LCQ11: Old Age Living Allowance

Following is a question by the Hon Lillian Kwok and a written reply by the Secretary for Labour and Welfare, Mr Chris Sun, in the Legislative Council today (June 14):

Question:

Since September last year, the Social Welfare Department (SWD) has merged the Normal Old Age Living Allowance (Normal OALA) and Higher Old Age Living Allowance (Higher OALA) to provide a flat-rate Old Age Living Allowance (OALA). In this connection, will the Government inform this Council:

(1) of the number of elderly persons whose OALA rates have increased after the merger of Normal OALA and Higher OALA; the expenditure involved in the Government's disbursement of OALA in each of the past three financial years;

(2) of the number of OALA applications in which the SWD has conducted random checks and reviews in each of the past five years, and the number of applications cancelled after being found to have failed to meet the relevant income and asset limits; and

(3) whether the Government has taken measures to step up publicity on the Guangdong Scheme and the Fujian Scheme, and provided ways to facilitate applications for such schemes; if so, of the details; if not, the reasons for that?

Reply:

President,

(1) The Social Welfare Department (SWD) merged the Normal and Higher Old Age Living Allowances (OALAs) with effect from September 2022. The merged OALA adopts the more relaxed asset limits of Normal OALA and the payment rate of Higher OALA. About 54 000 elderly persons who received Normal OALA before the merger benefitted from this measure.

The expenditure on Normal and Higher OALAs from 2020-21 to 2021-22, and the expenditure on OALA in 2022-23 are as follows:

Type of Allowance	Expenditure (Note) ($ million)		
	2020-21 (Actual)	2021-22 (Actual)	2022-23 (Revised estimate)
Higher OALA	25,972	27,109	32,726
Normal OALA	1,769	1,748	
Total Expenditure	27,741	28,857	

Note: The actual expenditure for 2020-21 includes the payment of an additional one-month of the allowances in the year. The actual expenditure for 2021-22 includes the payment of an additional half-month of the allowances in the year. The revised estimate of expenditure for 2022-23 includes the payment of an additional half-month of the allowances in the year.

(2) The SWD has regularly conducted reviews for OALA cases on a basis of six-year review cycle since 2019â€‘20 (Note 1). Within each review cycle, the SWD conducts a full review and a postal review for all OALA recipients. The process of full review includes interviews with the recipients in SWD's office and home visits as necessary for verifying the recipients' eligibility for receiving payment. In the past four years, the number of OALA case reviews are as follows:

Year	Number of case reviews completed	Number of cases not meeting income and asset limits
2019-20	170 887	1 663
2020-21	178 885	2 088
2021-22	150 097 (Note 2)	703
2022-23	50 696 (Note 3)	83

Note 1: The SWD conducted reviews for OALA cases from time to time before 2019-20.
Note 2: Due to the epidemic, the number of completed case reviews in 2021-22 was slightly reduced.
Note 3: In 2022-23, the SWD originally planned to conduct case reviews for 173 463 cases. However, the progress was disrupted due to the epidemic. The SWD will continue to conduct case reviews for the remaining 122 767 cases in 2023-24.

In case recipients could not meet the income and/or asset limits, the SWD will recover overpayment from the recipients as necessary, and/or recommend the persons concerned to apply for other suitable allowances.

(3) The SWD has set up thematic websites about the Guangdong (GD) Scheme and the Fujian (FJ) Scheme to provide online application forms and information such as eligibility criteria, application procedures and frequently-asked questions. From time to time, the SWD also promotes the two schemes through various channels, e.g. TV and Radio Announcements in the Public Interest, promotional videos on cross boundary coaches, newspaper advertisements, and posters at MTR stations and community facilities. In addition, the Hong Kong Economic and Trade Office in Guangdong and SWD's agent in the Mainland would assist in promotion through their websites, WeChat official accounts and office/service centre networks.

The SWD has provided electronic forms since July 2021 to facilitate online submission of applications for the GD and FJ Schemes. If elderly persons are unable to travel to Hong Kong due to health reasons, SWD's agent in the Mainland will conduct home visits and assist them in completing the application without returning to Hong Kong.

EMSD urges public to stop using two models of Imarflex and Sanshin air circulator fans (with photos)

The Electrical and Mechanical Services Department (EMSD) today (June 14) urged the public to stop using two models of Imarflex and Sanshin air circulator fans as tabled below, and contact the local sole agents of the products, Many Profit Industrial Limited and Mass Winning Ltd, for replacement of components.

	Brands	Models	Affected production batches	Affected production batches serial numbers
1	Imarflex	IFQ-243R	Since April 2022	S/N 15100060665 to S/N 15100061664
2	Sanshin	SCF0619	Since March 2022	the eighth to 11th digits of the serial numbers are 2203

According to the suppliers of the products, a manufacturing defect was found in the affected batches of air circulator fans during testing, resulting in non-compliance of the fire resistance standard for a product component. The suppliers have decided to arrange a recall of the affected products for replacement of the relevant components to ensure product safety.

The affected batches of air circulator fans were on sale in Hong Kong from April 2022 and March 2022 respectively. Those who have purchased the aforementioned Imarflex air circulator fans should call the service hotline of Many Profit Industrial Limited at 2422 1244, and those who purchased the Sanshin air circulator fans should call the service hotline of Mass Winning Ltd at 2341 2381 to confirm whether their air circulator fans are in the affected batches, and arrange replacement of product components accordingly.

For details of the recall of the products, please visit the websites of Many Profit Industrial Limited at www.manyprofit.com and Mass Winning Ltd at www.masswinning.com respectively.

LCQ14: Ensuring stability of financial system

Following is a question by the Hon Yim Kong and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (June 14):

Question:

It is learnt that a large amount of funds flowed out of the Hong Kong dollar (HKD) system in the past year or so. From May last year, the exchange rate of HKD against the US dollar (USD) repeatedly triggered the weak-side

Convertibility Undertaking and the Hong Kong Monetary Authority (HKMA) therefore needed to buy HKD and sell USD, resulting in an outflow of funds of nearly HK$300 billion from the HKD system. On the 15th of May this year, the aggregate balance of the banking system dropped to about HK$44.7 billion. At the same time, HKD interest rates were on an upward trend and HKMA raised the base rate to 5.5 per cent on the 4th of May. At a stage when Hong Kong has just emerged from the plight of the epidemic and its economy is beginning to recover, some members of the public are worried that the outflow of funds from the HKD system and the rise in the relevant interest rates will seriously hinder the progress of economic development. In this connection, will the Government inform this Council:

(1) whether it has assessed the impacts of the recent outflow of funds from the HKD system and the rising trend of the base rate on the economy and finance of Hong Kong; if so, of the conclusion;

(2) whether it has assessed what level to which the aggregate balance of the banking system is reduced will affect the smooth operation and settlement among banks, and what new measures the Government has put in place to release liquidity to the banking system at any time when necessary; and

(3) as there are views that the correlation between the economic cycles of Hong Kong and the Mainland has become increasingly strong, while the correlation between the economic cycles of Hong Kong and the United States has become relatively weak, whether the Government will study afresh how the monetary policy stance for Hong Kong should be adjusted to adapt to such a changing trend?

Reply:

President,

Hong Kong is an international financial and trade centre with free flow of capital into and out of the city. The Linked Exchange Rate System (LERS) is an important anchor to the financial and monetary stability in Hong Kong. With the LERS operating effectively, the market having developed sufficient understanding and operational experience of the LERS continues to have strong confidence in the system. There is no need and no intention for Hong Kong to change the LERS.

Regarding the various parts of the Hon Yim Kong's question, my reply, in consultation with the Hong Kong Monetary Authority (HKMA), is as follows:

(1) In response to the US entering a rate hike cycle, it is a normal market phenomenon for some funds flowing out of the Hong Kong dollar system, which is in line with the design and expectation of the LERS. Similar situation occurred during the previous US rate hike cycle between 2015 and 2018. These market activities will not affect the financial and monetary stability of Hong Kong. The HKMA will continue its market surveillance and so far has not found any signs of anomalies.

Funds flowing out of the Hong Kong dollar system have, in many instances, been converted into other currencies (such as US dollars) and continued to remain in Hong Kong's financial system. In fact, total deposits in the Hong Kong banking system have remained largely stable. The deposit amounts grew by 1.1 per cent from end-March last year to end-March this year, and total loans and advances for use in Hong Kong of the banking system grew by 0.8 per cent during the same period.

Under the LERS, the Base Rate is set by the HKMA according to a pre-set formula and forms the foundation upon which the Discount Rates for repurchase transactions through the Discount Window are computed. Since banks generally handle their funding needs through other channels (including interbank lending) instead of the Discount Window based on the Base Rate, the interest rates of the Hong Kong dollar market are generally impacted by their US dollar counterparts and by the supply and demand of Hong Kong dollar funding in the local market instead of the Base Rate.

(2) The Aggregate Balance (AB) is the sum of balances of banks' clearing accounts kept with the HKMA, which is primarily used by banks for payment and settlement purposes with the HKMA and other banks in Hong Kong. The account balance of each bank represents only a small portion of its total assets and banks can transfer their funds to their clearing accounts at any time. The AB level will not affect the normal and smooth operation of the interbank market.

In terms of liquidity, the Monetary Base of Hong Kong exceeded HK$1.8 trillion, of which Exchange Fund Bills and Notes (EFBNs) held by banks amounted to over HK$1.1 trillion, providing ample buffer for interbank liquidity. Banks can use EFBNs as collateral to obtain Hong Kong dollar liquidity through the Intraday Repo and Discount Window operated by the HKMA when necessary. These standing liquidity facilities help banks fulfil their settlement obligations and ensure the smooth functioning of the interbank payment system. According to HKMA's continued monitoring, banks have been able to properly manage their liquidity to ensure orderly and efficient movements of funds.

(3) There is no need and no intention for Hong Kong to change the LERS. The stability of the monetary system is a crucial foundation for Hong Kong as an international financial and trade centre with a small and open economy, handling large volumes of international trading activities, cross-border direct investments, and financial activities. The LERS has been operating effectively for four decades since its establishment in 1983, weathering many economic and interest rate cycles, as well as multiple global and regional economic and financial crises.

In the Staff Report published by the International Monetary Fund after completion of the 2023 Article IV Consultation with Hong Kong in May this year, it is affirmed that the LERS remains the appropriate arrangement for Hong Kong as an anchor for macroeconomic and financial stability. A number of factors, including the mechanism's transparency, ample foreign reserves, a prudent fiscal policy framework, robust financial regulation and supervision, and the economy's flexibility, ensure the credibility of the LERS.

LCQ12: Electric vehicles adopting a “one-pedal” driving mode

Following is a question by the Hon Luk Chung-hung and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (June 14):

Question:

It has been reported that electric vehicles (EVs) produced by a certain brand in recent years adopt a mandatory "one-pedal" driving mode (the mode) (i.e. the driver can slow down and stop the vehicle by just releasing the accelerator pedal without the need to depress the brake pedal). However, the motor vehicles of that brand have been involved in a number of serious traffic accidents on the Mainland in recent years. There are views that one of the causes of those accidents was that under the mode, the drivers concerned were negligent in depressing the brake pedal, making it easy to depress the accelerator pedal by mistake in the event of an emergency. Furthermore, the State Administration for Market Regulation announced recently that starting from May 29 this year, the brand would recall in accordance with the relevant ordinances more than 1.1 million EVs produced by it and offer to add newly developed functions to those vehicles, so as to lower the risk of collision arising from drivers' excessive driving speed resulting from depressing the accelerator pedal hard for a long time. In this connection, will the Government inform this Council:

(1) of the number of newly registered EVs adopting the mode in the past five years;

(2) whether it has compiled statistics on the number of traffic accidents involving electric private cars adopting the mode and their casualties, as well as the respective proportions of such numbers in the total number of traffic accidents involving all private cars and their casualties, in the past five years;

(3) whether it has studied the correlation between the driving habits formed under the mode and traffic accidents; if so, of the details; if not, the reasons for that; and

(4) whether the Government will consider, by following the practice of the State Administration for Market Regulation, requiring the aforesaid brand to recall the vehicles concerned for software updates, so as to allow the drivers concerned to choose to adopt the mode or the traditional driving mode; if so, of the timetable; if not, the reasons for that?

Reply:

President,

The Transport Department (TD) has been strictly monitoring the quality of imported vehicles to ensure vehicle safety. Before registration and licensing, vehicles intended for use on local roads must go through the vehicle type approval and/or pre-registration examination of the TD to ensure that the specifications, design, construction and safety equipment of the relevant vehicles are in compliance with the Road Traffic Ordinance (Cap. 374) and its subsidiary legislation. In addition, vehicle manufacturers and their authorised dealers in Hong Kong are also required to submit detailed technical information and certifications of the vehicles concerned, such as vehicle test reports, to substantiate that the vehicles comply with the approval requirements and are suitable for use in Hong Kong.

My consolidated reply to questions raised by the Hon Luk is as follows:

The Government has been closely monitoring the latest developments in vehicle technology and new energy vehicles in the Mainland and around the world, as well as relevant safety information.

According to the prevailing legislation, all vehicles registered and licensed in Hong Kong are required to have independent brakes in order to comply with Regulation 16 of the Road Traffic (Construction and Maintenance of Vehicles) Regulations (Cap. 374A). In accordance with relevant statutory requirements, all registered and licensed vehicles (including electric vehicles (EVs)) in Hong Kong are equipped with independent brakes for stopping the vehicles. Therefore, there are currently no registered EVs with mandatory "one-pedal" driving mode in Hong Kong, and hence there is no statistical information on traffic accidents and casualties involving EVs using such mode.

Generally speaking, EVs are equipped with "regenerative braking" function. When a driver reduces the pressure on the accelerator pedal or does not step on the accelerator pedal, the EV will automatically activate the "regenerative braking" function. The kinetic energy of the vehicle will be converted to electrical energy for recharging the battery of the EV. The braking effect will occur and the speed of the vehicle will then be reduced.

Although the "regenerative braking" function can slow down the vehicle, the braking effect associated with this function is not a braking system as required by the aforementioned Cap. 374A. Therefore, every motor vehicle must still be fitted with an effective braking system and brakes that comply with the statutory requirements. For the sake of safety, drivers should still use the braking system and brake pedal for braking when driving a vehicle with "regenerative braking" function.

Regarding the recall of EVs of certain brand in the Mainland, the TD has immediately contacted the Hong Kong authorised dealer of the brand to understand the situation, and inquired whether the EV models being sold in Hong Kong were involved. According to the information provided by the dealer, the EV models sold by the brand in Hong Kong are different from the versions sold in the Mainland. As far as the Hong Kong version is concerned, drivers can set the "regenerative braking" function and its braking effect according to their own preference.

The TD will continue to closely monitor the development of vehicle technology and information on vehicle safety recalls in the Mainland and around the world, and follow up with relevant vehicle dealers in Hong Kong in a timely manner.

LCQ8: Public Transport Fare Subsidy Scheme

Following is a question by the Hon Gary Zhang and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (June 14):

Question:

The Public Transport Fare Subsidy Scheme (the Scheme) was launched on January 1, 2019, with the aim of relieving the transport fare burden of the commuters who travel on local public transport services for daily commuting and whose public transport expenses are relatively high. In this connection, will the Government inform this Council:

(1) whether it has compiled statistics on the respective percentages of transport fare revenue received by various public transport service operators through cash, Octopus, other electronic payment means and various types of transport tickets in the past four years, with a tabulated breakdown by public transport service;

(2) as the Scheme will end on October 31 this year, and Hong Kong's economy is currently at the stage of post-epidemic recovery, whether the Government has plans to further extend the implementation period of the Scheme or adjust the amount of subsidy; if so, of the details; if not, whether it will implement other measures to relieve the transport fare burden of members of the public;

(3) given that currently transport fares paid via e-payment platforms other than Octopus (e.g. AlipayHK and WeChat Pay HK, etc.) are not included in the Scheme and the subsidy can only be collected via Octopus, and that the Government indicated in as early as 2021 that it had approached individual electronic payment system service providers to explore the incorporation of suitable electronic payment systems into the Scheme, of the reasons why the relevant measures are still yet to be implemented; and

(4) as there are views pointing out that the fact that e-payment platforms other than Octopus have not yet been incorporated into the Scheme has

indirectly discouraged members of the public from using other e-payment platforms and also created an unfair phenomenon among e-payment platforms, of the Government's timetable for incorporating other e-payment platforms into the Scheme; if a timetable is not yet available, of the reasons for that, and the ways to resolve the unfair phenomenon at present?

Reply:

President,

â€‹The Government introduced the Public Transport Fare Subsidy Scheme (the Scheme) in 2019 to relieve the fare burden of commuters who travel on local public transport services for daily commuting and whose public transport expenses are relatively high. Under the Scheme, the Government provides a subsidy amounting to one-third of the commuters' actual monthly public transport expenses in excess of $400, subject to a maximum of $400 per month. The Government has earlier announced the extension of the temporary special measures under the Scheme until October 31, 2023. Under the temporary special measures, the Government provides commuters with a subsidy amounting to one-third of their actual monthly public transport expenses in excess of $200, subject to a maximum of $500 per month.

The reply to the question raised by the Member is as follows:

(1) The respective percentages of fare revenue received by the major public transport service operators through different payment means in the past four years are as follows:

Payment means	Respective percentages of fare revenue received through different payment means			
	2019	2020	2021	2022
Railway				
Cash	12.0%	11.3%	9.6%	8.0%
Octopus	85.4%	88.3%	89.4%	90.6%
Other electronic payment (e-payment) means (Note 1)	2.6%	0.4%	1.0%	1.4%
Franchised Bus				
Cash	5.8%	4.5%	3.3%	2.7%
Octopus	94.2%	95.5%	96.5%	96.6%
Other e-payment means (Note 2)	Not Applicable	Less than 0.1%	0.2%	0.7%
Ferry				
Cash	14.6%	11.0%	9.5%	7.6%
Octopus	85.4%	89.0%	90.5%	92.3%
Other e-payment means (Note 1)	Not Applicable	Not Applicable	Less than 0.1%	0.1%
Tram				
Cash	14.5%	13.9%	13.5%	12.3%
Octopus	85.5%	86.1%	86.5%	87.7%
Other e-payment means (Note 3)	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Note 1: Including QR code payment.
Note 2: Including QR code payment, contactless credit card payment and mobile payment.
Note 3: Tram operator is now conducting a trial on collecting fare through other e-payment means (including QR code payment, credit card payment and mobile payment). The trial is expected to be completed by September this year.

â€‹Due to the large number of public light bus operators, the Government is unable to obtain information on the respective percentages of fare revenue received by these operators through different payment means.

(2) The Scheme is a recurrent measure which aims to relieve the fare burden of commuters who travel on local public transport services for daily commuting and whose public transport expenses are relatively high.

Considering that the local economy is still recovering, the Government has decided to extend the temporary special measures under the Scheme (i.e. to relax the monthly public transport expenses threshold of the Scheme to $200 and increase the monthly subsidy cap to $500) until the end of October this year. Subsidy involves the use of public funds. Due to the large number of beneficiaries, the annual recurrent expenditure under the Scheme exceeds $3 billion, excluding the expenditure for the temporary special measures. In considering the long-term arrangements of the Scheme, the Government will balance various considerations cautiously on the premise of prudent fiscal management, in order to ensure the proper use of public funds.

(3) and (4) With the increasing popularity of various e-payment platforms, commuters can now pay public transport fares through different e-payment means. In this connection, the Transport Department has met with the operators of different e-payment systems to understand the usage rates of various systems for payment of transport fares, as well as their timetables of extending the systems to cover various public transport modes.

When identifying suitable e-payment systems for the Scheme, we need to consider whether the relevant e-payment platform has been generally adopted by various public transport service operators for the collection of public transport fares. Besides, as the Scheme involves processing a large volume of transaction data every day and disbursement of a significant sum of total subsidy on a regular basis, e-payment platforms to be incorporated into the Scheme will need to meet certain operational requirements, including those concerning the uploading and verification of transaction records of the payment systems, subsidy calculation and collection, monitoring mechanism, etc. This is for ensuring smooth operation of the Scheme and preventing abuse while making it as convenient as possible for the public to collect the subsidy. We are now actively discussing with an e-payment system operator with a view to formulating specific implementation plans and making preparations for the incorporation of a new e-payment system into the Scheme.