through reclamation, and then authorizes the Hong Kong Special Administrative Region to exercise jurisdiction over and use the reclaimed land in the form of an "enclave", whether the Government will expeditiously conduct detailed studies on the proposal and discuss with the Central Authorities; if so, of the details; if not, the reasons for that?

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Government announced its full acceptance of the recommendations tendered by the Task Force on Land Supply ("TFLS") on land supply strategy and eight land supply options worthy of priority studies and implementation in a detailed response made in February 2019. In the past year, we have been actively implementing various measures to create land and increase supply. My reply to the various parts of the question raised by Ms Alice MAK is as follows:

- (1) According to the outcome of a consultancy study released by the Planning Department ("PlanD") in November 2019, there are a total of 1 579 hectares of brownfield sites in the New Territories ("NT"), including 1 414 hectares with active operations and some other 165 hectares with no operation. Among these brownfield sites, more than half (803 hectares or 51%) will be developed progressively into housing or other uses. These include 653 hectares covered by New Development Area ("NDA") projects already/to be launched or being planned, and about 150 hectares covered by known development projects pursued by the Government or the private sector. After excluding 76 hectares in conservation-related zonings from the remaining 776 hectares, there are about 700 hectares of brownfield sites scattering across NT. Out of these 700 hectares of brownfield sites with no development plans, 450 hectares may have relatively higher possible development potential in view of the proximity to existing new towns and major highways, as well as the larger size of land parcels.

To follow up on the consultancy study and to step up development of brownfield sites, the Government stated in the 2019 Policy Address that we would assess by phases how many of these 450 hectares of

brownfield sites would be suitable for public housing development. In the first-phase review of 160 hectares of brownfield sites closer to the existing infrastructure completed by PlanD earlier, eight clusters were shortlisted as suitable for the commencement of engineering feasibility studies ("EFS") on public housing development. Details and follow-up work by relevant departments are set out in an information note issued to the Panel on Development on 18 March 2020.⁽¹⁾ PlanD is continuing the examination of the remaining 290 hectares of brownfield sites, with a view to completing the assessment by the end of this year.

The Development Bureau has already examined with relevant departments on how to further streamline and expedite the subsequent work processes, including compressing the time required for EFSs as far as possible, speeding up statutory procedures such as rezoning, gazettal of works and land resumption immediately upon completion of EFSs, and pursuing certain procedures concurrently as circumstances permit. As for those eight brownfield clusters, at this stage, we expect to convert them to "spade-ready sites" and hand over the sites to the Housing Department for construction of public housing in about five to six years (versus eight years at least now in general). We aim to compress the construction time of some of these housing units to within 10 years approximately from the commencement of EFSs to increase supply in the short to medium term.

(2) and (3)

The 2019 Policy Address has emphasized Government-led land resumption efforts as our core land creation strategy, with a view to making available more land through statutory resumption in the short to medium term for public housing development. Under this strategy, a steady stream of development projects involving resumption of private land by the Government under the Lands Resumption Ordinance (Cap. 124) and other relevant legislation is in the pipeline. Taking into account the Kwu Tung North/Fanling

(1) Please refer to LC Paper No. CB(1)463/19-20(01) <<https://www.legco.gov.hk/yr19-20/english/panels/dev/papers/devcb1-463-1-e.pdf>>.

North ("KTN/FLN") NDA now under construction, the Hung Shui Kiu/Ha Tsuen ("HSK/HT") NDA with land resumption works about to commence, and Yuen Long South development now under statutory planning procedures, as well as a number of public housing projects and other public works, we note that about 700 hectares of private land will be resumed, of which some 400 hectares are expected to be resumed in the next five years starting from 2019-2020. This figure is much higher than the total of 20 hectares resumed over the immediate past five years. Among these projects, land resumption for KTN/FLN NDA has commenced in 2019-2020, with 68 hectares of private land under the first-phase development already reverted to the Government. Resumption procedures for HSK/HT NDA will start shortly, involving some 12 hectares of private land for the first phase of works to be kick-started in the latter half of this year.

The above land resumption figures have not yet reflected those land creation initiatives announced in the 2019 Policy Address. Apart from the afore-mentioned efforts to step up the planning for brownfield development, we are reviewing around 10 land parcels which have been zoned for high-density housing development in statutory outline zoning plans but without any concrete development plan due to various reasons (e.g. fragmented ownership and infrastructure constraints), with a view to assessing their suitability for public housing development. We have also commenced EFSs for the comprehensive planning of high-density public housing development at three urban squatter areas (viz. Cha Kwo Ling Village, Ngau Chi Wan Village and Chuk Yuen United Village).

While Government-led planning and land resumption works will continue to be the mainstream, the Land Sharing Pilot Scheme ("LSPS") launched in early May this year aims to make use of market resources and efficiency to unleash the development potential of privately owned land falling outside Government planning and ecologically sensitive areas, so as to boost public and private housing supply in the short to medium term. LSPS is open for three years, subject to a cap of 150 hectares of the total area of private land to be approved, in order to focus our efforts on handling applications with

potential to provide housing land in the short to medium term and encourage lot owners to submit proposals as soon as possible. As LSPS is voluntary in nature, we cannot estimate at this stage the number of lot owners joining the scheme and the land area involved in those applications.

(4) and (5)

The construction of artificial islands in the Central Waters near Kau Yi Chau ("KYC") is an important measure of land creation in the medium to long term. It is also one of the land supply options worthy of priority studies and implementation as recommended by TFLS. The KYC artificial islands can provide 150 000 to 260 000 housing units (70% of which are public housing) to help meet the long-term housing needs and provide decanting space to facilitate urban redevelopment of a larger scale. In the context of traffic and transport planning, the new strategic roads and railway can enhance the overall capacity and resilience of Hong Kong's traffic and transport network, while relieving congestion of the West Rail and Tuen Mun Highway. The KYC artificial islands can also supply new land for developing the third Core Business District, providing approximately 4 million sq m of commercial/office floor area (equivalent to about 80% of Central in scale) and bringing about around 200 000 diversified employment opportunities, with a view to creating economic capacity and boosting Hong Kong's long-term economic growth.

The Government endeavours to solicit support from the public and the Legislative Council to the studies related to the artificial islands in the Central Waters. Following the Legislative Council Public Works Subcommittee's support in May last year, the Government has included the funding application for the relevant studies in the meeting agenda of the Finance Committee. Subject to funding approval, the studies are expected to complete within 42 months after commencement. If the studies could not be taken forward or were delayed, the current land shortage problem will continue to deteriorate in the medium to long term, and the various social and economic benefits mentioned above could not be realized.

- (6) There had been some discussions in the community on the idea of creating land by reclamation within the waters of the Mainland for use by the Hong Kong Special Administrative Region. In the absence of a more concrete proposal, the Government is not in a position to make specific response at the moment. This notwithstanding, the Government is open to any suggestions that could help relieve the land shortage situation.

Aviation industry and aviation support services sector

22. **MR LUK CHUNG-HUNG** (in Chinese): *President, the Coronavirus Disease 2019 pandemic has dealt a heavy blow to Hong Kong's aviation industry. To maintain Hong Kong's status as an international aviation hub, the Government has, earlier on, announced its decision to invest in Cathay Pacific Airways Limited ("CX") to help CX come out of financial distress. On the other hand, some employees in the aviation industry and the aviation support services sector have relayed that the Government's current relief measures have mainly benefited enterprises, with little direct assistance for employees. In this connection, will the Government inform this Council:*

- (1) *as the Government has indicated that it has no intention of keeping its shareholding in CX for a prolonged period of time, of the expected time when the Government can cease to hold any shares in CX;*
- (2) *whether it knows the number of CX's Hong Kong staff members and the percentage of such number in the total number of employees in the local aviation industry, with a tabulated breakdown of the former by (i) type of business, (ii) job type and (iii) position;*
- (3) *given that when it accepted the Government's investment and loan, CX did not publicly undertake that it would not lay off its staff, and that CX has currently asked quite a number of its employees to take no pay leave, whether the Government has put in place specific measures to ensure that CX's staff have adequate protection for their employment and wages; if so, of the details; if not, the reasons for that;*

- (4) *of the (i) unemployment rate, (ii) number of unemployed persons, (iii) underemployment rate and (iv) number of underemployed persons, in respect of Hong Kong's aviation industry and aviation support services sector in each month from January to June this year, with a tabulated breakdown by job type and position;*
- (5) *whether the Government will provide cash assistance, anti-epidemic allowances and travel allowances for employees in the aviation industry and the aviation support services sector (including ancillary engineering personnel, ground crews, catering service personnel, shop attendants and freight logistics personnel who work in the airport); if so, of the details; if not, the reasons for that;*
- (6) *whether it has assessed when Hong Kong's aviation industry will recover; of the measures in place to assist the aviation industry in coming out of the trough as soon as possible, and to reinforce Hong Kong's status as an international aviation hub; and*
- (7) *whether it has any measures to prevent the slump in the aviation industry from causing talent wastage, and to step up the training for employees in the industry; if so, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, Hong Kong is an international aviation hub with a comprehensive international air network that underpins the development of a wide spectrum of economic activities, including trading and logistics, tourism and financial services. Strategically located in the region and having one of the best airport infrastructure in the world, the aviation industry has brought tremendous economic benefits to Hong Kong over the years. In 2012, the economic contribution of the Hong Kong International Airport ("HKIA") (including direct, indirect and induced contributions) amounted to some \$94 billion, representing 4.6% of Hong Kong's gross domestic product. Prior to the outbreak of COVID-19, about 78 000 people worked at HKIA.

The sustainability and competitiveness of our local airlines are now under severe stress in the face of the outbreak of COVID-19. In April 2020, the International Air Transport Association projected that the annual airline

passenger revenues around the world would suffer a year-on-year drop of 55% due to the economic shock caused by the outbreak of COVID-19 and the imposition of travel restrictions worldwide. In Hong Kong, comparing their pre-COVID-19 (the second half of January 2020) operation level and that in the second half of April 2020, the number of scheduled passenger services operated by local airlines reduced by around 90% and the passenger traffic plunged by over 99% from the previous daily average of around 130 000 passengers to a daily average of around 500 passengers.

Parts (1) to (3) of Mr LUK Chung-hung's question are related to the Government's investment in Cathay Pacific Airways Limited ("Cathay Group"). As the bureau responsible for aviation policy, the Transport and Housing Bureau provided policy inputs to the Financial Secretary in respect of the Government's consideration on whether it should uphold Hong Kong's status as an international aviation hub by supporting the Cathay Group. The subsequent commercial assessments of the Government's investment in the Cathay Group were handled by the external financial consultant engaged by the Hong Kong Monetary Authority ("HKMA") under the authorization of the Financial Secretary. The Transport and Housing Bureau did not participate in the commercial assessments and designs of the investment, as well as the commercial negotiations with the Cathay Group and its major shareholders. The Transport and Housing Bureau will also not participate in any subsequent investment decisions related to the Government's investment concerned.

Having consulted the Financial Secretary's Office, the Financial Services and the Treasury Bureau and HKMA, our reply is as follows:

- (1) The Government's investment involves subscription of preference shares (with detachable warrants) issued by the Cathay Group, and provision of a bridge loan to the company. The step-up coupon mechanism will incentivize the Cathay Group to redeem the preference shares as soon as practicable. As for the detachable warrants, the Government could exercise the warrants within five years of the warrants issuance having regard to market conditions. For the bridge loan, the Cathay Group can arrange respective drawdowns within 12 months of the loan establishment based on need and is required to make repayment within 18 months of the respective drawdowns.

- (2) Based on the information provided by the Cathay Group, as at the end of June 2020, the four local airlines under its portfolio (namely Cathay Pacific, Cathay Dragon, HK Express and Air Hong Kong) employed over 20 000 staff in total in Hong Kong, and other subsidiaries of the Cathay Group employed over 5 000 staff in total in Hong Kong. Before the outbreak of COVID-19, there were around 78 000 persons working at HKIA. Understandably, the number of employees locally employed by the Cathay Group accounts for a considerable proportion of the total number of staff working at HKIA.
- (3) The Hong Kong Special Administrative Region ("HKSAR") Government received applications for the first tranche of the Employment Support Scheme ("ESS") from the end of May to the middle of June 2020. The objective of ESS is to provide time-limited financial support to employers to retain their employees who would otherwise be made redundant and to pay wages to staff who have been put on no-pay leave. When submitting their applications, all employers participating in the first tranche of ESS provided an undertaking not to make redundancies during the subsidy period (viz. from June to August 2020) and to spend all the wage subsidies on paying wages to the employees. The four local airlines in the Cathay Group have all applied for ESS and have been approved to receive the wage subsidies. Based on the information provided by the ESS Secretariat, the total number of committed headcount (viz. total number of paid and unpaid staff (as of March 2020)) of the four airlines is over 20 000 persons.

Having consulted relevant bureaux/departments, our reply to parts (4) to (7) of Mr LUK Chung-hung's question is as follows:

(4) and (5)

The Government together with the Airport Authority Hong Kong ("AAHK") have jointly launched several rounds of relief measures totalling over \$5 billion for the aviation industry in response to the challenges the industry has to face arising from the outbreak of COVID-19. The Government and AAHK have been closely monitoring the situation, liaising with the business partners and

meeting different stakeholders so as to understand their situation and gauge their views. To help the aviation sector in mitigating the impact of the COVID-19, the Government has launched two subsidies for the aviation industry under the second round of Anti-epidemic Fund ("AEF"), targeting airlines and aviation support services and cargo facilities operators (e.g. aircraft maintenance, ground services, aviation catering, aviation fuel supply, logistics services and inter-modal transport services, etc.) at HKIA respectively. The one-off non-accountable subsidies amount to \$367 million. The subsidies provided timely support to the industry in overcoming the challenges, maintaining operations and safeguarding employment, in order to avoid hindering the recovery of the aviation sector and the economy of Hong Kong.

Meanwhile, to assist the airport industry affected by the epidemic, AAHK has launched four rounds of relief measures supporting the airport community, targeting different groups including airlines, aviation support services operators, airport retail tenants and restaurants, and airport staff. To care for the airport staff, training incentive is provided to frontline airport staff who take on training while they are on unpaid leave. AAHK has earmarked a total of \$50 million for providing training incentive in March 2020. In view of the positive response, AAHK has earmarked another \$50 million in June 2020, i.e. a total of \$100 million as training incentive, to encourage staff to enhance competencies and skills.

We hope that the support under AEF and multiple rounds of relief measures would help alleviate the short-term turmoil caused by the current epidemic to the aviation industry and avoid making detrimental impact on our international aviation hub.

According to the latest statistics released by the Census and Statistics Department ("C&SD"), the overall seasonally adjusted unemployment rate and underemployment rate during March to May 2020 were 5.9% and 3.5% respectively. Before the outbreak of COVID-19 in Hong Kong, the overall seasonally adjusted unemployment rate and underemployment rate during November 2019 to January 2020 were 3.4% and 1.2% respectively. Comparing the two sets of statistics, it is noted that the overall

employment situation in Hong Kong had largely been affected by the outbreak of COVID-19. Apparently, the aviation industry, which was hard hit by the outbreak of COVID-19, would not have been spared from the impact.

According to the industry classification of C&SD, the aviation industry belongs to the air transport sector under the transport industry. As the unemployment and underemployment statistics for the air transport sector are compiled based on a small number of observations and subject to very large sampling errors, the statistics for this specific sector is not released.

(6) and (7)

Having considered public health protection, economic impact and social acceptance, transit services at HKIA has been resumed in a gradual and coordinated manner starting from 1 June 2020. Depending on the travel and border control restrictions and quarantine measures imposed by different countries and regions, airlines will adjust their flight services (including considering the resumption of air services to/from certain ports, and the addition of flight frequencies) based on market demand. Meanwhile, the Government is now exploring with places which have stabilized their epidemic situation on how to resume cross-border travel in a gradual manner and establish the mutual arrangement as soon as possible. The HKSAR Government has already had some initial discussion with the relevant governments, among them, the government of Thailand is going to commence discussion with Hong Kong on the ways of relaxing border control. The Government will follow up with the government of Thailand.

The Government and AAHK will continue to closely monitor the ongoing economic and market situation, and will engage the industry when considering appropriate measures, with a view to helping the industry overcome the hardship and retain talents. We look forward to the launching of market recovery campaigns by AAHK, together with the business partners, when the epidemic is over, in order to drive the air traffic and related business.

GOVERNMENT BILLS**Second Reading of Government Bills****Resumption of Second Reading Debate on Government Bill**

DEPUTY PRESIDENT (in Cantonese): Government Bill. Council will now continue the Second Reading debate of the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019.

Stand-over item: Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 (standing over from the meeting of 8 July 2020)

INLAND REVENUE (AMENDMENT) (PROFITS TAX CONCESSIONS FOR INSURANCE-RELATED BUSINESSES) BILL 2019**Resumption of debate on Second Reading which was moved on 18 December 2019**

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

(Mr CHAN Chi-chuen indicated his wish to raise a point of order)

DEPUTY PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, what is your point of order?

MR CHAN CHI-CHUEN (in Cantonese): Deputy President, I request a headcount.

DEPUTY PRESIDENT (in Cantonese): Mr CHAN Chi-chuen has requested a headcount.

Will the Clerk please ring the bell to summon Members back to the Chamber.

(After the summoning bell had been rung, a number of Members returned to the Chamber, but some Members did not return to their seats)

DEPUTY PRESIDENT (in Cantonese): A quorum is now present in the Chamber. Will Members please keep quiet and return to their seats. The meeting now continues.

Mr WU Chi-wai, please speak.

MR WU CHI-WAI (in Cantonese): We are now dealing with the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 ("the Bill"). The objective of the Bill is, very simply, to enhance the development of Hong Kong's insurance industry. Thus, the Bill proposes to provide a tax concession at 50% of the profits tax rate for a number of insurance businesses and certain businesses of licensed brokers. Under the Bill, a tax concession will be provided for the assessable profits of reinsurance business and selected general insurance business of direct insurers. Thus, I think the objective of the Bill is simply to promote the continuous development of Hong Kong as an insurance hub through these tax concessions.

In fact, objectively speaking, Hong Kong's insurance industry faces very keen competition from our neighbouring areas, including Singapore and other cities. Their impacts on our businesses are significant. One of the areas being seriously affected is reinsurance business. According to the observation of Mr Bernard CHAN, a member of the insurance industry and a Member of the Executive Council, many insurance companies have to face intense competition over the past few years. In particular, some of our reinsurance business has been taken over by Singapore. Some large reinsurance companies, e.g. Swiss Reinsurance Company Limited, have even moved their Asia headquarters to Singapore. That means we have lost many insurance talents and certainly some insurance businesses at the same time.

If we want to shift the direction of Hong Kong's insurance industry from focusing on long-term insurance (such as life insurance) business in the past to reinsurance or other general insurance business, we have to face competition from

other places. As I understand it, general insurance business or reinsurance business rely on high premiums, the benefits of which will trickle down and turn the industry into a large business chain.

As I had worked in the insurance industry for a short period of time, I know that general insurance salespersons work very hard, but their efforts may seem fruitless. In fact, this reflects the public's impression of the insurance industry. If you go to a bank to take out an insurance policy, the staff will try to sell another life insurance policy to you. This phenomenon suggests that there is a problem in the income structure of insurance practitioners, which may not be directly related to tax. However, if the Government intends to stimulate or change the operation of the insurance industry through tax concessions, perhaps it has not targeted the root and crux of the problem or has not identified the correct direction of development for the insurance industry as a whole.

Certainly, the Mainland, with a population of 1.4 billion, is a huge market and strict regulations are imposed on the reinsurance business in accordance with the national policies. When developing the insurance business in Hong Kong, I do not know whether we are capable of competing with our Mainland competitors on the Mainland, or whether many Mainlanders will still come to Hong Kong to take out life insurance policies (i.e. long-term insurance policies) because of the characteristics of "one country, two systems", thus benefiting the insurance practitioners and the insurance industry of Hong Kong. Can this kind of structural problems be solved by providing tax concessions? It seems that the authorities have not seriously considered this question.

As pointed out by Executive Council Member Bernard CHAN, Hong Kong's insurance industry mainly relies on life insurance, and the growth of such business is mainly generated by Mainland visitors. Mr CHAN pointed out that since this kind of growth could not be sustained, the Government should have a long-term vision and work in three directions. First, it should increase the tax concessions to support the insurance industry; second, it should encourage the insurance industry to develop Insurtech so as to attract insurance talents; and third, it should educate the public that the insurance industry does not only comprise insurance salespersons, so as to encourage more talents to join the industry.

Nevertheless, Mr Bernard CHAN said in conclusion that after the Government has done all the work, we have to grasp the opportunities offered by the Greater Bay Area. I find this remark questionable. That takes us back to

the old problem discussed earlier. The business which earns the most profit within the shortest time is most susceptible to changes in the end. Thus, although I agree with Mr CHAN's observations, I have doubts about his final remark which seems to suggest that we must turn to the Mainland market. How should we analyse the Mainland market? What adjustments can we make to expand the scope of insurance business in Hong Kong beyond long-term life insurance business and promote the long-term development of other insurance businesses with the support of this huge market? It seems that there are no answers to these questions.

I also notice that the Government has pointed out in the Legislative Council Brief that Singapore's performance is outstanding. Apart from providing tax concession support, Singapore has a very important strategy of offering special business facilitation support to assist insurance companies in setting up their offices there. In this connection, I understand that the Government has not provided any support for major insurance companies which have set up their headquarters in Hong Kong. I remember that when we were considering the "curb" measures on property prices back then, we mentioned that if some companies wanted to set up their regional headquarters in Hong Kong and bought properties here, they had to pay very high stamp duties as a result of the "curb" measures. In fact, the tax concessions currently proposed may only be peanuts when compared with the stamp duties under the "curb" measures. Thus, should we formulate better support measures policy-wise? Apart from providing tax concessions, should we also consider introducing other targeted policies or measures so that Hong Kong's insurance industry will not focus narrowly on life insurance business?

Let me provide some figures to show Members a phenomenon. Regarding the total business turnover of the insurance industry in 2010 and 2018, the total premiums of personal life insurance policies amounted to about \$160 billion in 2010 and \$440 billion in 2018, representing an almost threefold substantial increase. Perhaps "Brother Por" has made a great contribution in this regard. However, during the same period, the total premiums of general insurance policies amounted to only \$31 billion in 2010 and \$53.1 billion in 2018.

The rates of increase in these two sets of figures reflect a huge difference. In terms of ratios, about 80% of the policies were life insurance policies and 20% were general insurance policies in the past, but the difference has already been widened from 8:2 or 7:3 to almost 9:1 in 2018.

These figures show that our insurance business has tilted towards long-term insurance services. As far as business growth is concerned, premiums of new long-term insurance policies in 2019 amounted to around \$170 billion, among which new premiums from Mainland visitors amounted to \$43 billion, representing 25% of the total. Certainly, many Hong Kong people live on the Mainland and how we should treat their premiums is another issue to consider.

In fact, these sets of figures show that Hong Kong's insurance industry is tilted towards long-term insurance services to the neglect of general insurance services provided to the business sector. This seems to be an obvious phenomenon. As I said earlier, Mr Bernard CHAN, Convenor of the Executive Council, has also made this point in his analysis. What worries us more is that Hong Kong's insurance industry has excessively relied on the Mainland, which has raised the doubt of whether this direction of development in the market is healthy. Certainly, we should not abandon or neglect the Mainland market; but what strategies should we adopt to deal with this one-sided inclination in the development process? Should we continue to provide concessionary measures and allow the insurance industry to cherry-pick the most profitable type of business? Or, should the Government use other ways to adjust the direction of development in the industry as a matter of policy? If there are no other ways, even with the implementation of the tax concessionary measures, long-term insurance will still be the most attractive business and the industry may even become over-dependent on the Mainland market. Is this going to benefit the long-term development of Hong Kong? I believe the Administration has to consider these questions.

Let us not forget that Donald TRUMP, President of the United States, has just signed an executive order, meaning that the economic position of Hong Kong will experience changes in the future. After Hong Kong has lost its preferential status, what will be the economic structure and position of Hong Kong? In the face of competition from our nearby markets, cities and countries, will Hong Kong be able to maintain its edge? If it will not and if our competitiveness is going downhill, we have to consider what strategies should be adopted to enable Hong Kong to maintain its role as Asia's insurance hub. I hope that the Administration will, in its later response, tell us more about its thoughts, so that we will know what strategies, apart from tax concessions, are in place to cope with the new development.

In fact, these problems were not raised by me only today. In the study report entitled "Turning Crisis into Opportunities" ("the Report") published by the Hong Kong Financial Services Development Council in 2017, the problems faced by Hong Kong in developing into an insurance centre were revealed. The Report clearly pointed out that Hong Kong lagged behind its competitors in many areas of insurance business. In particular, Munich Reinsurance Company and other international insurance companies had withdrawn from Hong Kong or reduced their scales of operation in Hong Kong. These incidents indicated that the insurance industry of Hong Kong was going downhill. If we still hope that the proposed tax concessions will encourage insurance companies to re-establish themselves in Hong Kong, the chance of success will be very slim because our insurance business is homogenous and the excessive reliance on Mainland visitors is not sustainable. Under these circumstances and the new international development, reduction of tax alone will naturally be a drop in the bucket only.

Thus, I think the Administration has to give serious thoughts to these problems. In the past, we have already suffered greatly from the homogeneity of our tourism business. Today, we hope that the Administration will not again (*The buzzer sounded*) treat opportunities of the Greater Bay Area as a panacea ...

DEPUTY PRESIDENT (in Cantonese): Mr WU, your speaking time is up.

Members should focus on discussing the merits of the Bill instead of the overall policies of the insurance industry.

MR CHAN KIN-POR (in Cantonese): Deputy President, I speak in support of the Second Reading of the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 ("the Bill"). The Bill seeks to implement the policy of the Chief Executive and the Financial Secretary to strengthen the status of Hong Kong as an international insurance hub, promote further internationalization of Hong Kong's insurance industry and enhance its competitiveness. The Bill specifically proposes to reduce profits tax rate by 50% to 8.25% for specified insurance business.

First of all, on behalf of the insurance sector, I would like to thank the Government for its efforts. The proposals will not only increase the international competitiveness of the insurance industry, but also benefit the entire

Hong Kong economy in many ways. These include offering new business opportunities for many trades and industries, assisting to promote the development of Hong Kong as a maritime centre, offering great opportunities for professional services sectors such as the accounting sector and the legal sector, enabling Hong Kong to earn a considerable amount of revenue and creating more high-quality job opportunities for young people. It is a multi-win solution which serves multiple purposes.

(THE PRESIDENT resumed the Chair)

Hong Kong is a global insurance hub, like London, New York, Switzerland and Singapore, but in recent years, Hong Kong's insurance organizations have focused on developing local business, while their international business has stalled and faced international competition. Other insurance hubs have successively introduced many different tax incentives. Take Singapore as an example. In addition to providing convenient business environment measures, it also provides tax concessions for underwriting of specialty risks, with a tax rate as low as 8%, while the tax rate for marine insurance and brokerage businesses is as low as 10%. In contrast, the profits tax rate in Hong Kong is 8.25%, which is higher than that of Singapore, even after a 50% concession calculated on the basis of the current the profit tax rate. Thus, if the Government does not reduce the tax rate, it will really be difficult for Hong Kong's insurance industry to compete with others.

On the other hand, as the local insurance market becomes more mature, it is imperative for the industry to promote insurance business in the international world in addition to the Greater Bay Area for its further development. As Hong Kong has the advantage of relying on our country to develop captive insurance, reinsurance, marine insurance and other businesses, it still has considerable potential for development. As long as there is a sound business environment, insurance organizations can promote the development of these businesses. The Bill and the two bills to be deliberated later are related to the development of the insurance industry and its international business; the insurance sector hopes that these bills can be smoothly passed today, so that members of the industry can promote the development of the relevant businesses as soon as possible.

To develop these insurance businesses in Hong Kong, a large number of professionals who are proficient in international business are required, including those who are familiar with marine insurance, catastrophe insurance and captive insurance. Since the insurance industry used to focus on developing local businesses, there is not much demand for such talents. But, as the industry has to develop professional and international businesses now, it will not be able to expand its international business without these talents. The Government has made changes this time and provides in the Bill that insurance brokerage companies can also obtain tax concessions for operating the businesses concerned. After the implementation of the Bill, it will help attract international insurance brokers to Hong Kong, thereby motivating international insurance professionals to come here too and promote international business for Hong Kong's insurance industry.

However, these measures are only stopgaps. In the long run, Hong Kong must train local talents. Thus, I have repeatedly asked the Government to set up an insurance college. In addition to training insurance business talents, the college can also train international insurance professionals locally. I understand that the establishment of an insurance college requires a lot of resources, but it is definitely worth the investment. Everyone knows that at present, young people in Hong Kong lack opportunities for upward mobility and many university graduates cannot find satisfactory jobs. International insurance professionals are in great demand in the local industry, and they are also in hot demand in the international labour market. Thus, if the Government invests in nurturing talents in this area, it will definitely benefit young people and offer another career pathway for them. The insurance industry will vigorously develop business internationally and in the Greater Bay Area with a view to providing a lot of quality jobs for young people. Thus, I hope the Government will seriously consider setting up an insurance college.

Furthermore, I heard a Member ask two days ago why the Government has not included life insurance and health insurance in the list of eligible businesses for tax concession this time to promote the development of the industry. Frankly speaking, the insurance industry certainly hopes that the Government will introduce more tax concession measures, but at the same time, we also hope that the Government can assist the industry in alleviating their problems under the current business situation. In particular, there are many self-employed persons in the insurance industry. At present, the economy is adversely affected by the epidemic. In addition, the compulsory quarantine arrangements between

Guangdong and Hong Kong have prohibited prospective Mainlander insurance customers from visiting Hong Kong to complete the required procedures. As a result, the business of these self-employed persons has plummeted. However, they receive very little assistance under the second round of Anti-epidemic Fund. We also hope that a mutual recognition system for health codes between Guangdong and Hong Kong can be established as soon as possible so that business activities can resume between the two places, but unfortunately, it has yet to be implemented. Thus, I urge the Government once again to expeditiously introduce a new round of measures to assist self-employed persons in the insurance industry as well as other industries.

The Bill seeks to promote the internationalization of general insurance business. We must first complete this step before continuing to ask for more measures for promoting the development of the industry in the future. I hope that Members will support the Bill. Thank you, President.

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

MR CHAN CHI-CHUEN (in Cantonese): Today we are conducting the Second Reading debate on the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 ("the Bill").

In considering tax reduction, I adopt the following yardstick: if the whole community can benefit, I will certainly render support; if only certain social strata or sectors can benefit, we will have to examine the measure slowly. I also adopted this principle when we considered the bill on aircraft leasing tax concessions earlier. We should look at the Bill from three aspects. First, whether the insurance industry deserves a tax reduction; secondly, whether those who have taken out insurance can benefit from the tax reduction; and thirdly, can Hong Kong's status as an insurance hub be reinforced, which is a very important reason for introducing the Bill.

Just now I heard Mr CHAN Kin-por, the representative of the insurance sector, say that the passage of the Bill can attract international companies to set up business in Hong Kong and insurance professionals to work in Hong Kong. In fact, even if we pass the Bill, can this effect be achieved?

I have read the Legislative Council Brief, in which the SAR Government stated that "In the light of international competition, other insurance hubs have introduced different measures including tax incentives to enhance their own competitiveness." Therefore, "[h]aving consulted the industry, and taking into account international taxation requirements, we propose to amend the Inland Revenue Ordinance (Cap. 112) ("IRO") to further reduce profits tax rate by 50% (i.e. 8.25%) for (a) all general reinsurance business of direct insurers; (b) selected general insurance business of direct insurers; and (c) selected insurance brokerage business. The proposed profits tax rate of 8.25% will make Hong Kong generally competitive vis-à-vis Singapore, which currently provides a concessionary tax rate of 8% for specialized business and 10% for marine insurance business and brokerage business."

The tax reduction policy mentioned in the Bill was introduced at the end of November 2019. I hope Members will understand that this is not a one-off tax relief offered to the insurance industry in difficulty amid the epidemic, nor is it a time-limited tax relief offered based on the Budget. This is a tax relief with permanent effect. However, in my opinion, if tax reduction measures are to be introduced now, why should the insurance industry, among so many industries, be granted reduction? I consider the insurance industry the least affected in terms of operation and it is perhaps one of the most lucrative industries during this period. Over the years, a large number of white elephant projects have brought extremely lucrative premiums to many reinsurance companies. I believe that after the promulgation of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("the National Security Law"), the Hong Kong Government will launch more large-scale infrastructure projects worth hundreds of billions of dollars with greater vigour. Any person who obstructs these projects will be labelled as subversive. The reinsurance companies can reap profits amounting to tens of billions of dollars from such projects.

In addition, with Hong Kong people continuing to pay insurance premiums and Mainlanders feeling more at ease under the National Security Law to transfer their assets through the insurance business in Hong Kong, the insurance industry can earn more income. Under the National Security Law, I am worried that some foreign insurance companies may step back or narrow down their business or market in Hong Kong, consequently the local and Chinese insurance companies will very likely get a larger market share and earn more premiums.

History has also proved that no matter what storms Hong Kong goes through, insurance companies rarely close down. Even in times of economic downturn and epidemic, people have to take out various types of insurance. Huge profits are made, whether in areas of business transactions or operation. Our next debate is on the Mandatory Provident Fund Schemes (Amendment) Bill 2019, which is also a big piece of "fat meat". We will talk about it later.

Mr CHAN Kin-por also mentioned just now that five types of business were excluded from the relief this time. The authorities "propose to introduce a tax concession at 50% of the profits tax rate for the assessable profits of direct insurers in respect of their general insurance business, except business covering any of the following five types of risk or liability: health risk; mortgage guarantee risk; motor vehicle damage risk; employees' compensation liability; and owners' corporation third party liability." Simply by reading the Government's paper, I do not understand why these five types of insurance have to be excluded. Are these five types of insurance not the most direct insurance items that Hong Kong people must face? Given that "the fleece comes off the sheep's back", if concessions are granted, more members of the public may benefit.

Regarding this piece of legislation on tax reduction, amid economic downturn, the Government now proposes to reduce the tax rate for some insurance businesses. After insurance companies have gained benefits, will they lower their insurance premiums to benefit members of the public? I do not see such a situation. Although insurance companies will benefit from businesses targeted by the legislation, the general public will not benefit directly.

Besides, under current circumstances, we cannot avoid some discussion. I highly doubt whether we can maintain Hong Kong's status as an international insurance hub simply by profits tax concessions for the insurance industry as the Government and Mr CHAN Kin-por have said.

The tax reduction aims to attract more insurance companies to set up business in Hong Kong. However, looking at the examples cited by the authorities—i.e. our competitors—Singapore, New York, Switzerland, Bermuda, London, and so on, all of them have a consistent, stable and foreseeable judicial system, which provides insurance companies with a stable operating environment. What about the current situation in Hong Kong?

Before the implementation of the National Security Law, I think Hong Kong has these advantages too. After the enactment of the National Security Law, these advantages no longer exist, and the autonomy of the SAR Government has been reduced now. The authorities have placed many advertisements in order to convince people that Hong Kong has not changed. Do people believe that?

During this period, many overseas companies, multinational enterprises or some international news media have indicated that they will depart from Hong Kong. These are some concrete examples. Members of the public are even worried that publishing online some posts or comments that the Chinese Government does not like will hit the "red line"; or saying certain four or eight words will lead to arrest and accusation of violating the National Security Law. Now the SAR Government tends to take such actions, even though the persons concerned may not violate the law, they may be deterred. Some countries have therefore issued travel alerts for Hong Kong.

Will the Government's current tax reduction improve the situation? Political instability and queries about independence of law will cause overseas companies to step back, at least they will pause and think again carefully. Overseas companies will not come to invest in Hong Kong just because we reduce the tax rate to be on a par with Singapore.

Just now at 5:00 pm on Tuesday Eastern Standard Time, i.e. 5:00 am today Hong Kong time, President of the United States Donald TRUMP held a press conference in the Rose Garden of the White House, announcing the signing of the Hong Kong Autonomy Act and an executive order to revoke the special treatment for Hong Kong. He indicated that Hong Kong people's freedom had been taken away and that China who pushed through the National Security Law had to be held accountable for its oppressive actions against the people of Hong Kong. The details of the executive order require that any person determined to be responsible for or involved in ...

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, please return to the subject of this debate.

MR CHAN CHI-CHUEN (in Cantonese): President, of course, I will return to the subject of this debate. I am now expounding on my third argument, i.e. whether the current 50% tax concession can enable Hong Kong to continue serving as an international insurance hub, or to overtake Singapore in acquiring the business.

However, I need some time to further organize my speech. I request a headcount.

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

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

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen, please continue with your speech.

MR CHAN CHI-CHUEN (in Cantonese): I mentioned just now that Donald TRUMP had signed the Hong Kong Autonomy Act and revoked the special treatment for Hong Kong. The President then asked me to return to the subject. In fact, the reason why I mention this issue is to talk about the latest international situation, be it political or economic, because the Bill we are now scrutinizing aims to enhance the status of Hong Kong in the finance and insurance sector. The SAR Government is also aware that although Hong Kong has a competitive edge, its competitors, including London, New York, Switzerland, Bermuda, Singapore and Dubai, are very strong and all of them are striving to become an insurance hub.

In the light of international competition, other insurance hubs have introduced different tax incentives to enhance their competitiveness. For instance, our frequent competitor Singapore is now widely seen as a leading specialty insurance and reinsurance hub in Asia on account of its tailor-made business facilitation support and tax incentives. For an emerging marine insurance centre like Singapore, the gross premiums in marine insurance amounted to HK\$7.15 billion in 2018, i.e. around three times the figure for Hong Kong. The Hong Kong Government is also aware of this situation, but it only

discussed with us today, hoping to use tax relief measures to offset Singapore's tax incentives, i.e. providing a concessionary tax rate of 8% for specialized business and 10% for marine insurance business and brokerage business.

The United Kingdom and Switzerland also reduced their corporate tax rate this year. The corporate tax rate of United Kingdom will be reduced from 19% to 17% starting from 1 April 2020, whereas that of Switzerland from 17.06% to 12%-14% from 1 January 2020. Therefore, the authorities now plan to introduce the 50% tax concession measures, thinking that they can succeed and that these measures can keep our business environment conducive to insurance business and help the insurance industry seize new opportunities, apart from new opportunities arising from the Belt and Road Initiative. In fact, we seldom heard of measures relating to the Belt and Road Initiative in the past one year. It was often mentioned in the past during LEUNG Chun-ying's era. LEUNG mentioned the term "Belt and Road" dozens of times in his Policy Address. However, the Policy Address and the Budget this year showed a big difference compared with those during LEUNG Chun-ying's era. If the Belt and Road Initiative is really feasible with such a good prospect, the Chief Executive and the Financial Secretary should have mentioned it more and more often.

The Chief Executive and the Financial Secretary put forward in the 2018 Policy Address and the 2019-2020 Budget Speech respectively a general direction, i.e. providing tax relief to promote the development of marine insurance and the underwriting of specialty risks such as aviation, agriculture, catastrophe, political risk, war risk and trade credit in Hong Kong. However, if the Government simply wants to compete with other countries in terms of tax concession rate, no matter how great the concession is, it will not have any effect. If we do not resolve the problems that I raised just now, such as political instability and legal instability, no matter how much more tax concessions are offered, people may still be reluctant to make Hong Kong their first choice. Does the Government think that everyone fits in the description of ZHANG Xiaoming? For those who have planned to immigrate to Singapore and completed their application forms, will they, upon hearing the implementation of the National Security Law in Hong Kong, tear their forms up and consider that Hong Kong's future is very bright? Figures do not lie. I highly doubt whether the Government is exaggerating the effectiveness of the 50% tax concession, claiming that Hong Kong will become more competitive and overtake Singapore. We just have to wait and see.

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

DR FERNANDO CHEUNG (in Cantonese): President, I also wish to speak on the Second Reading of the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 ("the Bill").

The Bill basically seeks to reduce tax, and the Government hopes to enhance the competitiveness of the insurance industry through tax reduction. The insurance industry is an integral part of Hong Kong's financial services industry, and the value added of the insurance industry accounted for 3.7% of Gross Domestic Products in Hong Kong, which is not small in terms of scale. In addition, there are 161 authorized insurers in Hong Kong, including 16 professional reinsurers, with annual gross premium income of more than \$500 billion, whereas the number of people working in the insurance industry amounted to over 100 000. This is an important industry from whatever angle, and we would like to see it develop.

I am not going to repeat the basic descriptions given by the few colleagues just now, which is mainly about the reduction of profits tax rate by 50% for only captive insurance business and reinsurance business of professional reinsurers in Hong Kong. The Government hopes to introduce new measures to keep our business environment conducive to insurance business and help the insurance industry seize new opportunities, including those arising from the Belt and Road Initiative. The ideas are originated from the relevant measures announced earlier in the 2018 Policy Address and the 2019-2020 Budget.

The Bill is mainly concerned with the development of marine insurance and the underwriting of specialty risks, including aviation, agriculture, catastrophe, political risk, war risk and trade credit. Can the competitiveness of Hong Kong's reinsurance business, marine insurance business and underwriting of specialty risks business be substantially improved through tax cuts? As pointed out by Mr CHAN Chi-chuen earlier on, some previous developments have led to the decline of the insurance industry in Hong Kong.

In March 2017, the Hong Kong Financial Services Development Council ("FSDC") published a report entitled "Turning Crisis into Opportunities: Hong Kong as an Insurance Hub with Development Focuses on Reinsurance, Marine and Captive" ("the Report"). It is stated in the Report that as a major Asian

insurance centre, Hong Kong is facing a serious challenge and is lagging behind its Asian competitors in many areas, including the few areas mentioned above, namely reinsurance, marine insurance and captive insurance, which are the hardest hit. These few areas are precisely the crucial elements for Hong Kong's comprehensive development as a financial centre and as a super-connector in the Belt and Road Initiative.

The Report points out that the recent departure or downsizing of Munich Reinsurance Company and other global reinsurance companies highlight the failings of Hong Kong for the reinsurance industry. According to the Report, further departures are expected in the near future if action is not taken. This is indeed a cause for concern. I will talk about the many setbacks encountered by the Belt and Road Initiative later. For example, in the light of the recent new political developments, many countries may not necessarily go in tandem with the Belt and Road Initiative. Many projects or major infrastructure projects have even backtracked, which may give rise to many problems. As for the new risks or threats posed by the National Security Law as mentioned by Mr WU Chi-wai and Mr CHAN Chi-chuen just now, I also find it worth discussing and will talk about them later.

The Report also points out that the position of Hong Kong as Asia's reinsurance centre was lost to Singapore after 1997, and the latter has gradually become a regional insurance hub in Asia, both in terms of the number of insurance companies or the volume of reinsurance and marine business. On the contrary, Hong Kong is actually on the decline. In fact, this phenomenon has occurred before the opposition to the proposed legislative amendments or the enactment of the National Security Law, that is, between early 2000 and 2016.

As pointed out in the Report, one crucial point is the implementation of the China Risk Oriented Solvency System ("C-ROSS") on 1 January 2016. Upon the implementation, more reinsurance placement has been diverted to onshore reinsurance companies and insurance companies in the Mainland. They prefer to operate in the Mainland instead. Some insurance brokers have also started to divert reinsurance businesses away from Hong Kong to Singapore, Shanghai and other reinsurance centres to concentrate their reinsurance business and enjoy economies of scale, thereby giving more edges to their reinsurance business.

The Report has made a number of recommendations, but the most important one is not about tax, but a framework. The Report recommends an agreement with the China Insurance Regulatory Commission to apply a "Special

Administrative Region" ("SAR") status to Hong Kong under C-ROSS. Given that Hong Kong is currently classified as an "offshore" area, it is necessary to create a special category between "Onshore" and "Offshore" so that the preferential treatment currently enjoyed by some Mainland companies can be extended to companies with SAR status, thereby enhancing their competitiveness. However, the Bill under discussion has not touched on this aspect of work.

The second proposal is also concerned with tax reduction. It is hoped that through tax reduction, more foreign investments will be attracted to Hong Kong and bring benefit to China, given that the development of the Mainland is very important. In 2014, FSDC published a paper titled "Developing Hong Kong as an Offshore RMB-denominated Reinsurance Centre". It was stated in the paper that in 2010, HK\$32.4 billion of Mainland Chinese insurance premiums were ceded to offshore markets like Bermuda, Continental Europe, Singapore and the United Kingdom, of which HK\$9.2 billion could have been re-routed to Hong Kong but regrettably slipped away. It went further to predict that new business prospect for Hong Kong could be increased to double that of the current volume. Thus, the Mainland insurance market should be able to benefit from the foreign countries through the new framework.

President, on 30 March this year, FSDC released a report on enhancing Hong Kong's insurance industry. The report was written in English (I quote): "The FSDC would like to highlight that the preferential half-tax rate currently offered by the Government and proposed by the FSDC on general insurance business, reinsurance business, as well as insurance and reinsurance brokerage business can put Hong Kong in a competitive position compared to its regional counterparts, and is effective in attracting newcomers (including Mainland Chinese players) to set up regional hubs in Hong Kong". The Report considers that the Bill under discussion will create favourable conditions. The Report then goes on to say that: "Yet, it may not be as effective in incentivising businesses to move back to Hong Kong if they have already established their regional hubs elsewhere. Therefore, the FSDC considers that in order to attract businesses back to Hong Kong, the Government should also consider taking a more proactive approach to grant full exemption to the relevant businesses for a specific period of time (e.g. tax holiday subject to a sunset clause)." (End of quote) In my opinion, FSDC is a bit too greedy. It is not satisfied with the proposed reduction of profits tax rate by 50%, and suggests that full exemption should be granted.

Is it really possible to develop, through tax concessions, Hong Kong's insurance industry, that is, reinsurance, marine insurance and captive insurance businesses currently under discussion? Will companies that have already left Hong Kong really return? I have serious doubts about this. In the light of the National Security Law and the new geopolitical situation, the political and social risks of Hong Kong are both very high. There are currently quite a number of military operations in the South China Sea, such as the People's Liberation Army conducted military exercises near Xisha Islands in July and near South China Sea in August; Taiwan sent its Marine Corps to station at the Xisha Islands, and the United States also conducted military exercise in the Philippines. The military situation in the South China Sea is very tense. Scholar WONG Wai-lun published an article titled "No longer a haven of foreign investors", and the subject of which is undoubtedly Hong Kong. In his view, any changes in the South China Sea would have an implication on the huge maritime trade, which is of course directly related to marine insurance. While some people think that the conflicts are purely military tussles between the major powers and should not have any direct effect on foreign investors, WONG disagrees, for he thinks that foreign investors are seriously concerned about the development of geopolitics. South China Sea is, after all, the principal fairway through which foreign goods enter Asia and various Asian countries, especially those from the Western and Asian countries. In case there is any change in the South China Sea that makes it no longer a safe zone, this will definitely affect the huge maritime trade. In that case, it can be said that Hong Kong's maritime insurance is dead.

President, due to the lack of time, I have yet to speak on the National Security Law. I will further elaborate if I still have a chance to speak later because I am afraid that we might be barking up the wrong tree.

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

(No Member indicated a wish to speak)

(Mr LEUNG Yiu-chung indicated a wish to raise a point of order)

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, what is your point of order?

MR LEUNG YIU-CHUNG (in Cantonese): President, a quorum is lacking in the Chamber.

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

(The summoning bell stopped after ringing for 15 minutes)

PRESIDENT (in Cantonese): As the summoning bell has been rung for 15 minutes but a quorum is still not present in the Chamber, I now adjourn the meeting according to Rule 17(2) of the Rules of Procedure.

4:33 pm

Council was adjourned.

5:10 pm

Council then resumed.

PRESIDENT (in Cantonese): This Council was adjourned earlier today due to the lack of a quorum. I now resume the meeting under Rules 17(6) and 14(4) of the Rules of Procedure, and we will continue to handle the unfinished business on the Agenda.

This Council now continues with the Second Reading debate on the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019. I now call upon the Secretary for Financial Services and the Treasury to reply. Then, the debate will come to a close.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, Members have a good understanding of the contents of the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 ("the Bill"). I would like to thank the seven Members for voicing valuable views.

At present, in respect of the entire insurance industry, premiums of long-term insurance business take up 90% while premiums of other business (including general business) take up 10%. Therefore, the Bill focuses on the 10% of business, hoping to enhance the entire insurance industry of Hong Kong and add value to it. Viewing from this perspective, we are totally capable of competing and should do so. For instance, for the maritime insurance under general business, the premiums we currently receive are only one third of those received by Singapore. Hence, there is room for us to compete. Just now, many Members mentioned what other means are available for competing with other countries apart from providing tax concession. This is also the issue that we have been thinking about. We hope to optimize the ecosystem of the entire insurance industry through a multi-pronged approach, and the following three fronts will inevitably be involved: talent, regulation and product.

On talent development, we launched a relevant pilot programme in 2016 and will continue to launch similar programmes. On regulation, another bill in addition to this Bill will be introduced later to optimize the regulation of insurance groups. In 2019, we implemented the new regulatory regime for insurance intermediaries. On product, both this Bill and the bill on insurance linked securities to be introduced seek to diversify the products. As such, we can enhance the future development of the entire insurance industry in respect of talent, product and regulation.

Many Members are concerned about the effects attained upon the passage of the Bill. In this connection, we will report to the Legislative Council on the effects brought about by the Bill in due course. We will also closely exchange and communicate with the industry to ensure the expeditious drafting of the subsidiary legislation, with the view to implementing the legislation early next year. Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 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.

(Members raised their hands)

Mr CHAN Chi-chuen rose to claim a division.

PRESIDENT (in Cantonese): Mr CHAN Chi-chuen has claimed a division. The division bell will ring for five minutes.

(While the division bell was ringing, a phone rang inside the Chamber)

PRESIDENT (in Cantonese): Will Members please switch their mobile phones to silent mode.

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.

Mr LEUNG Yiu-chung, Mr Abraham SHEK, Mr Tommy CHEUNG, Prof Joseph LEE, Mr Jeffrey LAM, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Hak-kan, Mr CHAN Kin-por, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Michael TIEN, Mr Steven HO, Mr Frankie YICK, Mr WU Chi-wai, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr LEUNG Che-cheung, Mr Kenneth LEUNG, Ms Alice MAK, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr Christopher CHEUNG, Dr Helena WONG, Mr IP Kin-yuen, Ms Elizabeth QUAT, Mr Martin LIAO, Mr POON Siu-ping, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Andrew WAN, Mr Jimmy NG, Dr Junius HO, Mr LAM Cheuk-ting, Mr Holden CHOW, Mr SHIU Ka-fai, Mr SHIU Ka-chun, Mr Wilson OR, Ms YUNG Hoi-yan, Dr Pierre CHAN, Mr CHAN Chun-ying, Mr CHEUNG Kwok-kwan, Mr LUK Chung-hung, Mr LAU Kwok-fan, Mr Kenneth LAU, Dr CHENG Chung-tai, Mr KWONG Chun-yu, Mr Vincent CHENG, Mr Tony TSE and Ms CHAN Hoi-yan voted for the motion.

Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Ms Tanya CHAN voted against the motion.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

THE PRESIDENT announced that there were 57 Members present, 52 were in favour of the motion and 4 against it. Since the question was agreed by a majority of the Members present, he therefore declared that the motion was passed.

CLERK (in Cantonese): Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019.

Council became committee of the whole Council.

Consideration by Committee of the Whole Council

CHAIRMAN (in Cantonese): This Council now becomes committee of the whole Council to consider the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019.

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

INLAND REVENUE (AMENDMENT) (PROFITS TAX CONCESSIONS FOR INSURANCE-RELATED BUSINESSES) BILL 2019

CHAIRMAN (in Cantonese): Members have been informed that the committee will conduct a joint debate on the clauses, schedule and amendments.

I now propose the question to you and that is: That the following clauses and schedule stand part of the Bill.

CLERK (in Cantonese): Clauses 1 to 17 and Schedule.

CHAIRMAN (in Cantonese): The Secretary for Financial Services and the Treasury will move amendments which seek to amend clauses 7, 14 and 17, and Schedule.

Members may refer to the Appendix to the Script for details of the amendments.

CHAIRMAN (in Cantonese): Members may now proceed to a joint debate on the clauses, schedule and amendments.

I will first call upon the Secretary to speak, but he is not required to move his amendments at this stage. Then I will call upon Members to speak.

Upon the conclusion of the joint debate, the committee will first vote on the clauses with no amendment standing part of the Bill, and then the Secretary's amendments.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Chairman, I move that clauses 7, 14 and 17c and Schedule of the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 ("the Bill") be amended as set out explicitly in the paper circulated to Members.

These amendments have two purposes. The first one is for effecting consequential amendments arising from the recent passage of the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 by the Legislative Council. Both the Bill and the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 amend several technical provisions of the Inland Revenue Ordinance (Cap. 112), namely the existing sections 19CA and 63H respectively. As the Bill was introduced into the Legislative Council for First Reading earlier than the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020, the Bill does not provide for consequential amendments arising from the passage of the Inland Revenue (Amendment) (Ship Leasing Tax Concessions)

Bill 2020. In light of the passage of the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 by the Legislative Council on 10 June this year, we move to amend clauses 7 and 14 of, and Schedule to Bill to take account of the relevant amendments made by the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020.

Second, we also take this opportunity to make a minor textual amendment to clause 17 of the Bill to add the number of the amendment ordinance (if the Bill is passed) amongst the Ordinances of the year in which it is published in the Gazette.

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

The two purposes that I mentioned just now are both textual amendments of a technical nature and do not affect the substance of the Bill.

I so submit, and hope to secure Members' support. Thank you.

MR KENNETH LEUNG (in Cantonese): Deputy Chairman, I learned that the several amendments to the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 ("the Bill"), including amendments to clauses 7, 14 and 17, are technical in nature. The amendments are made consequent to the passage of the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020 on 10 June. If the amendments to the Bill are not made, in particular if the definitions of "normal trading receipts" and "chargeable normal trading receipts" in clause 19CA are not amended, there will be material impacts.

When I review the method for calculating the ship leasing tax concessions, I found that it should tally with the basic calculation method for or definition of aircraft leasing tax concessions. May I ask the Secretary why no consequential amendment has been made? Given that the tax amendment on aircraft leasing was passed three years ago, shouldn't the relevant definition in the primary legislation be amended? Conversely, amendment is required for ship leasing tax concession owing to the time lag of a few weeks. I would like to know if the

definition on aircraft leasing tax concession has been amended, given that the method for calculating aircraft leasing and ship leasing tax concessions should be the same.

In the Committee stage, I would like to respond to the Secretary's remarks. Though my response is not directly related to the amendments, it is directly related to the Bill. The Secretary said that in respect of talent, apart from providing tax concessions to corporates, the Government also proposes to reduce the profits tax rate by half for insurance brokers, i.e. at the rate of only 8.25%. The question is, as I learnt from the press yesterday ... The Guangdong-Hong Kong-Macao Greater Bay Area ("the Greater Bay Area") is one of the major sources of customers for the insurance industry, but according to the personal income tax and global taxation announced yesterday ... Certainly, the legislation is not something new, yet it will soon be implemented, meaning that Mainland personnel—surely I am talking about executive and administrative personnel—working in Hong Kong might be subject to a personal income tax rate of 45%. The tax law is nothing new, only that it was announced several years ago and comes into effect now.

At present, there is an agreement between Hong Kong and the Mainland on the avoidance of double taxation. To my understanding, in respect of profits tax, though insurance brokers in Hong Kong usually work on an individual basis, they still have to pay profits tax. They should not be subject to double taxation and are only required to pay the difference. The question is, given the high cost of business operation and living in Hong Kong, if the profits tax rate for the so-called "drifters in Hong Kong" is increased by 35%, will talents still stay in Hong Kong? In fact, in respect of the nature or categories of insurance products, Hong Kong offers diversified choices for customers in Southeast Asia and even in the Mainland. If the insurance talents, who are "drifters in Hong Kong", consider that Hong Kong is no different from Shanghai, they will return to the Mainland. Will a talent vacuum be resulted? Certainly, fellow colleagues have earlier mentioned the impacts of the National Security Law, but I am not going to repeat here.

The tax concessions offered in the Bill are not enough to make up for our weakened business competitiveness. If we no longer have the above mentioned Mainland professionals to solicit customers from the Greater Bay Area, who will act as the super connectors? Should we train up more locals to join the insurance industry and engage in the insurance business in the Mainland? I do

not know if the Insurance Authority or the Financial Services and the Treasury Bureau has ever considered the complementary measures for the Bill. Apart from this very technical amendment, what complementary measures are available? Undoubtedly, a tax rate of 8.25% is competitive, but we lack genuine talents now. I hope the Secretary will respond to my two questions in his speech later.

MR WU CHI-WAI (in Cantonese): As Mr Kenneth LEUNG said, the amendment to the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 ("the Bill") is very technical, because we have earlier passed the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Bill 2020, but failed to incorporate this amendment promptly at that time. Therefore, this amendment is essentially an adaptation process to include the corresponding tax concession arrangements in this piece of legislation, which is a very technical issue. Originally, this technical issue is not really worth discussing. But very unfortunately, today we are suddenly faced with a very important and far-reaching action proposed by Donald TRUMP, i.e. abolishing the arrangements under the Double Taxation Relief (Income from Shipping Operations) (United States of America) Order (Cap. 112J), which came into effect in Hong Kong in 1989. Of course, I do not know when he will repeal the Order. It may be very soon or after a long period of time, and there is no way for us to know. However, the direction seems to be very clear, that is, to repeal the Double Taxation Relief (Income from Shipping Operations) (United States of America) Order which came into effect in 1989.

Originally, under the newly amended legislation on ship leasing tax concessions, ships registered in Hong Kong will enjoy significant tax concessions. But regrettably, even though Hong Kong's gross income derived from international operation has been granted tax exemption by the United States since 1989, Hong Kong will become taxable in future as a result of the revocation of Hong Kong's special treatment status by the United States. I do not know how much tax has to be paid, nor do I know how many operators will be affected. Of course, as far as the Bill is concerned, I believe the Government cannot quite grasp the general situation either. However, it can be seen from this change that there is actually a slight mismatch between our current tax amendment and the overall objective global environment, as well as the impact of the trade war between China and the United States on Hong Kong. It is a pity. In this regard, can the SAR Government still keep on saying that the sanctions imposed

by the United States on Hong Kong do not matter and that we can cope with them? Is that the case? After the repeal of the Double Taxation Relief (Income from Shipping Operations) (United States of America) Order which came into effect in 1989, will the original positive effect of the Bill be affected or offset? After the repeal of the Order, will there be new changes in the Government's entire strategy and a different planning direction? I believe that this is a very broad issue. The Secretary, who is so familiar with the financial industry, should be aware that this is not an easy situation to deal with.

In his response just now, the Secretary pointed out three major directions for the insurance industry in the future. Regarding talents, the Secretary mentioned issues such as legislation and training for intermediaries. However, I would like to point out that the Bill actually seeks to expand the scope of business of the insurance industry, and most importantly, to gradually increase the proportion of general insurance business, at least back to the level in 2010, which is slightly over 10%. In this regard, it was highlighted in a report by the Hong Kong Financial Services Development Council that the departure of Munich Reinsurance Company and other global reinsurance companies is a wake-up call, as the departure of talents involves expertise in product design, legal knowledge and claims settlement of general products. As far as these areas are concerned, actually legislation on intermediaries cannot render assistance. This will affect the future of the whole industry. What approach should be adopted to really pool talents in Hong Kong? Obviously, Singapore is taking advantage of Hong Kong's past inadequacies to get the above mentioned important reinsurance companies out of Hong Kong. After such important companies in general insurance business have left Hong Kong, what does Hong Kong have to make up for the loss? If Hong Kong is to rely on the Greater Bay Area and Mainland reinsurance or general insurance business in the future, it is necessary to have a strategic mindset, i.e. what should be done to achieve this objective. We should not let young people think that the insurance industry is mainly about sales. In fact, insurance business is very broad, involving product design, claims settlement, legal profession and accounting profession, all of which are very professional fields. However, does the Government look at this matter from this perspective, or at a very low level, trying to develop the so-called intermediaries? I think we are not given a very good answer to this question yet.

I would also like to point out that part of the Hong Kong Autonomy Act just signed by Donald TRUMP has a rather severe impact on Hong Kong's economic development. I do not seem to see the Administration seriously

examining the severe impact of the issue on Hong Kong and making an appropriate response. The Government seems to be saying that there is no need to worry as Hong Kong has sufficient talents and strong economic strength to cope with the impact. What is the actual situation after the signing of the Hong Kong Autonomy Act? I hope the Secretary will give us a response later. While the Government has made a number of legislative amendments, with a view to improving the operating environment so that the insurance industry can enjoy more favourable conditions for further development, Hong Kong is still faced with new challenges. When faced with new challenges, apart from providing tax incentives, the authorities also have to formulate effective strategies. Otherwise, it will shake the confidence of the public, making them query whether or not the Government knows how to move forward. The Government's so-called tax measures are in fact outdated because the situation described by the Government in the past and the situation ahead are two different worlds. As such, the so-called adaptation part of the amendment is certainly unable to cope with what the Government will actually face, i.e. the United States Government abolishing the double taxation exemption arrangements. What is the impact of such arrangements? Of course, I believe the industry is well aware of the impact. However, do government officials also have the duty to tell Hong Kong people how to deal with the impact?

Even if the authorities amend the legislation, will many ship companies still choose not to register in Hong Kong after reviewing their accounts? If ship companies do not register in Hong Kong, how great is the impact of the authorities' attempt to improve the tax-related legislation? I consider it necessary for the Administration to provide us with further information on these issues, as this is not a debate on bills and the relevant information cannot be obtained in the meeting. However, I believe that after examining the issues, Members will find the impact very far-reaching. I wish to take this opportunity to urge the Administration to provide an effective strategy for dealing with these problems once they are identified, and explain what kind of situation we are going to face, so that all people can grasp the new situation, upon which they can decide and make their own choices to fit their needs.

My speech is very brief. I hope the Administration will make a response. Will the arrangement be fundamentally affected, especially when the authorities of the United States are going to abolish the double taxation on shipping? Thank you, Deputy Chairman.

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

(Mr LEUNG Yiu-chung stood up)

DEPUTY CHAIRMAN (in Cantonese): Mr LEUNG Yiu-chung, do you wish to speak? Are you requesting a headcount?

MR LEUNG YIU-CHUNG (in Cantonese): Yes.

DEPUTY CHAIRMAN (in Cantonese): Mr LEUNG Yiu-chung requested a headcount.

Will the Clerk please ring the bell to summon Members back to the Chamber.

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

DEPUTY CHAIRMAN (in Cantonese): A quorum is now present in the Chamber. The meeting now continues.

If no other Member wishes to speak, I now call upon the Secretary to speak again.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy Chairman, I now give my specific response to the views voiced by the two Members just now. Regarding aircraft leasing, the current technical amendments will not be affected given that the relevant legislation was enacted several years ago. Upon deliberation, we also consider that there are no impacts. As for talent training mentioned by the other Member, we definitely do not only focus on the area of sales. The Pilot Programme to Enhance Talent Training for the Insurance Sector in 2016 that I mentioned just now was precisely targeted at professionals working at the middle and back offices, covering the areas of legal, claims management, etc. The Programme basically benefited over 4 400 people. Thank you, Deputy Chairman.

DEPUTY CHAIRMAN (in Cantonese): The committee now first votes on the clauses with no amendment standing part of the Bill.

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That clauses 1 to 6, 8 to 13, 15 and 16 stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr LEUNG Yiu-chung rose to claim a division.

DEPUTY CHAIRMAN (in Cantonese): Mr LEUNG Yiu-chung has claimed a division. The division bell will ring for five minutes.

DEPUTY CHAIRMAN (in Cantonese): Will Members please proceed to vote.

DEPUTY CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Mr LEUNG Yiu-chung, Mr Abraham SHEK, Mr Tommy CHEUNG, Prof Joseph LEE, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHAN Kin-por, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Michael TIEN, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr LEUNG Che-cheung, Mr Kenneth LEUNG, Ms Alice MAK, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Dr Helena WONG, Mr IP Kin-yuen, Ms Elizabeth QUAT, Mr Martin LIAO, Mr POON Siu-ping, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Jimmy NG, Dr Junius HO, Mr Holden CHOW, Mr SHIU Ka-fai, Mr Wilson OR, Ms YUNG Hoi-yan, Mr CHAN

Chun-ying, Mr CHEUNG Kwok-kwan, Mr LUK Chung-hung, Mr LAU Kwok-fan, Mr Kenneth LAU, Dr CHENG Chung-tai, Mr KWONG Chun-yu, Mr Vincent CHENG, Mr Tony TSE and Ms CHAN Hoi-yan voted for the motion.

Ms Claudia MO, Mr CHAN Chi-chuen, Mr Dennis KWOK, Dr Fernando CHEUNG, Mr CHU Hoi-dick, Mr SHIU Ka-chun and Ms Tanya CHAN voted against the motion.

THE DEPUTY CHAIRMAN, Ms Starry LEE, did not cast any vote.

THE DEPUTY CHAIRMAN announced that there were 52 Members present, 44 were in favour of the motion and 7 against it. Since the question was agreed by a majority of the Members present, she therefore declared that the motion was passed.

MR MA FUNG-KWOK (in Cantonese): Deputy Chairman, I move that in the event of further divisions being claimed in respect of any provisions of or any amendments to the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019, this committee of the whole Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

DEPUTY CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr MA Fung-kwok be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Kenneth LEUNG rose to claim a division.

DEPUTY CHAIRMAN (in Cantonese): Mr Kenneth LEUNG has claimed a division. The division bell will ring for five minutes.

DEPUTY CHAIRMAN (in Cantonese): Will Members please proceed to vote.

DEPUTY CHAIRMAN (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 Abraham SHEK, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHAN Kin-por, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Christopher CHEUNG, Mr Martin LIAO, Mr POON Siu-ping, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Jimmy NG, Mr Holden CHOW, Mr SHIU Ka-fai, Mr CHAN Chun-ying, Mr LUK Chung-hung, Mr LAU Kwok-fan, Mr Kenneth LAU and Mr Tony TSE voted for the motion.

Mr LEUNG Yiu-chung, Prof Joseph LEE, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr Dennis KWOK, Mr IP Kin-yuen, Mr SHIU Ka-chun and Mr KWONG Chun-yu voted against the motion.

THE DEPUTY CHAIRMAN, Ms Starry LEE, did not cast any vote.

Geographical Constituencies:

Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Michael TIEN, Mr LEUNG Che-cheung, Ms Alice MAK, Mr KWOK Wai-keung, Ms Elizabeth QUAT, Dr Junius HO, Ms YUNG Hoi-yan, Mr CHEUNG Kwok-kwan, Mr Vincent CHENG and Ms CHAN Hoi-yan voted for the motion.

Ms Claudia MO, Mr CHAN Chi-chuen, Dr Fernando CHEUNG, Dr Helena WONG, Mr CHU Hoi-dick, Ms Tanya CHAN and Dr CHENG Chung-tai voted against the motion.

THE DEPUTY CHAIRMAN announced that among the Members returned by functional constituencies, 31 were present, 22 were in favour of the motion and 8 against it; while among the Members returned by geographical constituencies through direct elections, 20 were present, 13 were in favour of the motion and 7 against it. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was passed.

DEPUTY CHAIRMAN (in Cantonese): I order that in the event of further divisions being claimed in respect of any provisions of or any amendments to the Bill, this committee of the whole Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

DEPUTY CHAIRMAN (in Cantonese): The committee now votes on the amendments of the Secretary for Financial Services and the Treasury.

Secretary, you may move your amendment.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy Chairman, I move my amendments as set out in the Appendix to the Script.

Proposed amendments

Clause 7 (See Annex I)

Clause 14 (See Annex I)

Clause 17 (See Annex I)

Schedule (See Annex I)

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

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

(Members raised their hands)

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

(Members raised their hands)

Mr Kenneth LEUNG rose to claim a division.

DEPUTY CHAIRMAN (in Cantonese): Mr Kenneth LEUNG has claimed a division. The division bell will ring for one minute.

DEPUTY CHAIRMAN (in Cantonese): Will Members please proceed to vote.

DEPUTY CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Mr Abraham SHEK, Mr Tommy CHEUNG, Prof Joseph LEE, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHAN Kin-por, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Michael TIEN, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr LEUNG Che-cheung, Mr Kenneth LEUNG, Ms Alice MAK, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Dr Helena WONG, Mr IP Kin-yuen, Ms Elizabeth QUAT, Mr Martin LIAO, Mr POON Siu-ping, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Jimmy NG, Dr Junius HO, Mr Holden CHOW, Mr SHIU Ka-fai, Mr SHIU Ka-chun, Ms YUNG Hoi-yan, Dr Pierre CHAN, Mr CHAN Chun-ying, Mr CHEUNG Kwok-kwan, Mr LUK Chung-hung, Mr LAU Kwok-fan, Mr Kenneth LAU, Dr CHENG Chung-tai, Mr KWONG Chun-yu, Mr Vincent CHENG, Mr Tony TSE and Ms CHAN Hoi-yan voted for the amendments.

Ms Claudia MO, Mr CHAN Chi-chuen, Mr Dennis KWOK, Dr Fernando CHEUNG, Mr CHU Hoi-dick and Ms Tanya CHAN voted against the amendments.

THE DEPUTY CHAIRMAN, Ms Starry LEE, did not cast any vote.

THE DEPUTY CHAIRMAN announced that there were 51 Members present, 44 were in favour of the amendments and 6 against them. Since the question was agreed by a majority of the Members present, she therefore declared that the amendments were passed.

CLERK (in Cantonese): Clauses 7, 14 and 17, and Schedule as amended.

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

(Members raised their hands)

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

(Members raised their hands)

Ms Tanya CHAN rose to claim a division.

DEPUTY CHAIRMAN (in Cantonese): Ms Tanya CHAN has claimed a division. The division bell will ring for one minute.

DEPUTY CHAIRMAN (in Cantonese): Will Members please proceed to vote.

DEPUTY CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Mr Abraham SHEK, Mr Tommy CHEUNG, Prof Joseph LEE, Mr Jeffrey LAM, Mr WONG Ting-kwong, Mr CHAN Kin-por, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Michael TIEN, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr LEUNG Che-cheung, Mr Kenneth LEUNG, Ms Alice MAK, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Dr Helena WONG, Mr IP Kin-yuen, Ms Elizabeth QUAT, Mr Martin LIAO, Mr POON Siu-ping, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Jimmy NG, Dr Junius HO, Mr Holden CHOW, Mr SHIU Ka-fai, Mr SHIU Ka-chun, Ms YUNG Hoi-yan, Dr Pierre CHAN, Mr CHAN Chun-ying, Mr CHEUNG Kwok-kwan, Mr LUK Chung-hung, Mr LAU Kwok-fan, Mr Kenneth LAU, Dr CHENG Chung-tai, Mr KWONG Chun-yu, Mr Vincent CHENG, Mr Tony TSE and Ms CHAN Hoi-yan voted for the motion.

Ms Claudia MO, Mr CHAN Chi-chuen, Mr Dennis KWOK, Dr Fernando CHEUNG, Mr CHU Hoi-dick and Ms Tanya CHAN voted against the motion.

THE DEPUTY CHAIRMAN, Ms Starry LEE, did not cast any vote.

THE DEPUTY CHAIRMAN announced that there were 51 Members present, 44 were in favour of the motion and 6 against it. Since the question was agreed by a majority of the Members present, she therefore declared that the motion was passed.

DEPUTY PRESIDENT (in Cantonese): All the proceedings on the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 have been concluded in committee of the whole Council. Council now resumes.

Council then resumed.

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

Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019

has been passed by committee of the whole Council with amendments. I move the motion that "This Council adopts the report".

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

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

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

(Members raised their hands)

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

(Members raised their hands)

Mr Kenneth LEUNG rose to claim a division.

DEPUTY PRESIDENT (in Cantonese): Mr Kenneth LEUNG has claimed a division. The division bell will ring for five minutes.

(While the division bell was ringing, THE PRESIDENT resumed the Chair)

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.

Mr Abraham SHEK, Mr Tommy CHEUNG, Prof Joseph LEE, Mr Jeffrey LAM, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Michael TIEN, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr LEUNG Che-cheung, Mr Kenneth LEUNG, Ms Alice MAK, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Dr Helena WONG, Mr IP Kin-yuen, Ms Elizabeth QUAT, Mr Martin LIAO, Mr POON Siu-ping, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr Andrew WAN, Mr Jimmy NG, Dr Junius HO, Mr Holden CHOW, Mr SHIU Ka-fai, Mr SHIU Ka-chun, Ms YUNG Hoi-yan, Dr Pierre CHAN, Mr CHAN Chun-ying, Mr CHEUNG Kwok-kwan, Mr HUI Chi-fung, Mr LUK Chung-hung, Mr LAU Kwok-fan, Mr Kenneth LAU, Dr CHENG Chung-tai, Mr KWONG Chun-yu, Mr Vincent CHENG, Mr Tony TSE and Ms CHAN Hoi-yan voted for the motion.

Ms Claudia MO, Mr CHAN Chi-chuen, Mr Dennis KWOK, Dr Fernando CHEUNG, Mr CHU Hoi-dick and Ms Tanya CHAN voted against the motion.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

THE PRESIDENT announced that there were 54 Members present, 47 were in favour of the motion and 6 against it. Since the question was agreed by a majority of the Members present, he therefore declared that the motion was passed.

Third Reading of Government Bill

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

INLAND REVENUE (AMENDMENT) (PROFITS TAX CONCESSIONS FOR INSURANCE-RELATED BUSINESSES) BILL 2019

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

Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019

be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 be read the Third time and do pass.

DR FERNANDO CHEUNG (in Cantonese): President, I speak to give my reasons for opposing the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 ("the Bill"). When tax concessions are provided, regardless of the types of concessions or the companies or

industries to be benefited, Hong Kong's valuable resources will actually be reduced. Our current discussion is on the insurance industry which can enjoy a tax concession at 50% of the profits tax rate. The revenue from profits tax is a kind of valuable resources. If the Government does not collect such resources, can greater economic benefits be brought to Hong Kong? I have great doubts about the effectiveness of the Bill. In fact, I have no confidence at all.

As I have pointed out during the Second Reading debate, first, according to the discussions of the industry players, the great economic competitions faced by reinsurance or specialty insurance cannot necessarily be alleviated by tax reduction. Regarding the overall business environment in Hong Kong, upon the implementation of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("the National Security Law") and under the huge impact faced by the whole community, can the Government reverse the situation by merely introducing a tax concession at 50% of the profits tax rate, so as to enable the insurance industry to genuinely prosper, thereby bringing more economic benefits through tax concessions? I do not believe this can be done. During the resumption of the Second Reading debate, I have mentioned the present confrontation in the South China Sea. In fact, the United States Secretary of State Mike POMPEO made a statement two days ago, saying that the various activities conducted by China in South China Sea, including the military activities or the occupation activities in their opinion, were all unlawful. This statement pointed out that in 2016 ...

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, please return to the subject of the debate.

DR FERNANDO CHEUNG (in Cantonese): I am trying to explain why I oppose the Third Reading of the Bill. My logic is that while the Government has introduced tax concessionary measures for marine insurance in the hope of promoting the activities or business concerned, there is a high chance that conflicts will occur in the South China Sea. In fact, the two are in conflict with each other. Under this confrontational situation, Hong Kong will not, without cause or reason, become a marine insurance hub, especially in respect of marine activities—I am talking about marine trades. The South China Sea is the major sea route for Western European countries and Asian regions. Why would other companies want to take out marine insurance in Hong Kong when there is serious confrontation in the area?

I wish to point out the latest development, i.e. the United States has declared that the activities conducted by China in the South China Sea are unlawful, and according to the rulings of the International Court of Justice in the Hague in 2016, China cannot claim to have sovereignty over the South China Sea in this way. This statement is very serious and paves the way for potential military conflicts in future. If military conflicts really occur, how can Hong Kong possibly promote marine insurance? Isn't it a joke that we are now discussing tax deduction in this Chamber when marine trades are under serious threats? Frankly speaking, apart from military problems at sea, Hong Kong is facing great challenges upon the implementation of the National Security Law. In fact, in the insurance industry, the specialty insurance, for instance, covers some military activities, as well as political risks and warfare risks faced by Hong Kong at present. When assessing warfare risks and political risks, the insurance industry needs to collect data, messages, intelligence and information. However, Article 29 of the National Security Law provides that a person who steals, spies, obtains with payment, or unlawfully provides State secrets or intelligence concerning national security for a foreign country or an institution—if that is a foreign-funded institution, it will certainly involve a foreign country or an institution—organization or individual outside the Mainland, Hong Kong, and Macao of the People's Republic of China shall be guilty of an offence; a person who requests a foreign country or an institution, organization or individual outside the Mainland, Hong Kong, and Macao of the People's Republic of China, or conspires with a foreign country or an institution, organization or individual outside the Mainland, Hong Kong, and Macao of the People's Republic of China ...

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, I remind you to return to the subject of the debate.

DR FERNANDO CHEUNG (in Cantonese): I am stating Article 29 of the National Security Law ...

PRESIDENT (in Cantonese): I remind you that, in my opinion, you have digressed from the subject. Please return to the subject of the debate.

DR FERNANDO CHEUNG (in Cantonese): President, I wish to explain my logic to you. When we have a ...

PRESIDENT (in Cantonese): I understand. You do not need to repeat your explanation. Please state why you support or oppose the Third Reading of the Bill.

DR FERNANDO CHEUNG (in Cantonese): President, I have not repeated my arguments. I have yet to start explaining this logic. What I want to say is that the insurance industry needs to assess risks and in doing so, it has to collect intelligence. However, upon the implementation of the National Security Law in Hong Kong, if these people collect some intelligence outside Hong Kong, in Hong Kong or even in the Mainland, will such intelligence concern State secrets or intelligence? It is very hard to tell. For example, if they engage in marine insurance business, they have to, first of all, assess the warfare risks in the South China Sea. Hence, they have to come to Hong Kong or even the Mainland to collect such intelligence, so as to assess how to conduct the business, the amount of premiums charged, and even the risks to be borne. All such assessments have to be made by industry players. However, when they make such assessments, will they inadvertently breach the law and hit the red line?

What are State secrets? What is meant by concerning national security? It is very hard to make a sweeping generalization. In fact, this red line is very vague. Under the National Security Law, it is known to all that the power of interpretation is vested in the National People's Congress. When the court has disputes over whether a certain case concerns national security, who will make a decision? As stated by the law, the Chief Executive will issue a certificate, implying that the Chief Executive has the final say. Hence, a very great uncertainty is involved.

President, just imagine, when businessmen find that the risks of doing business in Hong Kong are incalculable, will they still be willing to invest in Hong Kong and set up headquarters to carry out reinsurance or specialty insurance? The National Security Law states that the certificate of the Chief Executive shall be binding on the courts, which means the decision on whether an incident concerns national security does not rest with the court. Therefore, if employees of such companies collect some intelligence about the warfare in the

South China Sea, will the intelligence concern national security? I really do not know. President, as a businessman, you must understand what I am saying. The logic is very simple. Under the threat of the National Security Law, we do not know at this moment how the Government will implement the National Security Law in Hong Kong, but we can still draw reference from some incidents. We are aware of the situation in the Mainland, for example, CHING Cheong, a Hong Kong resident ...

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, I remind you once again that you have digressed too far. Please return to the subject of the Third Reading debate.

DR FERNANDO CHEUNG (in Cantonese): President, I have not digressed too far. These people are facing a practical risk. If they come to Hong Kong to conduct some risk assessments, they have to bear their own safety risks. If they do not assess the personal risks involved in doing this business, as well as the political and economic operational risks in the whole region, how can they do business in Hong Kong? Therefore, President, I am not making unsubstantiated accusations. With the National Security Law being in force, how can the Government turn Hong Kong into an insurance hub by merely granting certain tax concessions? The risks involved is crystal clear and imminent, because though the National Security Law has come into force, we still do not know clearly how the relevant law will be enforced by the authorities, and people are keeping an eye on the situation.

President, just imagine, after the passage of the Bill, will these companies rush to set up companies in Hong Kong for saving some profits tax? Of course not. If I am a boss, I would make plans after monitoring the development of the situation. Moreover, while the amount of tax saved is not substantial, the whole business may actually incur loss in the end. For businessmen, what matters most is that risks are calculable and there is a certain degree of reliability in the business environment. If there are many unknown factors, the investments made may go down the drain. This is certainly not the choice of businessmen. Why do they choose Hong Kong but not Singapore, Dubai or even London which is farther away?

In my opinion, the Bill will waste our valuable resources. Frankly speaking, only Mainland companies, such as state enterprises, with well-established networks or can even direct the SAR Government, will be at ease to develop their businesses in Hong Kong. However, if the original intent of the Bill is to attract foreign investments, I think the chance of success is very slim. Therefore, which persons and companies does the Government actually want to help? I would rather the Government spend such resources on Hong Kong to help the underprivileged group. If the Government wants to expand business and create employment opportunities through the Bill, it will in effect fail to achieve the goal; yet the resources of Hong Kong will be wasted. Originally, when these companies conduct the relevant business in Hong Kong, they are obliged to pay tax, but now they are allowed to evade such a responsibility. President, I think it is not worthwhile to provide tax concessions.

Therefore, my logic is very clear. With the implementation of the National Security Law in Hong Kong, and coupled with the tense military conditions in the South China Sea, I think the Bill is ill-timed and wastes tax resources. I so submit.

MR KENNETH LEUNG (in Cantonese): President, I support the Third Reading of the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019 ("the Bill").

In fact, Dr Fernando CHEUNG and I share the same concern, and my concern also involves some other factors. Currently, the conflicts between China and the United States, be they related to ideology, trade or geopolitical, can actually bring Hong Kong ... Taking the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("the National Security Law") as an example, it is still unknown whether its enforcement mechanism will comply with the two international covenants, and whether exemptions will be granted to the press and even for some commercial activities. In fact, it is absolutely possible for Hong Kong to have a chance of survival under the wrestling between these two superpowers. I do not know when this chance of survival will emerge, as this depends on whether the Central Government or our Government has the wisdom to make use of the existing room to exchange for some measures beneficial to Hong Kong.

Actually, when I spoke just now and for the second time, I have also mentioned the negative impacts brought by the National Security Law. Although we have not, for the time being, actually seen foreign insurance companies moving their businesses out of Hong Kong, I still do not know how to prevent such incidents from happening. As for the brain drain problem I mentioned just now, I also hope the Bureau will actively follow up and make responses.

For the third point, regarding the South China Sea or some marine insurance problems, I actually have different views. If there are no risks in the world, the existence of the insurance industry will not be required. When more risks are involved, the insurance industry will prosper. This is my point of view. When we look at insurance documents, we must first examine the exemption provisions, because in many cases, warfare or terrorist activities are exempted in marine insurance policies. The losses incurred by such activities cannot be compensated. As no companies are willing to cover these risks, business opportunity may arise for companies which can offer all-inclusive insurances.

I wish to once again talk about why I still feel worried even if the Bill can be passed. This is because the Bill will not come into effect immediately or its effects cannot be seen immediately. However, having a tax concession mechanism is always better than not having any mechanism. In fact, after the enactment of some ordinances, their effects cannot really be seen in a short while. Therefore, I hope the Secretary will, say a period of two years, inform the Panel on Financial Affairs of the changes in tax revenue of the insurance industry before and after the introduction of this tax concession. When I spoke last time, I also expressed my wish that the Bureau would give this Council a detailed account, so that we would know whether there was a need to amend the Bill again after two years, or whether there was a need to include other measures to facilitate the insurance industry in Hong Kong.

However, I do not think marine conflicts—especially political or geopolitical conflicts—will reduce marine trades, but it is inevitable that higher risks will be involved. As every country needs cargoes, the presence of marine conflicts will increase the risk of cargo transportation. In that case, how can we reduce the risks? Marine insurance is the gateway. Then, what risks should be covered in marine insurance? Should terrorist activities, accidental explosion or wars be covered? In the past, vessel insurance often did not cover piracy activities in the area of Somalia. So, under the current situation, can the industry provide some insurance that cover war damages? This is actually very difficult

as nobody can calculate the probability of wars and how the compensation should be made. However, half a loaf is always better than none.

Therefore, although the other adverse factors which I have seen are the same as those seen by other pro-democracy Members, I still think it is always better to enact legislation to enhance Hong Kong's competitiveness than not doing anything at all. Moreover, in addition to this Bill, the Bureau actually has another two insurance-related bills which are expected to be introduced later or tomorrow. If these three bills are passed, our fundamental factors will be far better than those of our competitors in Asia. Of course, after all, I am not sure how the National Security Law can address our concerns. We have to see what will happen in these few months before knowing what impacts the National Security Law will have on our business environment.

President, I will no longer waste the time of Members as I have given my reasons for supporting the Bill during the debate of the Bill. There are indeed a lot of risks in Hong Kong now, but we also need the amendments in the Bill. Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Secretary, do you wish to speak again?

(Secretary for Financial Services and the Treasury indicated that he did not wish to speak again)

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

(Members raised their hands)

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

(Members raised their hands)

Mr Kenneth LEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Kenneth LEUNG 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.

Mr Abraham SHEK, Mr Tommy CHEUNG, Prof Joseph LEE, Mr Jeffrey LAM, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Mr Kenneth LEUNG, Ms Alice MAK, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Dr Helena WONG, Mr IP Kin-yuen, Ms Elizabeth QUAT, Mr Martin LIAO, Mr POON Siu-ping, Mr CHUNG Kwok-pan, Mr Andrew WAN, Mr Jimmy NG, Mr Holden CHOW, Mr SHIU Ka-fai, Ms YUNG Hoi-yan, Dr Pierre CHAN, Mr CHAN Chun-ying, Mr CHEUNG Kwok-kwan, Mr LUK Chung-hung, Mr Kenneth LAU, Dr CHENG Chung-tai, Mr KWONG Chun-yu, Mr Vincent CHENG, Mr Tony TSE and Ms CHAN Hoi-yan voted for the motion.

Ms Claudia MO, Mr CHAN Chi-chuen, Mr Dennis KWOK, Dr Fernando CHEUNG, Mr Alvin YEUNG, Mr CHU Hoi-dick and Mr SHIU Ka-chun voted against the motion.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

THE PRESIDENT announced that there were 49 Members present, 41 were in favour of the motion and 7 against it. Since the question was agreed by a majority of the Members present, he therefore declared that the motion was passed.

CLERK (in Cantonese): Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Bill 2019.

Resumption of Second Reading Debate on Government Bill

PRESIDENT (in Cantonese): Government Bill. This Council resumes the Second Reading debate on the Mandatory Provident Fund Schemes (Amendment) Bill 2019.

Stand-over item: Mandatory Provident Fund Schemes (Amendment) Bill 2019 (standing over from the meeting of 8 July 2020)

MANDATORY PROVIDENT FUND SCHEMES (AMENDMENT) BILL 2019

Resumption of debate on Second Reading which was moved on 23 October 2019

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

MR CHRISTOPHER CHEUNG (in Cantonese): President, in my capacity as Chairman of the Bills Committee on the Mandatory Provident Fund Schemes (Amendment) Bill 2019 ("the Bills Committee"), I now report the main points of the deliberations of the Bills Committee.

The Mandatory Provident Fund Schemes (Amendment) Bill 2019 ("the Bill") seeks to amend the Mandatory Provident Fund Schemes Ordinance ("the Ordinance") to (1) empower the Mandatory Provident Fund Schemes Authority ("MPFA") to establish a wholly owned subsidiary tasked to develop and implement the eMPF Platform (i.e. the eMPF Platform Company); and (2) amend the Mandatory Provident Fund Schemes (Fees) Regulation to collect annual registration fee ("ARF") from the approved trustee of a registered provident fund scheme. The Bills Committee has held two meetings with the Administration and MPFA to study the Bill.

The Bills Committee notes that the legislative amendments for the implementation of the eMPF Platform will be taken in two phases. The Bill is the first phase to empower MPFA to establish the eMPF Platform Company which will be set up and governed under the Companies Ordinance as a private company. Details on the future operation of the eMPF Platform Company such as the implementation of the eMPF Platform will be dealt with in the second phase legislative exercise.

(Mr Kenneth LEUNG was using his mobile phone while standing near the entrance of the Chamber)

PRESIDENT (in Cantonese): Mr Kenneth LEUNG, what are you doing? Please go outside. Do not use your mobile phone while standing inside the Chamber.

Mr Christopher CHEUNG, please continue with your speech.

MR CHRISTOPHER CHEUNG (in Cantonese): The Bills Committee has studied the benefits of implementing the eMPF Platform, in particular how the Platform can help lower the administration fee of MPF funds, expedite the introduction of full portability of MPF benefits as well as abolish the arrangement of offsetting severance payments and long service payments against MPF accrued benefits. In addition, some members consider that the Administration and MPFA should reform the MPF System to address issues including high administration fee and poor investment performance of many MPF funds, as well as restrictive requirements for early withdrawal of MPF benefits by scheme members.

Regarding the effectiveness of the eMPF Platform, the Administration has pointed out that the implementation of the eMPF Platform will facilitate the standardization, streamlining and automation of MPF scheme administration processes, thus providing more room for reduction in the administration fee of MPF funds and enhancing the transparency of administration costs and fees of various approved trustees and facilitate market competition, which will further lower the administration fees. The Administration and MPFA will continue to work with approved trustees to ensure that scheme members can benefit from the eMPF Platform. The rate and pace of fee reduction will depend on factors such

as the actual operating cost of the eMPF Platform and the digital take-up rate of the eMPF Platform in the future. The Administration has also stated that the eMPF Platform will facilitate the abolition of the offsetting arrangement, which is one of the prerequisites for allowing full portability of MPF benefits.

Concerning a review of the MPF System, the Administration has stated that MPFA has taken a number of measures, such as introducing the Employee Choice Arrangement in 2012 and the Default Investment Strategy in 2017, to create more room to reduce the administration fee of MPF funds. It is anticipated that the implementation of the eMPF Platform will create more room for trustees to reduce the administration fee of MPF funds. On allowing early withdrawal of benefits by scheme members, the Administration has stressed that the purpose of the MPF System is to provide retirement protection for the working population, hence allowing easy withdrawal of MPF benefits may undermine the integrity of the System and adversely affect the benefits available to scheme members upon retirement.

Given that the eMPF Platform Company will be tasked to develop and implement the eMPF Platform which involve substantial public funds, the Administration will designate the eMPF Platform Company as a public body specified in Schedule 1 to the Prevention of Bribery Ordinance through introducing an amendment to add a new clause 14 to the Bill. The Bills Committee supports the proposed amendment.

Regarding ARF payable by approved trustees, the Bill stipulates that if the immediate preceding financial period of a registered scheme ends on or after 1 January 2020 ("the cutting off date"), the amount of annual registration fee payable by trustees in respect of the registered scheme will be equal to 0.03% of the net asset value ("NAV") of the scheme as at the end of that period. The Bills Committee has enquired about the reasons for MPFA to start charging approved trustees for ARF some 20 years after implementation of the MPF System and setting the ARF level at 0.03% of NAV of a scheme instead of 0.05%, the latter of which can enable MPFA to fully recover the related costs. Some members have also enquired about the mechanism for reviewing ARF in future.

According to the Administration, during the past years, MPFA has been meeting its operating expenses by relying mainly on investment returns from the Government's Capital Grant of \$5 billion provided in 1998. As the Grant is projected to be fully depleted by 2024-2025, the proposed ARF will provide

MPFA with a stable source of income. In determining the level of ARF, the Administration and MPFA need to observe the statutory requirements under section 22B of the Ordinance. While an ARF of 0.05% of NAV of a scheme is compliant with the statutory requirements under section 22B, having considered the proposal of prohibiting approved trustees from passing on the cost of ARF to scheme members, the Administration and MPFA consider it appropriate to adopt an incremental approach by starting with a lower level of 0.03% of NAV of a scheme for the first six years to allow room for approved trustees to adjust to the new expenses. The ARF level will be revised with effect from the seventh year after review, with a view to achieving full cost recovery in the long run. In view of the lapse of time since the Bill was introduced into Legislative Council, the Bills Committee notes that the Administration will move an amendment to the clause to revise the cutting off date to 1 October 2020.

The Bills Committee has no objection to the Administration's proposed amendment and it will not propose amendments to the Bill.

MR LUK CHUNG-HUNG (in Cantonese): President, my speech today is about the Mandatory Provident Fund Schemes (Amendment) Bill 2019 ("the Bill"). Speaking of the Mandatory Provident Fund ("MPF"), many wage earners have lots of complaints and they even call MPF "compulsory fund". As MPF schemes have few investment options and low returns, scheme members are helpless. More infuriating still, the administrative fees of MPF schemes are relatively high. While many similar pension funds in foreign countries charge an administration fee of 0.5% or lower, many companies in Hong Kong are still charging an administration fee of 1% to 2%. Given the high administrative fees and low returns of MPF, wage earners will inevitably be angry. Therefore, many members of the public, especially wage earners, have a very bad impression of MPF. Over the past 10 years or so, the MPF System was really unsatisfactory.

The labour sector has been working hard to strive for the abolition of the MPF offsetting mechanism (i.e. using MPF to offset severance payment or long service payment), with a view to protecting the rights and interests of wage earners. However, the Government has always stated that the eMPF Platform must first be developed before the offsetting mechanism can be abolished; otherwise, it is technically difficult to abolish the mechanism, and it is also difficult to classify the accrued benefits in the accounts into "old" money and

"new" money. After all, we opine that MPF can provide protection for retirees, but employers should at least make some contributions. Of course, it would be most ideal if contributions are made by employees, employers and the Government.

President, returning to the subject today, the main content of the Bill is to make amendments related to empowering the Mandatory Provident Fund Schemes Authority ("MPFA") to establish a wholly owned subsidiary for the eMPF Platform and revising the amount of annual registration fee ("ARF") payable to MPFA by the trustees. The Hong Kong Federation of Trade Unions ("FTU") considers that the centralized platform will help wage earners manage their past and current MPF contribution accounts more effectively and efficiently. They can access to different information in one go, without having to browse several websites as what they are doing now. If an employee has several MPF accounts, he may forget the account passwords. The more convenient administrative procedures will enable a lowering of the administrative fees of MPF funds. The establishment of a centralized platform will also lay a foundation for the future promotion of the policy on full portability of MPF benefits, so that wage earners can more flexibly transfer their contributions to their preferred MPF trustees. A centralized platform will also be conducive to opening up the market and encouraging MPF trustess to reduce fees, actively manage and invest funds and increase investment returns through market competition.

As I said earlier, the most important task is to abolish the MPF offsetting arrangement as soon as possible. Under the offsetting arrangement, employers can use their contributions to offset severance payment and long service payment. As a result, billions of wage earners' hard-earned money have been offset each year. Therefore, the offsetting system is the biggest stumbling block to implementing full portability of MPF benefits as employers' contributions may be used for offsetting at any time. After abolishing the offsetting mechanism, employees can withdraw their employers' contributions and transfer the relevant contributions to their preferred trustees. Therefore, before the implementation of full portability of MPF benefits, the problem of the offsetting mechanism must be resolved first. In other words, the Government must first develop a centralized platform and then abolish the MPF offsetting mechanism. Implementing full portability of MPF benefits can promote market competition and reduce management fees. I think this is a one-stop measure that must be taken by the Government.

We often query why the Government takes so long to implement the relevant policies. I am clueless sometimes. Given that Hong Kong is an international financial centre with numerous investment and fund management talents, as well as financial and technology talents, how come a centralized platform is only introduced today after the MPF System has been implemented for more than 20 years? I also criticized the Government for the delay. What is the eMPF Platform? As the accrued benefits of MPF has amounted to hundreds of billions of dollars, the eMPF Platform will be managed by a wholly owned subsidiary of MPFA and operated in a non-profit-making manner, so as to avoid unfavourable situations, such as conflicts of interests, and enhance wage earners' confidence in the monitoring authority. If the eMPF Platform has ties with a company, people will be worried. If someone owns a stadium and also acts as the referee, unfairness will arise. Therefore, the direction of commissioning a wholly owned subsidiary of MPFA to take up the management role is correct.

As the centralized platform will handle all administrative work related to MPF in a paperless manner via the Internet, the administrative costs of trustees can be reduced, and they no longer have an excuse to charge high fees. I was told that the high MPF management fees was attributed to the collection and processing of a huge amount of forms filled out by scheme members. In future, the trustees will no longer have an excuse to charge high fees and fees of MPF funds can also be reduced, which will be conducive to improving fund performance. I think the eMPF Platform may not be able to solve all the problems. The Default Investment Strategy can have a stimulating effect. At present, the highest rate of management fee is 0.9%. I hope the Government will enact legislation to lower the rate, as well as lower the fees of other funds, so as to truly open up the market and introduce more competition. Therefore, we support the establishment of a centralized platform to be managed by a wholly owned subsidiary of MPFA.

After the establishment of the centralized platform, we believe wage earners will more proactively manage their current and past MPF contribution accounts (i.e. preserved accounts). At present, wage earners have to integrate, on their own, their MPF contribution accounts. The task is really time-consuming and ineffective. As wage earners have to make a lot of phone calls and fill out a lot of forms, they become agitated. Sometimes, wage earners made mistakes in filling out the forms, or they are so busy that they do not bother to handle their accounts. Many wage earners are also discouraged when they try to handle their accounts. Consequently, they do not know their MPF account

balance, and whether there are gains or losses. Though Hong Kong people are money conscious, many people pay no attention to their MPF accounts because the relevant system is too cumbersome. This runs counter to the original intent of the MPF System. Originally, employees should actively manage their investment to tally with their own investment strategy, so as to provide for their retirement.

Owing to the various problems of the current MPF System, such as the lack of a centralized platform, the lack of full portability of MPF benefits, the offsetting arrangement which draws the most criticisms, as well as the obstacles hindering employees to wholly manage their MPF accounts, the public have a bad impression of MPF.

At present, full portability of MPF benefits has yet to be implemented; only semi-portability is available, i.e. employees can make their own arrangement to transfer their contributions or funds from their old accounts to their preferred trustees. However, the number of participants in the past was unsatisfactory. Since semi-portability was implemented in 2012, the number of successful transfers each year only accounted for 2% of the average number of employee contribution accounts of the year, and the number of employees who participated in the semi-portability scheme was pitifully small. Similarly, the scheme is so cumbersome that wage earners show no interest. Many booths have been set up on the street to promote that employees can switch to other MPF companies, yet the attraction is not great. The main reason is that semi-portability of MPF benefits only allows employees to manage their contributions, and as employees have various contribution accounts, they are not incentivized to actively manage their MPF funds. Hence, the establishment of a centralized platform can help eliminate the above obstacles and encourage wage earners to actively manage their MPF funds.

If the Government wants to promote labour rights and benefits, it should abolish the MPF offsetting mechanism. Originally, FTU asked the Government to complete the enactment of legislation within this term of the Legislative Council, but the Government said that the legislation could only be enacted after the development of the eMPF Platform. As the task cannot be achieved within this Legislative Council term, Chief Executive Carrie LAM must make good on her promise to complete the legislative amendments on the abolition of the MPF offsetting mechanism within the term of the current Government, i.e. before 2022. Employers and employees as well as all parties and groupings have generally reached a consensus on abolishing the MPF offsetting mechanism, and

the Government should brook no delay. I hope this task will be handled at beginning of the next Legislative Council term, so that the legislative amendments on abolishing the MPF offsetting mechanism can be completed before the term of the current Government expires in 2022.

The abolition can safeguard the rights and interests of employees. Employees need not worry about employers using their contributions for offsetting purpose at any time, and full portability of MPF benefits can be implemented. Although the employers have chosen MPF companies for employees when the employees' accounts are opened, employees can still transfer the funds to their preferred trustees. If the market is opened up fully, the competition among trustees will provide the incentive for lowering fees and offering higher investment returns. Therefore, we think that immediate actions should be taken to honour the original intent of the MPF System to protect the retirement benefits of wage earners.

Regarding ARF to be paid by trustees, we support the relevant amendment because MPFA has to charge ARF at a level of 0.03% in order to maintain its financial sustainability. The annual income generated will be around \$268 million. These income will guarantee the operation of MPFA as a statutory body in terms of supervision, marketing and education. These are the essential expenditures of MPF. I believe that charging ARF at a rate of 0.03% is reasonable. Thus, I support the amendment concerning ARF to be paid by trustees.

Lastly, FTU supports the amendments on the establishment of a wholly owned subsidiary for the eMPF Platform and the collection of ARF by MPFA for its financial sustainability.

President, I so submit.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): I now suspend the meeting until 9:00 am tomorrow.

Suspended accordingly at 6:59 pm.

Inland Revenue (Amendment) (Profits Tax Concessions for
Insurance-related Businesses) Bill 2019

Committee Stage

Amendments moved by the Secretary for Financial Services and the Treasury

<u>Clause</u>	<u>Amendment Proposed</u>
7	In the proposed section 19CA, in the definition of <i>chargeable concessionary trading receipts</i> , in paragraph (a), by deleting “do not fall within the description in section 14B(1)(a), (b) or (c)” and substituting “fall within none of the descriptions in sections 14B(1)(a), (b) and (c) and 14P(1)”.
7	In the proposed section 19CA, in the definition of <i>chargeable concessionary trading receipts</i> , in paragraph (a)(ii), by deleting “and”.
7	In the proposed section 19CA, in the definition of <i>chargeable concessionary trading receipts</i> , in paragraph (b), by adding “and” after the semicolon.
7	In the proposed section 19CA, in the definition of <i>chargeable concessionary trading receipts</i> , by adding— “(c) if the assessable profits in respect of the concessionary trading receipts fall within the description in section 14P(1)—the amount of the assessable profits calculated in accordance with section 14R or 14S;”.
7	In the proposed section 19CA, in the definition of <i>concession provision</i> , in paragraph (d), by deleting “or”.
7	In the proposed section 19CA, in the definition of <i>concession provision</i> , by adding— “(f) section 14P(1); or (g) section 14T(1);”.
7	In the proposed section 19CA, in the definition of <i>unabsorbed loss in respect of the concessionary trading receipts</i> , in paragraph (a), by

deleting “do not fall within the description in section 14B(1)(a), (b) or (c)” and substituting “fall within none of the descriptions in sections 14B(1)(a), (b) and (c) and 14P(1)”.

7 In the proposed section 19CA, in the definition of *unabsorbed loss in respect of the concessionary trading receipts*, in paragraph (a)(ii)(B), by deleting “and”.

7 In the proposed section 19CA, in the definition of *unabsorbed loss in respect of the concessionary trading receipts*, in paragraph (b), by adding “and” after the semicolon.

7 In the proposed section 19CA, in the definition of *unabsorbed loss in respect of the concessionary trading receipts*, by adding—

“(c) if the assessable profits in respect of the concessionary trading receipts fall within the description in section 14P(1)—any loss ascertained in accordance with section 14R or 14S and section 19D;”.

14 In the Chinese text, by deleting the clause and substituting—

“14. 修訂第 63H 條(暫繳利得稅的稅額)

第 63H(1D)條 ——

廢除

“14B(2)(a)”

代以

“14B(2)(b)” 。”。

17 In the proposed Schedule 50, in section 1, in the definition of *commencement date*, by adding “(of 2020)” after “2019”.

Schedule By adding—

“5A. Part 4, Division 2, Subdivision 5 heading added

Before section 14O—

Add

“Subdivision 5—Ship Leasing”.”.