

Summary of Minutes of Meeting of Islands District Council

Date : 16 February 2015 (Monday)
Time : 2:00 p.m.
Venue : Conference Room, Islands District Council, 14/F., Harbour Building,
38 Pier Road, Central, Hong Kong.

I. **Consultation Document on the Method for Selecting the Chief Executive by Universal Suffrage**

The speech given by the Chief Secretary for Administration, Mrs. LAM CHENG Yuet Ngor, Carrie, GBS, JP, was summarized below:

- (a) The Government had commenced the second round public consultation on constitutional development and would conduct focused discussions on how to attain universal suffrage for the Chief Executive (CE) election in 2017. The constitutional development of Hong Kong had to be based on the relevant interpretations and decisions of the Standing Committee of the National People's Congress (NPCSC) and the Basic Law.
- (b) The reason to base on the relevant interpretations and decisions of the NPCSC was because the Special Administrative Region of Hong Kong (HKSAR) was established in accordance with Constitution of the People's Republic of China. All important institutions of the HKSAR were subject to legislation of the NPCSC. On the issue of constitutional development, the NPCSC on 31 August 2014 adopted “the Decision of the Standing Committee of the National People's Congress on Issues Relating to the Selection of the Chief Executive of the Hong Kong Special Administrative Region by Universal Suffrage and on the Method for Forming the Legislative Council of the Hong Kong Special Administrative Region in the Year 2016” (Decision).
- (c) As the goal and requirements were clear, we were either to implement universal suffrage for the 2017 CE election in accordance with the Basic Law and the relevant interpretation and decisions of the NPCSC, or to stand still.

- (d) We were currently at the third step of the “Five-step Process” of constitutional development. If the resolution duly submitted by the Government failed to obtain a two-thirds majority support from all members of the Legislative Council (Legco), the method used for selecting the CE in 2012 would be used for the selection of the CE in 2017.
- (e) It was about three weeks before the conclusion of second round public consultation. The Government would collate opinions collected and submitted a resolution to the Legco for voting before its summer recess. The Government would implement the next two steps if the resolution was passed by the Legco. She hoped that members would pro-actively participate in future consultations.

A member agreed that universal suffrage for the 2017 CE election should be implemented within the framework of the Basic Law and the NPCSC Decision of 31 August 2014. She gave her opinions as follows:

- (a) The Nominating Committee (NC) should be made up of the four sectors and 38 sub-sectors of the existing Election Committee. The 38 sub-sectors, the number of members, their formation methods and electorate base should remain unchanged.
- (b) The nominating procedures should be divided into the stage of "members recommendation" and the stage of "committee nomination". Persons who had obtained recommendations from 100 members of the NC could become a candidate, and each member could recommend only one candidate. Each NC member would vote on each person seeking nomination. The two to three persons seeking nomination who obtained the highest number of endorsement of more than half of all the members of the NC should formally become candidates. A plenary meeting of NC would be convened to conduct nomination of candidates, and to provide an appropriate platform for candidates to explain their manifestoes and missions to all the members of the NC or even the public in order to seek their support.
- (c) The term of office of NC should be five years so as to select a new CE in the event that the office of CE became vacant.

- (d) The two-round voting system should be adopted in the election of CE by all eligible voters through “one person, one vote”.
- (e) In the event that the CE-elect was not appointed by the Central People’s Government, the nomination procedure should be re-activated by the NC. Provisions for a re-election in such circumstances should be included in the Chief Executive Election Ordinance.
- (f) Existing provision in the Chief Executive Election Ordinance stipulating that the CE should not have any political affiliation should be maintained.
- (g) After the formation of NC and before nomination of candidates, there should be a time period of declaring candidacy, so that organizations could assess the statutory qualification of the candidates. Relevant requirements such as accountability of CE to the Central Government and the HKSAR as stipulated in the Basic Law should also be included.

A member said that he would submit his opinions about the second round public consultation to the Government in writing. He supported the implementation of universal suffrage for the 2017 CE election in accordance with the Basic Law and the relevant interpretations and decisions of the NPCSC. He hoped that the pan-democratic Legco members would support the constitutional reform proposals, so that eligible voters could select the CE in 2017.

A member did not support the “pocket it first” proposal because it was not genuinely democratic. He said that a recent survey revealed that there was a 4% drop of people supporting the “pocket it first” proposal as compared with the previous one. He hoped that the Chief Secretary (CS) would balance opinions given by various sides.

The Vice-chairlady gave her views as follows:

- (a) It was a constitutional requirement for the election of the CE to be implemented in accordance with the Basic law and the Decision. She supported the advancement of constitutional reforms in 2017 and that we should “seize the opportunity”.

- (b) Democratic development should be achieved in steps. The political system of Hong Kong could still be improved after the implementation of universal suffrage in 2017.
- (c) The nominating procedures should be conducted by the NC in two stages. In the first stage, eligible permanent residents of Hong Kong who had obtained recommendations from 150 members of the NC could become a candidate. Candidates should then explain their political manifestoes to the Hong Kong people and the NC. In the second stage, members of the NC would vote to select two to three candidates from whom the CE would be elected through “one person, one vote”.
- (d) She proposed that a replacement mechanism proposal should be adopted in which voters could indicate their priority of candidates. The candidate with the least number of votes would be eliminated, and the votes given to that candidate would be given to the remaining candidates in order of the voters’ priority. The candidate with more than half of votes or with the highest number of votes would become the CE.
- (e) CE had to be accountable to the Central Authorities as well as the Hong Kong people, and thus the person had to “love the country and Hong Kong”. At the current stage, CE should not have any political affiliations.

A member said that the “Decision” had altered the nomination threshold from one eighth to one half and it was regressive in nature rather than progressive. The method of election of the Legislative Council in 2016 had remained unchanged and both of the above had violated the Basic Law. She cited a survey conducted in January 2015 and said that more than half of Hong Kong people were objected to the “pocket it first” proposal.

The CS responded as follows:

- (a) The specific opinions given by a member and the Vice-chairlady on issues in the second round of public consultation would be helpful for the preparation of the proposal in the following stage.

- (b) The views given by a member reflected the opinions of many Hong Kong people. In her contact with members of the public, she deeply felt that people hoped that we could step forward and that there would be universal suffrage for the CE in 2017.
- (c) With response to the opinions of the two members of the Civic Party, the CS said that we had to accept that the Central Authorities had the constitutional responsibility. Discussions should be conducted on that basis. As the CE had to carry out duties assigned by the Central Authorities, the Central Authorities thus had the substantive authority over the political system of Hong Kong and the authority to appoint the CE. The Decision was necessary as it gave clearer interpretation to procedures of constitutional reform.
- (d) Apart from meeting constitutional requirements, the election should also be competitive and highly transparent. Therefore the Decision mentioned the establishment of a NC of 1200 members and that there should be two to three candidates.
- (e) The work of the Government was to advance the nomination procedures within the framework of the Decision. If the two-stage procedure was to be adopted, the issue was how to better relax nomination and to determine whether 150 or 100 members of the NC would be required for nomination of a candidate. The Government also proposed whether there should be a cap on the recommendation each person seeking nomination could obtain, in order to increase the number of candidates being nominated.
- (f) The Consultation Paper proposed that an appropriate platform to be provided for persons seeking nomination to explain their manifestoes to all the members of the NC or even the public in order to seek their support. She believed that the NC would be mindful of public opinions. The issue would require discussions from all sides.
- (g) Any allegations that proposals made within the framework of the Decision aimed at eliminating dissensions were baseless. No political system would be “tailored-made” for people of a certain political view and that any system of alternative choices had to be competitive and transparent. As a special administrative region, election of Hong Kong

had to meet constitutional requirements and that the Central Authorities had the final authority.

- (h) A member of the Civic Party said that the Party would object to the Government's proposal no matter what. The CS was aware of the Party's stance and that illustrated the difficulty of the advancement of constitutional reform. The Government would endeavor to fulfill the hope held by many people of election of the CE through "one person, one vote".

A member said that the election of CE had to be conducted in accordance with the Basic Law. He cited the election of Cheung Chau Rural Committee as an example to illustrate that requirements were necessary and they were not screening.

A member said that the framework would ensure that the future CE would not be a person who opposed the Central Authorities. He believed that not every Pan-democratic Legco member would intend to have a CE who opposed the Central Authorities and that around 50% of Hong Kong people supported the proposal. He said that there would be room for discussions on that basis and he hoped that the Government would endeavor further to minimize differences.

A member enquired whether there would be a scenario of the wish of Hong Kong people not being realized, if the NPCSC rejected the proposal which had been passed by the Legco and agreed by the CE.

The CS responded as follows:

- (a) She noted the view put forward by the member that the election of CE had to be conducted in accordance with the Basic Law.
- (b) In the past year, the Government had arranged many occasions for Legco members to meet with officials of the Central Authorities responsible for constitutional reforms. The Government would continue to arrange meetings in the future.
- (c) The Decision of the NPCSC was a constitutional decision and was legally binding. Further discussions had to be conducted on that basis. The Government would facilitate discussions if that basis was agreed upon.

- (d) After the commencement of the second round consultation, some Legco members expressed their wish to meet with officials of the Central Authorities. The Government would follow up on the matter. However, demands for withdrawal of the Decision would be very difficult to be agreed upon and all sides, especially the Pan-democratic Legco members, should show their sincerity.
- (e) Under the Basic Law, the Central Authorities had the final authority on constitutional reforms and the selection of CE. The Decision provided the safeguard against a constitutional crisis. The constitutional reform was a momentous decision and had to be conducted in a cautious and steady manner. After the implementation of election of CE through “one person, one vote”, there would still be room for improvement of universal suffrage.

II. Motion on Selecting the Chief Executive by Universal Suffrage

A member said that in accordance with the Standing Orders of Islands District Council, where the Council has taken a decision on a specific issue, no further discussion shall be proposed in relation to that issue within half a year except with the permission of the Chairman or over half of its members. She enquired whether accepting the motion was an exercise of the Chairman’s authority or a result of agreement of more than half of its members.

The Chairman said that it was agreed by more than half of the members.

The Chairman then asked members to vote by show of hands. Nineteen members voted to support, two against the motion and there was no abstention. The motion was adopted by Islands District Council (IDC).

III. Visit of Director of Civil Engineering and Development to Islands District Council

The Director of Civil Engineering and Development briefed the meeting of the work of the Department in Islands District.

A member enquired whether the report of Tung Chung New Town Extension Study would be made public upon its completion. He hoped that certain projects could be implemented before 2023 so that residents would be able to use the facilities earlier.

A member enquired the most recent schedule of the Strategic studies for artificial islands in the central waters and whether proposals of members had been included in the studies. He said that in the recent discussions at the IDC, members supported the project on the condition that transportation link between North and South Lantau, and those between the artificial islands, Lantau Island and other islands had to be studied as well.

A member gave his views as follows:

- (a) He was appreciative of the work conducted by the Civil Engineering and Development Department (CEDD). The Department handled matters with flexibility and was willing to listen to members' opinions. He gave the Improvement Works at Tai O as an example.
- (b) He enquired whether members' opinions on Strategic studies for artificial islands in the central waters and other proposals on transportation links given at IDC meeting would be considered. He hoped that the Government would also conduct "Need Analysis" independently while conducting feasibility study, which would help determine the area of reclamation, land supply and planning in development, etc.
- (c) He hoped that New Territories Heung Yee Kuk Southern District Secondary School (the School) would not be affected in Phase 2 Stage 1 of Improvement Works at Mui Wo.

A member was pleased to learn that funding had been approved for the improvement of Mountain Bike Trail Networks in South Lantau. He hoped that the Department would expedite the works and consider the construction of a new training ground at Lai Chi Yuen Tsuen. He also hoped that the CEDD would study the feasibility of converting Chi Ma Wan Road into a two-way traffic road.

The Vice-chairlady gave her views as follows:

- (a) She was appreciative of the annual report submitted by CEDD to IDC to keep members informed of the progress of works projects. She concurred with the proposal of converting Chi Ma Wan Road into a two-way traffic road.

- (b) She enquired the implementation date of enhancing South Lantau Road and widening Keung Shan Road.
- (c) She proposed that uncontroversial projects that did not require reclamation in Tung Chung be implemented first, so as to address the issues of housing shortage and inadequate community facilities. She hoped that the Leisure and Cultural Services Department would co-ordinate with other government departments in conducting planning on the land reserved for sports facilities in Tung Chung Area 39. She also hoped that the revitalization of Ma wan Chung could be implemented earlier.

A member gave his opinions as follows:

- (a) The remaining parts of the Tai O Improvement Works had not begun yet. He hoped that they would be implemented sooner.
- (b) He hoped that the Government would develop other scenic spots in Tai O area and to improve the transportation of Tai O.
- (c) A car journey from Tung Chung to Tai O normally took 45 minutes, and longer if there were traffic congestions. Many tourists would leave Tai O at around 4:00 pm. He hoped that a coastal highway linking Tung Chung and Tai O would be built so as to improve the transportation link of Tai O.

Another member gave her opinions as follows:

- (a) Apart from conducting planning for the development area, the Planning and Engineering Study on Future Land Use at Ex-Lamma Quarry Area at Sok Kwu Wan, Lamma Island - Feasibility Study should also conduct overall planning for the whole Lamma Island, including transportation link, improving road network and medical services for surrounding areas and villages.
- (b) She hoped that the construction of cycle parking area near Yung Shue Wan Ferry Pier, Lamma Island would be completed the earliest possible.

- (c) A resident of Tai Wan Tsuen was asked to present a report on a slope before the construction of a small house. The resident said that it was the responsibility of the Government to manage the natural slope and it was unreasonable to demand a report from the resident. The member enquired why the slope had not been included in stabilization works of Geotechnical Engineering Office.

Another member gave his opinions as follows:

- (a) The contents of Dangerous Hillside Orders were too brief and residents had to approach the headquarters of CEDD for a report of slopes. However, it would take a professional to understand the contents of the report. As such, it would be helpful to residents if preliminary data and results of assessment were included in the Dangerous Hillside Orders.
- (b) Improvement to existing roads and drains in Cheung Chau old town – remaining engineering works (197CL) had been postponed to 2017. He hoped that CEDD would expedite its design work so that the Drainage Services Department (DSD) could follow up sooner.
- (c) After a ferry accident in Cheung Chau Typhoon Shelter in 2011, a proposal was raised to fix a lighting device on a rock. As electrical wiring to link the device would be difficult, he proposed the use of solar energy or reflective materials.

A member strongly demanded the widening of Chi Ma Wan Road, which would facilitate the development of land in the area.

A member hoped that the School would not be affected by Phase 2 Stage 1 of Mui Wo Improvement Works and that emergency access in Mui Wo would be upgraded into vehicular access.

The Director of Civil Engineering and Development responded as follows:

- (a) While the first batch of residents was scheduled to move in in 2023 in accordance with the current Tung Chung New Town Extension Study, the proposals to implement earlier the construction of certain community facilities and improvement works would be studied.

- (b) The proposed construction of a cycling track on the north coast of Lantau would have to tie in with the development of the area as a whole, including the reclamation at Sunny Bay and Siu Ho Wan. The Department hoped that funding would become available soon, so that studies could begin.
- (c) The implementation programme of Strategic studies for artificial islands in the central waters was under review. The studies would cover a wide range of topics, including the area of reclamation and the existing road network of Lantau.
- (d) In terms of “Need Analysis”, the Planning Department was conducting the “Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030” to study the development of Hong Kong as a whole, in which Lantau was a major component.
- (e) The enhancing of South Lantau Road and widening of Keung Shan Road would be conducted by the Transport and Housing Bureau as well as the Highways Department. As such, the projects were not included in the work report of CEDD.
- (f) In the Planning and Engineering Study on Future Land Use at Ex-Lamma Quarry Area at Sok Kwu Wan, Lamma Island - Feasibility Study, the ancillary facilities of the surrounding areas would also be included.
- (g) The construction of cycle parking area near Yung Shue Wan Ferry Pier, Lamma Island would be completed in mid-2015.
- (h) The Department would follow up on the matters of the natural slope in Tai Wan Tsuen. Generally speaking, the project proponent would be responsible for the slopes in case of private development projects. If there was a high risk to the general public, CEDD would handle the matter.
- (i) CEDD would conduct preliminary study on slopes with lower safety factors in private development projects. As only preliminary data was available, the information would not be provided in the Dangerous Hillside Orders. Members of the public could approach the Community Advisory Unit of the Geotechnical Engineering Office for enquiries.

- (j) CEDD would continue to follow up with the DSD on the “Improvement to existing roads and drains in Cheung Chau old town – remaining engineering works”.
- (k) Regarding the lighting problem in Cheung Chau Typhoon Shelter, CEDD would reply member after the meeting.
- (l) The detailed design of remaining works of Tai O Improvement Works Phase 2 was in progress. CEDD would study the feasibility of extending the cable car system to Tai O and also study the long term development of Tai O and Lantau.
- (m) The implementation of Phase 2 Stage 1 of Mui Wo Improvement Works would endeavour, as far as possible, not to affect the School. The proposal of increasing the number of parking spaces would also be studied.
- (n) The first stage of Mountain Bike Trail Networks in South Lantau would not include the construction of a training ground near Lai Chi Yuen Tsuen. Subject to availability of resources in the future, CEDD would consider the proposal.
- (o) The proposal to widen Chi Ma Wan Road has to tie in with the overall development of Lantau and would be related to relevant policy bureau for consideration.

IV. Voluntary Health Insurance Scheme and Regulation of Private Healthcare Facilities

A member welcomed the implementation of the Voluntary Health Insurance Scheme (VHIS). He said that some members of the public would decide to use public medical services at the end despite having bought health insurance because they worried that they could not afford the expenses. There was a maximum benefit limit for each expenditure item for existing medical insurance policies for individuals. The insured would need a new policy if he or she wanted to increase the maximum benefit limit. He enquired whether the insured would similarly need a new policy to increase the maximum benefit limit under VHIS.

A member said that as there was no causal relationship between VHIS and regulation of private healthcare facilities, consultation of the two issues should be

conducted separately. He queried that the aim of incorporating the two consultations was to make it easier for the endorsement of VHIS. He was also skeptical that the issue of huge medical expenditure could be solved simply by using \$4.3 billion to set up a High Risk Pool (HRP). He opined that VHIS would not be able to solve the problem of overloading of public medical services.

A member said that the success of VHIS hinged on an adequate number of young people buying insurance and he thus enquired how the Government would encourage them to take part in the scheme. He was also skeptical of the affordability of the HRP, and he enquired whether the government would guarantee the funding of the HRP. He said that existing private hospital services could not meet demand already, and if the situation should remain unchanged, they would not be able to cope with the new demand brought about by VHIS. He further enquired whether the Government had provided measures and development plan for the future of private hospitals.

A member said that there was a serious imbalance of public and private medical systems because the former provided 90% of services and the latter 10%, but their expenditure was roughly equal. She agreed with the direction of VHIS but the scale of the Scheme was very huge and so was the amount of public expenditure involved. She has reservation about the complete realization of the Scheme and enquired how long it would take for its implementation after approval by Legco.

A member said that there should be a ceiling for the premium, or else the continual increase of premium would lead to the elderly, patients of chronic illness or people of high risks to give up renewing the policies. The Consultation Paper revealed that after the first year of implementation, the HRP would be available only to people under the age of forty. He enquired whether the additional premium would be increased to over 200% of the standard premium for people who were over forty years of age and did not belong to the HRP.

A representative of the Food and Health Bureau responded as follows:

Consultation of Voluntary Health Insurance Scheme and Regulation of Private Healthcare Facilities

- (a) The Government had considered various arrangements for consultation. The main reason for incorporating the consultation of the two issues was that the success of VHIS depended to a large extent on the regulation of private healthcare services. Through effective regulation of private healthcare services and enhancing the

transparency of fee-charging, the quality of service could then be assured. In such way the public would genuinely have an alternative in healthcare services.

The proposal to establish a High Risk Pool

- (b) In the first year of implementation of the Scheme, the HRP would be available to all. Starting from the second year, it would be available only to high risks persons under forty years of age. After joining the HRP, the insured would be protected as long as the premiums were paid and all claims would be covered by the HRP. For operation of the HRP, the Government would provide a funding of \$4.3 billion for the first twenty-five years and would continue to fund its operation.
- (c) People who joined the HRP would most likely be those who currently could not procure individual healthcare insurance. Most of these people could only use public healthcare services which were heavily subsidized by the Government. Generally speaking, the rate of subsidy for an in-patient would roughly be 98% of the costs of public healthcare services. If these people joined the VHIS, the medical expenses claimed would be paid partly by the premiums they contributed, partly by the insured persons themselves and the rest would be paid by the HRP. On that level, the amount paid by the Government would be far less than the 98% currently attributed to public funds. For the high-risk persons, they would be afforded the choices of the attending doctor, the time, arrangements of treatment and the hospital, which would be beneficial to the healthcare services and the patients themselves.

The continuous operation of Voluntary Health Insurance Scheme

- (d) The premium of medical insurances in Hong Kong had all along been determined by the age of the insured. The premiums reflected the risk level of the insured and as a result, the amount paid by the young would be less than those of the elderly. Such practice was rare in other countries, which mostly adopted a unified fee for persons of all ages, i.e. the community-rated premium mechanism. The continuous operation of the VHIS would be possible if the insured of the non-HRP were not affected by the HRP, and a large number of the young joining the VHIS would not be necessary then.

Guaranteed renewal and benefit limits

- (e) To address the concern vast premium increase at renewal of policy, the VHIS required “guaranteed renewal with no re-underwriting”. The insurance company could not raise the premium at renewal of policy by targeting the claims record or the health conditions of the insured. The adjustment of premium had to apply universally to people of the same age.
- (f) The Government proposed the establishment of a committee to determine the amount of benefit limits, and to conduct reviews and make adjustments regularly. The committee would comprise various stakeholders, such as hospitals, doctors, insurance companies and patient organizations, etc., so as to be well-informed of the market situation, to ensure the adjustment of benefit limits and to balance the needs of various sectors.

No-gap/Known-gap arrangement

- (g) To address the concern of patients deciding at the end to use public hospitals because they worried that they could not afford expenses of private hospitals even after they had joined the VHIS, the Government proposed the No-gap/Known-gap arrangement. Patients would be informed beforehand of fees they had to pay out of their own pockets. If treatment procedures, hospitals and doctors they might choose were on the list of those already insured, they could choose the no-gap arrangement and would not have to pay further.

Ancillary measures

- (h) Extension and construction of private hospitals was estimated to provide a further 2 000 beds. In addition, the minimum requirements of the VHIS would provide protection for certain prescribed ambulatory procedures, which in turn would release more beds to meet new demands. It was believed that the enhancement of transparency of fee-charging and the provision of more healthcare personnel would facilitate the adjustment of fees in private medical institutions in the future.

A member enquired whether persons over forty years of age would not be included in the HRP. He said that the rise of premium for all insured persons in order not to target certain individuals would be unfair for elderly whose health conditions were good. He hoped the Bureau would make reference to the existing premium

levels of people between 50 to 90 years of age, and to project the amount of premium they have to pay under the VHIS in the future.

The representative of the Food and Health Bureau responded that in the first year of implementation, the HRP was admissible to persons of all ages. However, starting from the second year, those aged over forty could not join the Pool which was similar to the current situation. The premiums for the elderly had been laid out in the Consultation Paper. As the elderly tended to use the public medical services, thus their premiums would not be increased with the advancement in age.

V. Updates on North Lantau Hospital

The Vice-chairlady was appreciative of North Lantau Hospital for regularly attending IDC meetings and reporting the most recent situation to the Council. As the demand for services increased all the time, she enquired whether the Hospital had difficulty in deployment of healthcare personnel.

A member hoped that the Hospital would set up a paediatrics ward to meet the demand of Tung Chung.

The representative of the Hospital Authority said that the demand for healthcare personnel was greater than the past and the Hospital would adopt various measures to cope with the demand. The Hospital would closely monitor the situation and might consider incorporating the proposal of setting up a paediatrics ward in North Lantau Hospital into the annual plan of the Hospital Authority.

VI. Question on traffic arrangements of New Year's Eve Countdown Pyrotechnic Show

A representative of the Transport Department said that a number of ferry trips between Central and outlying islands had to be cancelled to tie in with the marine traffic control arrangements adopted for New Year's Eve Countdown Pyrotechnic Show on the night of 31 December 2014, including two trips from Central to Mui Wo scheduled for 11:30pm and 12:30am respectively. Affected passengers could take the MTR to Tung Chung and then take the New Lantao Bus 3M to Mui Wo. In past years, the arrangement was able to cope with the demand of passengers. The above arrangement had been conveyed to passengers through various channels beforehand, and the ferry company had put up notices at the piers in advance.

The representative of First Ferry responded as follows:

- (a) First Ferry had made public of the special arrangements in respect of Pyrotechnic Show through various channels in advance.
- (b) First Ferry regretted that the unhappy incident had occurred on the night at issue. When the show was over, some passengers travelling to Mui Wo from Central were angry that the next ferry would depart at 3:00am. They refused to listen to the explanation of the First Ferry staff and rejected the proposal to travel by MTR to Tung Chung, then transit to Mui Wo. They shouted at the staff and some tried to vandalize the gate. The staff worried that the situation would go out of control and thus called the Police.
- (c) First Ferry was unable to provide extra service that night because of limitation of staff deployment. At the time of the Show, most staff was already off-duty. Extra trips might deprive them of rest which might compromise the safety of other ferry trips. Under such circumstances, only limited additional services could be provided. As ferry was the only means of transport for Cheung Chau, First Ferry could only provide extra service for Cheung Chau. Discussions had been conducted with the Transport Department in making the decision and it was understood that New Lantao Bus would make adjustment to its bus services. As a matter of fact, additional bus trips were provided by the Bus Company in the morning of 1 January 2015.
- (d) In view of the unhappy incident, First ferry had conducted a review and would actively endeavor to provide extra ferry service for Mui Wo, if the New Year's Eve Countdown Pyrotechnic Show was to be held again in the current year.
- (e) First Ferry would provide training to staff and explain to them relevant guidelines in handling of unexpected incidents like the one being discussed.

The representative of New Lantao Bus said that records showed that starting from 8:10pm on 31 December 2014, additional bus trips were provided in response to the number of passengers. Route 3M had been providing service from 8:10pm all the

way to 2:10am. In addition to normal frequencies, 29 extra trips had been added. After 12:50am, there were seven extra trips.

Another representative of the Transport Department said that the Department would carefully review the transport service arrangements at New Year's Eve in the future.

A member was disappointed that the First Ferry had again committed mistakes in its arrangement in 2014, subsequent to its failure in 2013. The First Ferry put up notices at inconspicuous spots of the pier and thus they failed to draw proper attention. He proposed using the television sets on the ferries to publicize the announcement. When other routes had resumed normal services one after another, service for Mui Wo could only resume at 3:00am. It was unfair for Mui Wo residents. He was appreciative of the performance of the Bus Company.

Another member agreed that the notices posted failed to produce desirable effects, and that the two-hour wait for residents was painful. He also concurred with the proposal of making good use of the television sets on ferries to publicize the announcement.

A member requested the First Ferry to conduct a review and that ferry services should normally be resumed one hour after the conclusion of the Pyrotechnic Show.

VII. Question on Mui Wo fishermen's port of registry in respect of demarcation of regions in compensation ordinance

A representative of the Lands Department responded to the enquiry as follows:

- (a) With regard to the marine works in waters of Tsuen Wan, Tsing Yi and south of Lantau (Group B Works), Lands Department, Agriculture, Fisheries and Conservation Department (AFCD), Home Affairs Department (HAD) and relevant works departments had established an inter-departmental working group (the Working Group) to handle fishermen's claims for compensation. In accordance with existing mechanism, the Working Group took into account factors such as the degree of reliance of ports of registry on the waters of Group B Works, and the navigation distance between ports of registry and the waters concerned. It then decided that five ports of registry, namely Tsuen

Wan, Cheung Chau, Peng Chau, Ma Wan and Yau Ma Tei, would be listed as approved ports of registry for claiming special compensation in respect of Group B Works. The Working Group had reviewed factors concerned and decided that there were insufficient grounds to include Mui Wo into the list of approved ports of registry. Nonetheless, if individual Mui Wo fisherman could produce credible evidence to show that he or she had indeed suffered substantial losses as a result of Group B Works, the fisherman could submit claims for compensation in writing, along with evidence, to the Working Group. The Working Group would assess the claim fairly in accordance with established regulations and procedures.

- (b) The Government had not set any limitation on the waters of fishermen catching fish.
- (c) In order to effectively handle fishermen's claims related to marine works conducted in the waters of Hong Kong, the waters of Hong Kong were demarcated into six regions. When fishermen's claims which were related to marine works conducted in a certain region accumulated to a certain level, an inter-departmental working group would be set up. The claims for compensation at issue were related to Group B Works. The Working Group had determined the list of approved ports of registry after taking into account factors concerned. As factors such as the marine works involved, the reliance on waters concerned, and the navigation distance would vary from case to case, it followed that the approved ports of registry would also vary.
- (d) Representatives of Lands Department and AFCD in the company of a member and the Chairman of Mui Wo Rural Committee met some local fishermen in Mui Wo. The requirements of approved ports of registry had been explained to fishermen, who were also informed that the Working Group would welcome claims for compensation, if they were supported by evidence.

The representative of AFCD stated the criteria of determining approved ports of registry for fishermen's claims. Generally speaking, fishing boats under 15 metres of length of same ports of registry would fish in similar area, which usually would not be far from the ports of registry. AFCD would assess the degree of reliance on the works area of ports of registry in accordance with the information provided by the fishermen.

A member gave his views as follows:

- (a) By using Powerpoint, he explained the areas of fishing of Mui Wo fishermen. He also showed to the meeting their certificates of eligibility for registration.
- (b) There was no fish to be caught in waters of Mui Wo and its fishermen had to fish in other waters. He thus queried how the Working Group could determine that Mui Wo fishermen were not affected by Group B Works. He said that Mui Wo fishermen just wanted fair and reasonable treatment.
- (c) Relevant departments required Mui Wo fishermen to submit evidence in writing to prove their areas of fishing, while fishermen of other waters needed only registration with the authorities. That was unfair to Mui Wo fishermen.
- (d) In future marine works, he hoped that AFCD would inform fishermen of matters related to claims for compensation through Mui Wo Rural Committee.

A member said that it was unfair for fishing boats more than 15 metres long to have less compensation than those shorter than 15 metres in length. He hoped the Government would conduct a review on criteria of issuing compensation. He said that it should be the Government which provided evidence to show that fishermen did not fish in certain waters, rather than fishermen proving they did as such evidence was hard to come by. He criticized the existing mechanism for its restriction on fishermen to claim for compensation.

The Vice-chairlady was skeptical of whether the survey conducted by the Government on fishing was comprehensive and urged departments concerned to conduct a review on their method of survey. Mui Wo fishermen had to conduct fishing outside their own area, and if Cheung Chau and Peng Chau were affected by Group B Works, there was no reason for not including Mui Wo. She proposed that brief evidence provided by institutions should be adequate, rather than exact dates and location of fishing conducted.

The Chairman said that there were no large fishing boats in Mui Wo, and he proposed that Mui Wo should be incorporated into the same port of registry as Peng Chau in claiming compensation.

A member said that Mui Wo Rural Committee was willing to provide assistance to AFCD in handling fishermen's claim for compensation. He further requested that Mui Wo should be included into the list of approved ports.

VIII. Question on breakdown of Fu Tung Plaza escalator

The Chairman said that the Link had provided a written reply which had been related to members before the meeting.

The member who raised the enquiry regretted that the Link did not attend the meeting.

IX. Question on Cheung Chau Sai Wan Cemetery Coffin Burials

The member who raised the enquiry was just about satisfactory of the written reply given by the Food and Environmental Hygiene department (FEHD), but he was concerned of the poor attitude of the contractor on the day of incident. He requested the Department to urge contractors to be polite. Placing a large piece of stone on the coffin would be regarded as placing it on the deceased, which was very disrespectful.

The representative of FEHD said that he had liaised with staff of the Cemeteries & Crematoria Section and learnt that the problem had been improved. There was disagreement between the contractor and the deceased's family in arrangement of soil and the Department had reminded the contractor to be well-mannered all the time.

A member said that many families of the deceased thought the amount of soil currently used was not adequate, and thus many would purchase new soil on their own and the practice had been implemented for many years. FEHD should consider whether there was a need to make adjustment.

The Chairman urged FEHD to follow up on the matter.

A member agreed that families should be allowed to decide whether old or new soil should be used in burial.

X. Question on safety of Ngong Ping Trail

The representative of Ngong Ping 360 responded to the enquiry as follows:

- (a) Upon receiving the enquiry on 23 January, the Company had replied to the member in writing and by facsimile on 26 January as it was very concerned of the safety and maintenance of the Trail and the cable car system.
- (b) As pointed out in the written reply, professional technical staff would conduct safety check and maintenance on the Trail once in the last ten days of each month. The last examination was conducted on 23 December 2014. An overall examination was conducted on 27 & 28 January 2015. Maintenance for the steps had been completed on 29 January and the Trail was currently in a very solid and safe condition.
- (c) Ngong Ping Trail was not a professional hiking trail. It was basically a trail intended for use by professional maintenance staff who needed to carry tools on their own and the process was laborious. Thus members of the public and other users were urged to use the Trail with care and civic virtue.
- (d) Apart from wooden staircases, there were wooden sign posts along the Trail. Being exposed to the elements, these sign posts were subject to constant wear and tear. Ngong Ping 360 would gradually replace these facilities with other materials such as stainless steel.

The member who raised the enquiry was appreciative of the efficiency of Ngong Ping 360 in following up on the matter and its prompt reply. He proposed to step up publicity to call on users of the Trail to be public-spirited.

XI. Question on service of bus route E34B

The representative of the Transport Department said that the Department had conducted a field visit immediately upon receipt of the enquiry. Based on the observation conducted from 7:00am to 9:00am on 11 February at Fu Tung Bus Stop, the frequencies of E34B were 20 minutes a trip. In the two hours of observation conducted, there were six bus trips and the highest occupancy rate was around 80% and the lowest about 17%. He said that the loading capacity of buses included both seats and standing room and the latter made up around 30% of the overall capacity.

The representative of Long Win Bus Company Limited (Long Win Bus) said that route E34 was split into E34A and E34B on 6 December 2014. The bus frequencies after the split were planned in accordance with the most recent passenger information and hourly load. From 7:00am to 9:00am, the frequencies were 20 minutes a trip. The results of observation conducted by Long Win Bus were roughly similar to those obtained by the Transport Department. From 7:00am to 9:00am, the average occupancy rate of bus departing from the Airport was roughly 65% and might be higher for some buses. The time of observation conducted by the member was from 7:30am to 8:00am. Long Win Bus had been observing the off-duty time of the Air Cargo Area and it had not neglected the passengers working at the Airport. Bus frequencies were planned according to relevant information. Starting from 16 February, more buses had been allocated to E34 route. Within the current year, the service of E34 route would be enhanced in accordance with the bus route development plan and the actual passengers' situation.

The member enquired whether the 20 minutes per trip arrangement would be altered by the increase in number of buses serving the route.

The representative of Long Win Bus responded that after the period of 7:30am to 8:00am, some people would be off-duty from the Airport, thus demand for bus service would become greater and the number of passengers was about 100. As the capacity of a bus was 131 passengers, thus there was still room for more passengers. The Company would consider allocating more resources in response to actual needs. The number of passengers from 8:00 am to 9:00am had fallen to 60, and thus currently there was no urgent need to increase service.

The member said that based on statistics, the Bus Company opined that the capacity of a bus was 131 passengers and it could cope even if there were 106 on board. In fact the bus would have become very crowded and residents found it very difficult to get on the bus. Very often they had to wait for another 20 minutes for the next bus and it was very troublesome. He urged the Bus Company to continue monitoring the service of the bus route, and he would follow up if the situation was not improved.

XII. Question on repair of squatter huts

The representative of the Squatter Control Office of the Lands Department responded to the enquiry as follows:

- (a) The Government registered all squatter huts in 1982. Squatter huts thus registered were still unauthorized structures though they were allowed to remain in existence on a temporary basis until their natural wastage or resumption of land due to the Government's plans for development and environmental improvement or on safety grounds. The existence on a temporary basis did not afford the occupants any land or legal rights or lawful ownership. No enlargement, addition or any usage other than those registered would be allowed. The Lands Department would ban any squatter huts converted by any unapproved materials.
- (b) Any application for repairs of squatter huts had to be submitted to relevant Squatter Control Office in advance. The area or height of the squatter would not be allowed to be enhanced, and replacement of temporary materials by permanent materials would not be allowed as well. The original usage of the hut could not be altered after repairs.
- (c) Only applications for rebuild of squatter huts for residential purposes located in the New Territories would be considered. Applications for those located in urban areas and for other usages would not be considered.
- (d) Only applications for rebuild by temporary materials would be approved, and no bricks, concrete or other permanent materials would be allowed. If the applicants would want to use permanent materials, the Squatter Control Office would relate the application to District Lands Office, Islands in accordance with established policies.
- (e) Applicants could submit applications to Squatter Control Office which would inform the applicant in writing whether his or her application had been approved and reasons for applications to be rejected.

A member enquired the time needed for processing applications and it was learnt that in some cases, there was no reply after applications were submitted for a long time.

The representative of the Lands Department said that generally speaking, the Squatter Control Office would reply in writing within 14 days of receiving applications.

A member said that the buying and selling of licensed structures was serious and she hoped departments concerned would deal the issue squarely.

The representative of the Lands Department said that he represented the Squatter Control Office which was responsible for matters related to squatter huts, and that licensed structures should be dealt with by District Lands Office, Islands.

A member asked the District Lands Officer, Islands whether there were buying and selling of licensed structures, and whether there were restrictions on such practice.

A member said that while assisting residents in applying for rebuilding of squatter huts, he found that the situation was not as previously replied by the Squatter Control Office that they would reply in writing within 14 days. The written reply only reiterated the materials allowed to be used but did not say whether the applications for repair or rebuild were approved or not. The many cases being dealt with by District Lands Office recently involved the same land owner and he queried whether the Office was targeting someone. He asked whether the District Lands Office had received any applications for rebuilding squatter huts in the past two years. As far as he understood it, there were three applications for rebuilding squatter huts submitted to the Squatter Control Office and they were rejected. He enquired which department had rejected the applications.

The District Lands Officer, Islands said that repair of squatter huts was responsible by the Squatter Control Office.

The member clarified that the three cases were applications for rebuilding squatter huts, and he enquired whether the District Lands Officer was abreast of the matter.

The District Lands Officer said that he would follow up with the member on individual cases after the meeting.

The member said that he was not aiming at individual cases. Rather, he would like to know whether the District Lands Office, Islands had received applications for rebuilding squatter huts referred by the Squatter Control Office, and whether it had given opinions on those applications.

The District Lands Officer, Islands said that repairing of squatter huts were responsible by the Squatter Control Office, and if the materials used in rebuilding of

squatter huts were temporary, the applications would also be handled by the Squatter Control Office.

The member asked whether the District Lands Office, Islands had rejected applications for rebuilding squatter huts using permanent materials. He reiterated that he would like to know whether it was the Squatter Control Office or District Lands Office, Islands that had rejected the applications concerned.

The District Lands Officer reiterated that if repairs were to be carried out by temporary materials, the Squatter Control Office would be responsible, and if by permanent materials, the District Lands Office, Islands. He said that some applications had been rejected in the early vetting stage, for example, the huts concerned were not for residential purposes. Normally speaking, cases he handled would have entered the stage of approving or not. He would reply after the meeting on the question whether the District Lands Office, Islands had rejected applications for rebuilding squatter huts.

The member said that the cases he mentioned earlier were all for residential uses and that they were occupied. One of the applications had not received a reply despite three years had passed. He would discuss with the District Lands Office, Islands after the meeting.

Another representative of the District Lands Office, Islands, supplemented that generally speaking, applications rejected by the Office mainly involved applications the information of which did not match those of the Office. For example, if there was extension of structure that did not match the records, the District Lands Office, Islands, would process the application further only after the structure had been reinstated to its original conditions.

The member reiterated that there were occupants resided in the huts he mentioned earlier and they were license-holders. He enquired whether the District Lands Office, Islands had rejected applications for rebuilding squatter huts referred by the Squatter Control Office.

The Chairman requested the District Lands Office, Islands, to provide a reply to the question after the meeting, and he also requested a response to the question of whether licensed structures could or could not be bought and sold, as raised earlier by another member.

The District Lands Officer said that such licenses could not be bought and sold.

The member said that many licensed structures in places such as Tai Shui Hang and Nim Shue Wan had already been bought and sold and some were unoccupied. He urged the District Lands Office, Islands to conduct inspection.

The District Lands Officer said that the Office would follow up.

A member said that she raised the enquiry because there were some cases of applications submitted three years before and had yet received any reply. She enquired whether the Lands Department had formulated directives in respect of applications for squatter rebuild.

A member cited an example of Cheung Chau to illustrate the issue of late reply.

The Chairman requested the Lands Department to follow up on the case.

The representative of the Lands Department said that if the occupant of a squatter hut formally submitted an application to the Squatter Control Office for repairing or rebuilding, the Office would reply within 14 days whether his or her application would be approved. However, it did not mean that District Lands Office, Islands would issue a reply on applications for rebuilding the hut by permanent materials. He reiterated that the Department's directive required the Squatter Control Office to inform the applicants of the result of applications, or whether further information had to be provided. However, it did not mean that approval would be given within 14 days.

The Chairman said that some residents might have confused the work of the Squatter Control Office with that of the District Lands Office, Islands, and departments concerned were urged to deal with the issue.

A member gave a case of Peng Chau as example to illustrate that Squatter Control Office and the District Lands Office, Islands shifted responsibility to each other.

XIII. Question on MTR fare concessions

The representative of the MTR Corporation Limited (MTR) responded to the enquiry as follows:

- (a) MTR had implemented various concession schemes for passengers to cater for various needs. The Monthly Pass Extra currently implemented aimed at providing more discounts for passengers, so that holders of Monthly Pass would get a 25% discount off the normal fare for journeys connecting to or from non-designated stations. MTR would make reference to the suggestions raised by members on Monthly Pass of Tung Chung Line and its link with other lines in planning future concessions.
- (b) The "Early Bird Discount Promotion" Trial Programme aimed at encouraging passengers to leave home early and avoid the morning peak hours. The discount period was set at 7:15am to 8:15 am. If the time period was set too close and too far away from the peak hours, the purpose of the programme would not be achieved. Currently, there were not many passengers travelling from Tung Chung to Nam Cheong Station or Hong Kong Station between 6:00am to 7:15am. As such MTR did not have plans to extend the programme to the whole of Tung Chung Line.

The member who raised the enquiry hoped that MTR would consider the needs and affordability of residents of remote areas, and that the various concession schemes could continue. He also proposed the extension of the "Early Bird Discount Promotion" to encourage greater participation.

The representative of MTR said that she would reflect members' opinions to the Company.

XIV. Question on bid-rigging of building maintenance works

The representative of HAD responded to the enquiry as follows:

- (a) The Government was very concerned of the crimes related to building maintenance works. Various government departments and organizations such as HAD, Independent Commission Against Corruption (ICAC), Hong Kong Police Force, Development Bureau, Buildings Department, Urban Renewal Authority (URA) and Hong Kong Housing Society (HKHS) had been co-operating closely to provide support and guidance to owners. HAD was mainly responsible for publicity and education, and to provide supportive measures for owners corporations (OCs) and owners.

- (b) HAD had all along co-operated with ICAC, the Police, URA and HKHS to provide information against corruption and crimes and to provide guidance on tendering of building maintenance works. Various district offices also encouraged owners to actively participate in building maintenance works and to participate in owners' meetings to discuss maintenance options. Bid-rigging might involve unlawful behaviour and owners were encouraged to report to relevant law enforcement departments such as the Police and ICAC.
- (c) In order to provide focused supportive measures, in 2011 HAD hired professional property management companies through the Building Management Professional Advisory Service Scheme to provide one-stop service for targeted "three nil" buildings. Assistance was provided to these buildings to establish or re-establish an OC and to initiate tendering for maintenance works. In 2014, "AP Easy" Building Maintenance Advisory Service Scheme was rolled out jointly with Hong Kong Institute of Surveyors, Hong Kong Institution of Engineers, and Hong Kong Institute of Architects. Under the Scheme, an expert team formed by various professionals would give free advice to OCs on matters related to tendering of building maintenance works.

The representative of the Hong Kong Police Force said that the Lantau Police District had not received any reports of crimes related to building maintenance works in 2014. The Police had set up an inter-departmental task group with various departments aiming at protecting the interests of property owners through the RenoSafe Scheme. Members of the public could dial the 2527 7887 [Organized Crime and Triad Bureau Hotline](#) for assistance.

The representative of ICAC responded as follows:

- (a) Bid-rigging in itself did not fall within the jurisdiction of ICAC, but if corruption and bribery was involved, ICAC would conduct investigation.
- (b) ICAC had been concerned of the issue of corruption involved in building maintenance and it had been providing anti-corruption education service in that respect. In recent years, complaints received by ICAC connected to building management mainly involved maintenance works, financial management and daily operation. As

such, ICAC had published practice guidelines in that respect.

- (c) In December 2013, a new edition of Building Maintenance Toolkit had been published. Additional contents had been provided therein and seminars had been held to publicize its contents.
- (d) Seminars, talks, visits and exhibitions had also been held to promote building management with integrity.
- (e) Under the Competition Ordinance, bid-rigging was unlawful and the Competition Commission could initiate legal proceedings against such behavior. If tendering involved corruption or other criminal behavior, the Competition Commission would co-operate with the ICAC and the Police in tackling such crimes.

A member said that she regretted the performance of HAD at the meeting. She had reflected over the past ten years and more than half of buildings in Hong Kong had failed to establish OCs, while the Department kept mentioning the co-operation between the OCs and property management companies. The status of owners' committees and Mutual Aid Committees (MACs) were vague and HAD proposed to rely on property management companies (PMCs), without taking into account that the PMCs themselves might take part in bid-rigging. She said that values of building maintenance contracts could easily involve hundreds of millions of dollars. The Building Management Ordinance (the Ordinance) amended in 2007 had provided the Secretary for Home Affairs (SHA) the authority of law enforcement but the Department so far had not invoked such authority. If the Department would not take law enforcement actions, the issue would remain unresolved all along.

The representative of HAD responded as follows:

- (a) She was appreciative of the member's advice given in respect of the Ordinance. The Ordinance provided a legal framework to assist owners to set up OCs and stipulated requirements in operation such as procedure of meetings, procurement and financial management, etc.
- (b) With the aging of buildings and the implementation of buildings and windows inspection schemes, owners would face pressure. As such, HAD had been co-operating with various government departments and organizations to provide assistance to owners.

- (c) With regard to policies, HAD mainly organized educational and publicity activities for OCs and provide targeted supportive measures.
- (d) With regard to the alleged possible involvement of PMCs in bid-rigging, HAD had formulated the Property Management Services Bill to step up regulation. The Bill was being discussed and vetted by the Legco.
- (e) HAD had handled many cases before which demanded SHA to invoke his authority. The Department would conduct investigation on each case and sought advice from the Department of Justice. A detailed report would then be submitted to SHA. So far there was no case requiring SHA to invoke his authority.

The member gave her views as follows:

- (a) She criticized the representative of HAD for just repeating her previous reply and it was a waste of time.
- (b) She was skeptical of the saying that there were insufficient grounds for SHA to invoke his authority provided by the Ordinance. The Ombudsman had criticized the Department many times on that matter, which revealed that SHA had the authority to carry out law enforcement actions in accordance with the Ordinance. The Department should conduct a review.
- (c) She did not concur that the Ordinance aimed at assisting owners to set up OCs. She hoped that the Department would assist buildings which had not set up OCs, rather than laying stress on assisting buildings which had OCs established already.
- (d) She did not agree with the saying that many owners did not take part in building management. As far as she knew it, many owners participate in the management of their building full-time, but were treated unfairly. She gave the example of Discovery Bay to illustrate her point.

XV. Question on prevention and handling of suicide cases in Islands District

The representative of the Social Welfare Department (SWD) responded to the enquiry as follows:

- (a) SWD had not demarcated the handling of suicide into various districts. The special services it provided in that respect included the Suicide Crisis Intervention Centre it funded and three hotlines in suicide prevention and assistance. The SWD was not able to provide figures of Islands District as it had no data on a district basis.
- (b) The causes of suicide were very complex. Apart from special services, SWD would co-operate with various organizations and government departments to handle individual cases and organize activities. Various service sectors would be involved in serving different target groups, such as youths, the elderly, etc.
- (c) Family visits would be conducted when there were such needs. In November 2014, 98 families in Yat Tung Estate were visited and 51 of them were willing to receive follow-up services.
- (d) Psychiatric illnesses and mood disorder were causes of suicide and SWD had been providing services to promote the mental well-being of the community. Services would be enhanced further with the establishment of more service centres.
- (e) SWD was aware that Islands District was geographically diverse and thus outreaching services were provided for residents and elderly of remote areas.
- (f) In order to provide services for the youths, SWD had funded three organizations to provide outreaching online services. If and when youths with mood disorder and psychiatric problem were detected, follow-up actions would be taken to avoid suicide.

A member said that the increase in number of cases seeking assistance from around 75 000 to around 85 000 was dramatic. SWD should allocate more resources to high-risk districts.

XVI. Question on reverse mortgage scheme

A representative of the Hong Kong Mortgage Corporation Limited (HKMC) briefed the meeting of the contents of the Reverse Mortgage Programme (RMP) as follows:

- (a) The implementation of RMP in 2011 aimed at improving the quality of life of the elderly. The Programme would accept elderly persons over 60 years of age to use their properties as collateral to borrow reverse mortgage loans from banks, and receive a fixed amount of cash loan every month (i.e. annuity payment). They could also apply for a one-off loan to meet special expenses, such as medical expenses or maintenance costs for building.
- (b) In 2012, RMP was enhanced so that the eligibility age was lowered to 55, and the highest value of property was raised to \$15 million. In 2013, coverage of Enduring Powers of Attorney was extended to application of one-off loans.
- (c) Up to 31 January 2015, there were over 760 successful applications for RMP. Applications could be submitted by one or two persons. Borrowers could choose to receive monthly payouts in 10, 15, 20 years or life-long. At the end of the pay-out period, the borrowers could still reside in the property until he or she passed away.
- (d) The average age of borrowers was 69, and the average valuation of property was \$4.7 million. The property with lowest valuation was \$800,000 and the highest one \$45 million. There was no means test for the Programme and no restriction on the value of the property. There was a limit for the property used for determining the monthly payout. Statistics showed that the average monthly payout was \$14,300.
- (e) The average age of property was 30 years and buildings included large housing estates as well as single buildings. Eligible applicants should approach banks which had participated in the Programme for valuation of property and calculation of monthly payouts. Report of building inspection would be required for buildings more than 50 years old.

- (f) To ensure that the borrowers understood his or her legal rights and obligations, the borrowers had to receive counselling by a lawyer. Upon completion of counselling, which would last about an hour, the borrower would receive a counselling certificate and the cost of counselling was from \$2,000 to \$4,000.

A member gave her opinions and raised enquiries as follows:

- (a) Was it correct that HKMC would only encourage banks to provide products and would not compete with banks.
- (b) The number of only 800 successful applications so far suggested that greater efforts should be made to promote the product.
- (c) The average monthly payout of \$14,000 might be inadequate for the middle classes. She enquired whether HKMC would raise the amount to maintain the living standard of borrowers.
- (d) What was the annual interest rate in calculating the payouts.

The representative of HKMC responded as follows:

- (a) RMP was conducted through banks and HKMC provided insurance for mortgages. The risks involved in reverse mortgage were substantial as the value of property in Hong Kong, life expectancy and interest rate all posed risks. The insurance provided by HKMC would enable banks to provide the loan product to the public.
- (b) The value of monthly payout was determined by the value of the property, the applicants' age and the number of applicants. The aim of RMP was to provide one more alternative for retired persons and it could not replace retire insurance plans.
- (c) Publicity of RMP had been actively conducted through various channels of mass media, and HKMC would step up publicity to elderly.

A member said that the RMP was not popular because the amount of monthly payout was too low. She proposed the establishment of a seed fund to strengthen the role of HKMC as the insurer. She enquired whether the remaining

payout would be handed to the borrower's descendant upon the passing away of the borrower.

The representative of HKMC said that upon the passing away of the borrower, the repayment of the mortgage's loan would be due. Heir of the borrower had the priority to repay the loan in order to redeem the property. Should the heir decided against redeeming the property, the bank would sell it to repay the loan. If the amount of money gained exceeded the total amount of loan, the remaining amount would be handed to the heir. If the amount was not adequate to cover the loan, HKMC would pay the outstanding amount.

The member enquired whether HKMC would supervise the banks in the interest rate they charged.

The representative of HKMC said that currently seven banks in Hong Kong had joined the RMP and they all charged Hong Kong Prime Rate minus 2.5% per annum.

Islands District Council Secretariat
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