

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 27 April 2005

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN HSU LAI-TAI, G.B.S., J.P.

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

THE HONOURABLE ALBERT HO CHUN-YAN

DR THE HONOURABLE RAYMOND HO CHUNG-TAI, S.B.ST.J., J.P.

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE MARTIN LEE CHU-MING, S.C., J.P.

DR THE HONOURABLE DAVID LI KWOK-PO, G.B.S., J.P.

THE HONOURABLE FRED LI WAH-MING, J.P.

DR THE HONOURABLE LUI MING-WAH, J.P.

THE HONOURABLE MARGARET NG

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, G.B.S., J.P.

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHAN YUEN-HAN, J.P.

THE HONOURABLE BERNARD CHAN, J.P.

THE HONOURABLE CHAN KAM-LAM, J.P.

THE HONOURABLE MRS SOPHIE LEUNG LAU YAU-FUN, S.B.S., J.P.

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI, J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG, G.B.S.

THE HONOURABLE WONG YUNG-KAN, J.P.

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

THE HONOURABLE HOWARD YOUNG, S.B.S., J.P.

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH, J.P.

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

THE HONOURABLE MIRIAM LAU KIN-YEE, G.B.S., J.P.

THE HONOURABLE CHOY SO-YUK

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE TIMOTHY FOK TSUN-TING, G.B.S., J.P.

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

THE HONOURABLE ABRAHAM SHEK LAI-HIM, J.P.

THE HONOURABLE LI FUNG-YING, B.B.S., J.P.

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

THE HONOURABLE AUDREY EU YUET-MEE, S.C., J.P.

THE HONOURABLE VINCENT FANG KANG, J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

THE HONOURABLE LI KWOK-YING, M.H.

DR THE HONOURABLE JOSEPH LEE KOK-LONG

THE HONOURABLE DANIEL LAM WAI-KEUNG, B.B.S., J.P.

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

THE HONOURABLE MA LIK, J.P.

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

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

THE HONOURABLE LEUNG KWOK-HUNG

DR THE HONOURABLE KWOK KA-KI

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

THE HONOURABLE CHEUNG HOK-MING, S.B.S., J.P.

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

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

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE PATRICK LAU SAU-SHING, S.B.S., J.P.

THE HONOURABLE ALBERT JINGHAN CHENG

THE HONOURABLE KWONG CHI-KIN

THE HONOURABLE TAM HEUNG-MAN

MEMBERS ABSENT:

THE HONOURABLE JAMES TO KUN-SUN

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE DONALD TSANG YAM-KUEN, G.B.M., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE HENRY TANG YING-YEN, G.B.S., J.P.
THE FINANCIAL SECRETARY

THE HONOURABLE ELSIE LEUNG OI-SIE, G.B.M., J.P.
THE SECRETARY FOR JUSTICE

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR HOUSING, PLANNING AND LANDS

PROF THE HONOURABLE ARTHUR LI KWOK-CHEUNG, G.B.S., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE JOSEPH WONG WING-PING, G.B.S., J.P.
SECRETARY FOR THE CIVIL SERVICE

DR THE HONOURABLE PATRICK HO CHI-PING, J.P.
SECRETARY FOR HOME AFFAIRS

THE HONOURABLE STEPHEN IP SHU-KWAN, G.B.S., J.P.
SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR

DR THE HONOURABLE SARAH LIAO SAU-TUNG, J.P.
SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

THE HONOURABLE FREDERICK MA SI-HANG, J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE STEPHEN LAM SUI-LUNG, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

THE HONOURABLE AMBROSE LEE SIU-KWONG, I.D.S.M., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE JOHN TSANG CHUN-WAH, J.P.
SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY

DR THE HONOURABLE YORK CHOW YAT-NGOK, S.B.S., J.P.
SECRETARY FOR HEALTH, WELFARE AND FOOD

CLERKS IN ATTENDANCE:

MR RICKY FUNG CHOI-CHEUNG, J.P., SECRETARY GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Consular Relations (Additional Privileges and Immunities) (United Kingdom) Order	51/2005
Consular Relations (Additional Privileges and Immunities) (United States of America) Order	52/2005
Administration of Estates by Consular Officers Ordinance (Amendment of Schedule) Order 2005	53/2005
Consular Conventions (Application of Section 3) Order 2005	54/2005
Consular Relations (Additional Privileges and Immunities) (Vietnam) Order.....	55/2005
Administration of Estates by Consular Officers Ordinance (Amendment of Schedule) (No. 2) Order 2005	56/2005
Consular Conventions (Application of Section 3) (No. 2) Order 2005	57/2005

Other Papers

- No. 83 — Annual Report 2003-2004 of the Hospital Authority, which contains Statement of Accounts and Auditors' Report
- No. 84 — Report and Statement of Accounts of the Samaritan Fund, together with the Director of Audit's Report, for the year ended 31 March 2004

- No. 85 — Approved Estimates of Income and Expenditure
for the financial year 2005/2006,
Securities and Futures Commission
- No. 86 — Annual Report 2004
Kowloon-Canton Railway Corporation

WRITTEN ANSWERS TO QUESTIONS

Processing Applications Under Capital Investment Entrant Scheme

1. **MR JAMES TIEN** (in Chinese): *Madam President, it has been reported that due to manpower shortage in the Government, there is a heavy backlog of applications made under the Capital Investment Entrant Scheme (the Scheme), causing delays in processing such applications. Also, there has been little external publicity of the Scheme. In this connection, will the Government inform this Council:*

- (a) *of the number of those applications, since the launch of the Scheme in October 2003, the processing time of which has failed to meet the target set in the Performance Pledge, their percentage in all the applications received, as well as the total amount of investments involved;*
- (b) *of the number of officers responsible for vetting and approving the applications, and the reasons for the delays in such work; and*
- (c) *whether it will step up the publicity of the Scheme; if so, of the details; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) When launching the Scheme in October 2003, the Immigration Department (ImmD) had not set any specific performance target for the Scheme because time was needed for a better assessment on the number of applications, the complexity involved in vetting individual applications (including the reported financial position and

assets) and the workload arising from monitoring the switch of assets. Nevertheless, since the launch of the Scheme, the ImmD has internally adopted the Performance Pledge for "Other Entry Visas and Permits" as the benchmark in processing applications received under the Scheme (that is, 90% of the applications will be finalized within six weeks upon receipt of all necessary documents). So far, the ImmD has been able to achieve this benchmark.

- (b) The Other Visas and Permits Section of the ImmD is responsible for processing applications made under the Scheme. Four Immigration Officer Grade staff and one civilian staff are tasked to process such applications. The existing manpower is sufficient to cope with the present workload and there is delay in the processing of applications. Where necessary, the ImmD will flexibly deploy additional manpower to process applications according to the actual situation. Since the launch of the Scheme, the ImmD has received 764 applications. Except for 145 that are still being processed, the processing of all other applications has been completed. Among these, 371 have been granted "Formal Approval" while 122 were granted "Approval in Principle" (that is, approval has been granted for these applicants to enter Hong Kong to make the required investment).
- (c) The ImmD has been promoting the Scheme through various channels, including issuing press releases to the media, holding press conferences and introducing the Scheme to related trades (the banking and financial sectors, a number of estate agents, and so on) from time to time. The Government will continue to promote the Scheme when suitable opportunities arise, such as during duty visits by government officials and promotion events held by the Hong Kong Trade Development Council (TDC) and Invest Hong Kong. Last December, the ImmD's representatives participated in the "Style Hong Kong — Dubai" exhibition held by the TDC in Dubai to promote the Scheme to visitors to the exhibition. Details of the Scheme and application forms can be downloaded from the ImmD's website. They are also available at the ImmD's Headquarter and branch offices, overseas Chinese Diplomatic and Consular Missions as well as overseas Hong Kong Economic and Trade Offices.

Applicants for Student Financial Assistance Schemes

2. **MR LEUNG YIU-CHUNG** (in Chinese): *Madam President, will the Government inform this Council, among the applicants for financial assistance (including grants and loans) under the various schemes administered by the Student Financial Assistance Agency (SFAA), of the respective numbers of persons who were eligible for the Comprehensive Social Security Assistance (CSSA) payments and received such payments, in each of the past three years?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President, it is government policy that no students would be deprived of education due to lack of means. At present, the SFAA administers a number of means-tested financial assistance schemes to provide assistance to needy students at various levels in the form of school textbook assistance, home-school travel subsidies, tuition fee remission, grant and loans, and so on, as appropriate.

To be eligible for means-tested financial assistance, applicants are required to pass an income test, which takes into account the income level and the size of their family. In respect of financial assistance schemes for needy post-secondary students, an asset test would also apply.

To ensure proper use of public monies, CSSA recipients up to senior secondary level generally would not be eligible for further assistance from the SFAA as CSSA already covers their basic needs including study-related expenses. Post-secondary students generally are not eligible for CSSA. Students with financial hardship may apply for financial assistance from the SFAA under various financial assistance schemes to meet their tuition fees, academic expenses and living expenses.

The eligibility criteria for CSSA are different from those for student financial assistance. Based on the information provided by the applicants in support of their applications for student financial assistance, the SFAA is not able to determine whether they are eligible for CSSA. To prevent abuse, it is the established practice for the SFAA to check with the Social Welfare Department to ensure that under normal circumstances no successful applicants under means-tested student financial assistance schemes are concurrently receiving CSSA.

Tuen Mun Cross-boundary Ferry Terminal

3. **MR CHEUNG HOK-MING** (in Chinese): *Madam President, it has been reported that the Hong Kong North West Express Limited (North West Express) which was originally granted the right to operate the cross-boundary ferry terminal in Tuen Mun has recently sold the operating right of the ferry terminal to another company. In this connection, will the Government inform this Council:*

- (a) apart from the North West Express, of the number and names of the organizations which submitted tenders for the operating right of the above ferry terminal;*
- (b) of the authorities' criteria for assessing the tenders for the operating right of the above ferry terminal, and whether such criteria include those relating to the tenderers' financial position and experience in operating the same type of ferry terminals;*
- (c) whether it will make public the contents of the tenders submitted by the tenderers, so that the public can assess whether the authorities' decision to grant the operating right to the North West Express is in line with the principles of fairness and impartiality; and*
- (d) of the latest progress of the modification works of the terminal and its commissioning date?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): **Madam President**, the tenancy agreement on the cross-boundary ferry terminal in Tuen Mun was signed between the Government and the North West Express. Notwithstanding the recent changes in the shareholding structure and the management of the company, the North West Express is still the tenant.

Two submissions were received in the tender exercise for the tenancy agreement. According to the guidelines on the handling of tender information, we cannot disclose the name of the other tenderer. In evaluating the tenders, we adopted the following three key criteria:

- (i) whether the proposal for pier modification and provision of systems and equipment in the tender complies with the specifications in the tender documents;
- (ii) whether the proposal for cross-boundary ferry services operation in the tender complies with the specifications in the tender documents; and
- (iii) the specified amount offered.

We also asked the tenderers to provide information on their companies' organization, business nature, and experience in operating ferry services. Since the two existing cross-boundary ferry terminals in Hong Kong are managed and operated by the Government, we did not require the tenderers to provide information on their experience in operating similar ferry terminals.

The tenders were evaluated and assessed in a fair and open manner in accordance with established procurement policy and procedures. However, as the information was submitted to the Government in confidence, we could not disclose the content of the tenders.

The tenant has submitted to the Architectural Services Department most of the plans for the pier modification works. These plans have been approved. The tenant has indicated that it would later on submit the outstanding drainage plans and would commence modification works. We have asked the tenant to provide a detailed project programme and will closely monitor the progress. We will also try to facilitate the tenant's work with a view to enabling the early commissioning of the cross-boundary ferry terminal.

Remuneration of Non-civil Service Contract Employees of SWD

4. **DR FERNANDO CHEUNG** (in Chinese): *Madam President, I have recently received a number of complaints alleging that the social workers (SWs) employed by the Social Welfare Department (SWD) on non-civil service contracts (NCSC) are paid salaries much lower than those of civil servants holding posts with similar entry requirements and duties. Moreover, the SWD does not state*

in the job advertisements the ranks of such posts on NCSC. In this connection, will the Government inform this Council:

- (a) of the number of SWs on NCSC recruited by the SWD in each recruitment exercise over the past five years, their salaries, the rank(s) of the civil service post(s) to which their duties correspond, and the differences between their salaries and the mid-point salary of the civil servant post(s) with similar duties;*
- (b) of the number of SWs on NCSC currently employed by the SWD, the rank(s) of civil service post(s) to which their duties correspond, their average length of service, and the number of SWs recruited on contract terms who were subsequently appointed as civil servants over the past five years;*
- (c) of the criteria on which the SWD based for determining the remuneration of such employees on NCSC;*
- (d) whether the SWD has assessed the adverse impact brought about by the disparity of pay between employees on NCSC and civil servants with similar duties, and how the SWD will appease the employees on NCSC; and*
- (e) why the SWD has not stated the ranks of such posts on contract terms in the recruitment exercise, and whether the SWD has considered the possibility that this may cause the length of service of the SWD employees concerned to be disregarded by social service organizations adopting civil service pay scales when these employees take up jobs in such organizations?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Chinese):
Madam President,

- (a) In the past few years, the SWD had to recruit one NCSC Assistant Social Work Officer (ASWO) and one NCSC Social Work Assistant (SWA) to implement a time-limited project. Details of each recruitment are as follows:

<i>NCSC Post Title</i>	<i>Terms of Appointment</i>	<i>Actual Working Period</i>
ASWO	\$23,170 plus a 15% gratuity payment	From March 1999 to October 2001
SWA	\$16,095 plus a 15% gratuity payment	From March 1999 to November 2001
ASWO	\$18,140 plus a 15% gratuity payment	From February 2002 to March 2003
SWA	\$12,595 plus a 15% gratuity payment	From March to August 2002
SWA	\$12,595 (Since the contract period was less than one year, the successful applicant was not entitled to a 15% gratuity payment.)	From September to October 2002

Their responsibilities are similar to the civil service posts of ASWO and SWA respectively whilst their salaries are the starting salaries of comparable civil service posts. The difference between their salary and the mid-point salary of comparable civil service posts are \$14,050 (ASWO) and \$7,415 (SWA) respectively.

- (b) At present, the SWD does not employ any SWs on NCSC terms. It is because the two NCSC staff recruited in 1999 were recruited as civil service ASWO and civil service SWA respectively through open recruitment in 2001. These two officers were given appointment on new agreement terms under the new civil service entry system. As for the three NCSC staff recruited in 2002, they had left service in 2002 and 2003. Therefore, the concerned question is not applicable.

At present, there is no specific mechanism for NCSC staff to be converted into civil servants. The Civil Service Bureau Circular No. 2/2001 issued by the Civil Service Bureau in January 2001 announced the arrangements for Heads of Department/Grade to employ NCSC staff. According to this Circular, there is no guarantee for NCSC staff for further employment beyond the current contract. There should also be no claim for offer of further employment or for such offer on the same terms and conditions as

under the current contract. However, NCSC staff may apply for other government jobs, be it civil service vacancies or other NCSC jobs, through open recruitment in competition with other applicants as appropriate.

- (c) In determining the remuneration of contract staff, the SWD will mainly refer to the arrangements as promulgated in the Civil Service Bureau Circular No. 2/2001 mentioned above. Besides, reference will also be made to the private employment market in terms of pay level and the recruitment situation of jobs of similar entry requirements and work nature, in order that the remuneration set by the SWD is comparable to the level in the private market.
- (d) The SWD started employing different categories of NCSC staff in 1999 and has continued this practice since then. No adverse impact on the Department has been observed.

The scope of duties and pay level (including a 15% gratuity payment) of contract SWs have been clearly stated in the recruitment advertisement recently posted out by the SWD. In applying for the post, applicants should be well aware of the employment conditions and are willing to accept the terms of employment. The SWD does not believe that the pay level will arouse the discontent of the new recruits.

- (e) Since the post of contract SW is a NCSC post, there is no rank for the post. In considering the recruitment of NCSC SWs, the SWD had made reference to all relevant factors. These include the post titles of jobs of similar work nature and the remuneration of those jobs, whether offered by the Government or private employment market, which require a university degree as one of the entry requirements. As they are non-civil servants, contract SWs will not be eligible for promotion or transfer to any posts in the Civil Service.

The SWD believes that social service organizations would, in the light of an individual employee's work nature of previous jobs and actual work experience, make an appropriate decision as to whether the length of service of the staff should be recognized.

SME Training Fund

5. **MS LI FUNG-YING** (in Chinese): *Madam President, it is learnt that the SME Training Fund (STF) will lapse following the exhaustion of the fund by the middle of this year. In this connection, will the Government inform this Council:*

- (a) of the number of small and medium enterprise (SME) employees benefited since the introduction of the STF in January 2002;*
- (b) of the types of SMEs whose applications to the STF were successful, and the types of training courses attended by SME employees subsidized by the STF;*
- (c) whether it has assessed the impact of the lapse of the STF on the training of SME employees; if it has, of the assessment results; and*
- (d) whether there are measures to ensure that the training and further education of SME employees will not be affected by the lapse of the STF, such as increasing the types of programmes subsidized by the Skills Upgrading Scheme (SUS), the Continuing Education Fund (CEF) and the Funding Scheme for Workplace English Training, and the number of SME employees to be benefited from these programmes; if so, of the details of such measures; if not, the reasons for that?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese): *Madam President, my reply to the various parts of the question is set out below:*

- (a)** Since the introduction of the STF in January 2002 and up till 16 April 2005, some 33 700 SME employees have benefited from the STF.
- (b)** Different types of SMEs have successfully applied for the STF, with 23% of beneficiaries from the manufacturing sector and 77% from the non-manufacturing sector. The major industries are import and export trade (17%), professional services (13%), information

technology (8%), wholesale and retail (7%), and banking, insurance and other financial services industries (6%). As regards the types of training courses for which subsidy was provided, they are mostly industry-specific training (39%), management (18%), information technology (17%), and language (11%) courses.

- (c) Apart from the STF, the Government has various funding schemes aimed at upgrading human resources. These include the CEF, the SUS, and the Funding Scheme for Workplace English Training. In view of the significant duplication between the STF and these other schemes under which SME employers and employees can obtain government support to enhance their skills, the lapse of the STF is unlikely to bring serious impact on SME employees.
- (d) Following the lapse of the STF, SME employees can continue to obtain funding support from the Government through various funding schemes. These schemes cover different types of training. For instance, approved courses under the CEF include those on logistics, business services, financial services, tourism, creative industries, language, design, and interpersonal and intrapersonal skills for the workplace. The SUS covers courses in 22 industries including printing; retail; hairdressing; clocks, watches and jewelry as well as import and export trade. The Education and Manpower Bureau will, from time to time, review, revise and increase the approved courses under these schemes. Under the Funding Scheme for Workplace English Training, employers (including SMEs) can apply for grants for English courses tailor-made for their employees.

Pollution Caused by Electronic Wastes

6. **MR ABRAHAM SHEK:** *Madam President, it has been reported that the electronic wastes (e-waste) kept in the 91 sites in the New Territories for such storage purpose have been exposed to the sun and rain. As a result, pollutants, such as lead and brominated flame retardants (PBDE), have been washed into soil by rain water, thereby polluting the streams and farmlands in the vicinity. Such pollutants will find their way into human bodies after people have consumed the agricultural produce grown on the polluted farmlands in the New Territories.*

In view of such health hazards, will the Government inform this Council whether it:

- (a) has any plan to stop the import of electronic wastes; if it has, of the details of the plan; if not, the reasons for that; and*
- (b) will strengthen the existing measures for protecting the general public from such health hazards; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS:

Madam President,

- (a) Waste containing or contaminated by hazardous substances is subject to control under the Waste Disposal Ordinance (WDO). However, the import and export of non-hazardous waste or used electronic goods for the purpose of recycling, such as second-hand electrical appliances, do not require a permit. This is in line with the spirit of the Basel Convention on the control of transboundary movements of hazardous wastes and their disposal, but at the same time encourage recycling of used goods. A person who illegally imports waste without a permit is liable, for the first offence, to a fine of \$200,000 and imprisonment for six months and, for a second or subsequent offence, to a fine of \$500,000 and imprisonment for two years. In the past 12 months, 83 consignments of illegal import of hazardous waste without a permit have been intercepted and 52 prosecutions have been instigated.

Dust, noise, wastewater and waste generated by the workshops handling the used electronic materials are subject to control under the Air Pollution Control Ordinance, the Noise Control Ordinance, the Water Pollution Control Ordinance, the WDO and their subsidiary regulations respectively. Furthermore, any workshop dismantling e-waste classified as chemical waste (such as cathode ray tube display units) must obtain a licence. The design and operation of the workshop must comply with stringent environmental requirements. The operator is required to submit an operational plan laying out the details of operating procedures,

techniques, facilities, managing staff, environmental and safety standards, and so on, for approval. The workshop is required to pass operating tests before the licence is issued. Apart from regularly inspecting licensed facilities, the Environmental Protection Department (EPD) also requires licence holders to submit reports in accordance with the licensing conditions to ensure that the operation of the workshops is up to standard. A person who manages chemical waste without a licence is liable, for the first offence, to a fine of \$200,000 and imprisonment for six months and, for a second or subsequent offence, to a fine of \$500,000 and imprisonment for six months.

- (b) The 91 workshops are mostly located in remote areas of the New Territories and are primarily used for storage of used/second-hand electrical and electronic products (such as outdated/waste computers, televisions and home appliances). Simple operations of mechanical dismantling of the used electronic materials have been found in a small number of sites, but no chemical process was involved.

Since 2004, the EPD has stepped up monitoring and enforcement of these workshops, and has conducted over 550 inspections and successfully secured seven convictions against operations which breached the various environmental Ordinances.

During a recent joint departmental enforcement operation, the EPD collected soil samples from six workshops in Ta Kwu Ling and Hung Lung Hang for analysis of heavy metals as well as PBDE. The test results show that the lead concentration in soil outside the workshop sites is low, and is in the same range of the natural background level. The lead concentration in soil within the workshop sites is higher, but is still lower than the limit imposed by the United States Environmental Protection Agency (USEPA) for soil in children's playing area. The concentration of PBDE is also found to be significantly lower than the level specified by the USEPA in soil suitable for residential use. Therefore, the operation of the workshops is not considered to have posed a threat to human health. As a precautionary measure, the EPD will also advise the workshop operators to adopt means to minimize the possibility of lead penetrating into deeper soil strata.

Apart from stepping up its own inspection and monitoring, the EPD has enhanced co-operation with other departments, such as the Immigration Department, the police, the Planning Department and the Lands Department, working together to suppress suspected illegal operations of the workshops.

Outsourcing of Work by Government Departments

7. **MR FREDERICK FUNG** (in Chinese): *Madam President, will the Government inform this Council of the following in respect of the past five years:*

- (a) *the respective annual numbers of work contracts outsourced by the Housing Department, the Department of Health, the Food and Environmental Hygiene Department and the Leisure and Cultural Services Department; the total amount of contract value and the total number of workers employed by the contractors concerned, together with a breakdown of such figures by the type of outsourced works, as well as the list of approved contractors used by each department in vetting and approving tenders as well as the list of non-compliant contractors; and*
- (b) *the respective annual savings achieved by each of the aforesaid departments as a result of outsourcing and how the savings have been calculated?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): Madam President, based on the information provided by the Efficiency Unit, the reply is set out below.

- (a) Details of outsourcing contracts awarded by the Housing Department, the Department of Health, the Food and Environmental Hygiene Department and the Leisure and Cultural Services Department in the last five years are set out in the table at Annex 1. However, in some cases, it has not been possible to provide detailed information in respect of the number of staff employed on government contracts since the staff employed by the contractors may be deployed to both government and private sector contracts.

Besides, as departments follow outsourcing best practices in managing a contract, the focus is primarily on achieving the quality standards specified in the contract and value for money of the required result, rather than the number of staff a contractor may choose to deploy for the contract. Lists of approved contractors used by each department are at Annex 2. As for non-compliant contractors, only the Housing Department has maintained such information which is for internal reference only.

- (b) It should be noted that the primary objective of outsourcing is to ensure value for money and quality service delivery, not cost cutting. The departments cannot provide detailed information on savings achieved by all contracts particularly for outsourcing contracts that have been in place for many years on which such information is not available. Information that is available is summarized at Annex 3.

Annex 1

Statistics on Outsourcing Services

(A) *Housing Department*

In the Housing Department, estate management services are outsourced. From time to time, the Department also engages professional services in other areas (for example, information technology, construction, legal services) from the private sector. The aim was not to achieve departmental savings in these professional engagements, but rather to procure a needed expert service on an as-and-when required basis. In the time available, the Department can only collate the information related to estate management services as shown in the following table:

<i>Financial year</i>	<i>No. of contracts awarded</i>	<i>Contract value (\$ M)</i>	<i>Total number of workers employed by the contractors concerned^(Note)</i>
2000-01	65	1,011	2 730
2001-02	66	1,422	2 580
2002-03	76	1,292	3 980
2003-04	35	990	2 560
2004-05	80	740	2 880

Note:

Contractors are not required to submit the number of non-skilled workers under earlier contracts. Therefore, the figures presented are estimated numbers only.

(B) Department of Health

<i>Service category</i>	<i>No. of contracts awarded^(Note)</i>	<i>Contract value (\$ M)</i>	<i>Total number of workers employed by the contractors concerned</i>
<i>Year 2000-01</i>			
Community, medical and welfare services	2	1.1	4
Environmental hygiene services (cleaning service)	6	2.2	62 (60 full-time, 2 part-time)
Technical services (supply of dental laboratory work)	1	8.0	(The price for supply of dental laboratory work is calculated on a per job basis, so the number of workers employed by the contractor is not available)
Total	9	11.3	
<i>Year 2001-02</i>			
Community, medical and welfare services	2	1.5	4
Building and property management services (security service)	1	0.4	8 (7 full-time, 1 part-time)
Environmental hygiene services (cleaning service)	9	3.5	83 (74 full-time, 9 part-time)
Office support and administrative services (data entry service)	1	0.3	3
Total	13	5.7	
<i>Year 2002-03</i>			
Community, medical and welfare services	2	1.0	4
Building and property management services (security service)	3	1.2	24 (21 full-time, 3 part-time)

<i>Service category</i>	<i>No. of contracts awarded^(Note)</i>	<i>Contract value (\$ M)</i>	<i>Total number of workers employed by the contractors concerned</i>
Environmental hygiene services (cleaning service)	11	4.3	114 (110 full-time, 4 part-time)
Office support and administrative services (data entry service)	1	0.4	3
Technical services (supply of dental laboratory work)	1	7.4	(The price for supply of dental laboratory work is calculated on a per job basis, so the number of workers employed by the contractor is not available)
Total	18	14.3	
<i>Year 2003-04</i>			
Community, medical and welfare services	4	2.3	9
Building and property management services (security service)	3	1.2	29 (25 full-time, 4 part-time)
Environmental hygiene service (cleaning service)	15	4.7	151 (146 full-time, 5 part-time)
Total	22	8.2	
<i>Year 2004-05</i>			
Community, medical and welfare services	4	2.5 (estimated figure)	9
Building and property management services (security service)	3	1.1	29 (25 full-time, 4 part-time)
Environmental hygiene services (cleaning service)	12	4.6	120 (115 full-time, 5 part-time)
Total	19	8.2 (estimated figure)	

Note:

Contracts valued below \$150,000 are excluded in this return. Number of contracts awarded is classified on the basis of the commencement date.

(C) Food and Environmental Hygiene Department

<i>Service category</i>	<i>No. of contracts awarded^(Note)</i>	<i>Contract value (\$ M)</i>	<i>Total number of workers employed by the contractors concerned</i>
<i>Year 2000-01</i>			
Building and property management services	13	18.5	97
Plant and equipment maintenance	3	6.7	11
Transport services	4	7.6	7
Environmental hygiene services	37	418.6	5 792
Total	57	451.4	5 907
<i>Year 2001-02</i>			
Environmental hygiene services	48	585.6	6 942
Total	48	585.6	6 942
<i>Year 2002-03</i>			
Building and property management services	9	26.0	27
Environmental hygiene services	58	850.5	7 912
Total	67	876.5	7 939
<i>Year 2003-04</i>			
Building and property management services	11	32.7	128
Training and education	1	3.9	(Non-labour intensive training course)
Environmental hygiene services	58	638.0	7 864
Total	70	674.6	7 992
<i>Year 2004-05</i>			
Building and property management services	9	19.9	445

<i>Service category</i>	<i>No. of contracts awarded^(Note)</i>	<i>Contract value (\$ M)</i>	<i>Total number of workers employed by the contractors concerned</i>
Information technology	2	1.2	(Non-labour intensive maintenance services)
Legal services	1	0.2	(Non-labour intensive litigation services)
Marketing, communication, publicity and public relations	2	0.8	(Non-labour intensive publicity services)
Technical services	1	0.4	(Non-labour intensive laboratory services)
Training and education	2	0.6	(Non-labour intensive training course)
Transport services	6	80.5	150
Environmental hygiene services	38	427.8	7 294
Others (Illumination for Lunar New Year Fairs)	1	0.6	32
Total	62	532.0	7 921

Note:

Including renewal of the existing contracts, but contracts valued below \$150,000 are excluded in this return.

(D) Leisure and Cultural Services Department

<i>Service category</i>	<i>No. of contracts awarded^(Note)</i>	<i>Contract value (\$ M)</i>	<i>Total number of workers employed by the contractors concerned</i>
<i>Year 2000-01</i>			
Building and property management services	11	101.8	Around 710
Human Resource Management	1	24.1	(Only the number of man-hours was specified)

<i>Service category</i>	<i>No. of contracts awarded^(Note)</i>	<i>Contract value (\$ M)</i>	<i>Total number of workers employed by the contractors concerned</i>
Transport services	1	4.2	(No specific manpower requirement)
Cultural and recreational services	3	17.5	Around 100
Environmental hygiene services	1	2.1	(No specific manpower requirement)
Others	3	15.4	(No specific manpower requirement)
Total	20	165.1	
<i>Year 2001-02</i>			
Building and property management services	37	719.7	Around 3 020
Finance and accounting	1	2.9	(No specific manpower requirement)
Human resource management	2	29.3	(No specific manpower requirement)
Information technology	2	5.2	(No specific manpower requirement)
Marketing, communication, publicity and public relations	1	6.5	Around 70
Office support and administrative services	1	6.7	(No specific manpower requirement)
Plant and equipment maintenance	3	7.0	(No specific manpower requirement)
Cultural and recreational services	21	346.3	Around 730 horticultural maintenance workers (No specific manpower requirement for shark prevention net maintenance and site formation)
Environmental hygiene services	2	8.1	(No specific manpower requirement)

<i>Service category</i>	<i>No. of contracts awarded^(Note)</i>	<i>Contract value (\$ M)</i>	<i>Total number of workers employed by the contractors concerned</i>
Others	1	6.8	(No specific manpower requirement)
Total	71	1,138.5	
<i>Year 2002-03</i>			
Building and property management services	13	154.0	Around 750
Human resource management	2	47.0	Around 480
Information technology	5	31.9	(No specific manpower requirement)
Plant and equipment maintenance	1	2.1	(No specific manpower requirement)
Transport services	1	6.3	(No specific manpower requirement)
Cultural and recreational services	5	38.9	Around 130 horticultural maintenance workers (No specific manpower requirement for other landscaping works)
Environmental hygiene services	1	4.9	(No specific manpower requirement)
Others	1	1.6	(No specific manpower requirement)
Total	29	286.7	
<i>Year 2003-04</i>			
Building and property management services	18	376.4	Around 1 690
Plant and equipment maintenance	1	1.7	(No specific manpower required)
Printing and distribution	1	5.3	(No specific manpower required)
Cultural and recreational services	11	148.1	Around 420

<i>Service category</i>	<i>No. of contracts awarded^(Note)</i>	<i>Contract value (\$ M)</i>	<i>Total number of workers employed by the contractors concerned</i>
Environmental hygiene services	3	7.2	(No specific manpower required)
Others	4	22.4	(No specific manpower required)
Total	38	561.1	
<i>Year 2004-05</i>			
Building and property management services	30	269.3	Around 1 200
Human resource management	3	57.7	Around 340
Information technology	6	98.6	Around 70 computer technicians (No specific manpower requirement for IT projects)
Infrastructure maintenance	1	4.4	(No specific manpower requirement)
Marketing communication, publicity and public relation	1	5.3	Around 70
Office support and administrative services	1	2.2	(No specific manpower requirement)
Plant and equipment maintenance	3	28.9	(No specific manpower requirement)
Transport services	1	2.5	(No specific manpower requirement)
Cultural and recreational services	11	121.2	Around 180
Others	1	2.2	(No specific manpower requirement)
Total	58	592.3	

Note:

Contracts valued below \$1.3 million are excluded in this return.

List of registered contractors for tender invitation

(A) *Housing Department**List of Cleansing Service Contractors*

(As of April 2005)

- | | |
|---|--------------|
| (1) All-Way (HK) Ltd. | 駿日(香港)有限公司 |
| (2) Asia Cleaning Service Co. | 亞洲清潔服務公司 |
| (3) Baguio Cleaning Services Co. Ltd. | 碧瑤清潔服務有限公司 |
| (4) Best Result Cleaning Services Ltd. | 恆毅清潔服務有限公司 |
| (5) Champion Cleaning Transport Co. Ltd. | 卓士清潔服務有限公司 |
| (6) Chun Wui Kee Company Ltd. | 真會記有限公司 |
| (7) Chung Shing Cleaning Service Co. | 忠誠清潔服務公司 |
| (8) Chung Shun Cleaning Co. | 中信清潔公司 |
| (9) City Professional Management Limited | 城市專業管理有限公司 |
| (10) Gainway Cleaning Ltd. | 港威清潔有限公司 |
| (11) Goldwin Environmental Services Limited | 高榮衛潔服務有限公司 |
| (12) Hang Lee Professional Cleaning Services Co. Ltd. | 恆利專業清潔服務有限公司 |
| (13) Hin Wong Cleaning & Pest Control Ltd. | 顯煌清潔滅蟲有限公司 |
| (14) Hoi Luen Environmental Services Ltd. | 凱聯環保服務有限公司 |
| (15) Hong Kong Commercial Cleaning Services Ltd. | 香港工商清潔服務有限公司 |
| (16) Hong Shing HK Clean Co. | 漢成港九清潔公司 |
| (17) Hong Yee Cleaning Co. | 康怡清潔公司 |
| (18) Johnson Cleaning Services Co. Ltd. | 莊臣有限公司 |
| (19) Kai Fat Cleaning Co. | 啟發清潔公司 |
| (20) King's Cleaning Co. Ltd. | 經富清潔有限公司 |
| (21) Lee Kwan Cleaning Service Co. Ltd. | 利群清潔服務有限公司 |
| (22) Li Hing Cleaning Services Co. Ltd. | 利興清潔服務有限公司 |
| (23) Lisun Cleaning Services Company | 麗新清潔服務公司 |
| (24) Luen Fat Cleaning Co. | 聯發清潔公司 |
| (25) Man Kee Cleaning Services Co. | 文記清潔服務公司 |
| (26) Man Shun Hong Kong and Kowloon Cleaning Co. Ltd | 民順清潔有限公司 |
| (27) New Method Cleaning Services | 新法清潔服務公司 |
| (28) Nixon Cleaning Company Limited | 力新清潔有限公司 |
| (29) Pollution & Protection Services Limited | 寶聯防污服務有限公司 |
| (30) Polyking Services Ltd. | 柏麗服務有限公司 |
| (31) Premier Cleaning Services Limited | 惠雅清潔服務有限公司 |

(32) Pui Hong Cleaning Co. Ltd.	培康清潔有限公司
(33) S & S Cleaning Co. Ltd.	誠信清潔服務有限公司
(34) Success Cleaning Co.	偉成清潔公司
(35) Sun Hui Cleaning Service Co.	新墟清潔服務公司
(36) Sun Lee Cleansing Co. Ltd.	新利清潔有限公司
(37) Sunbase International Properties Management Ltd.	新恆基國際物業管理有限公司
(38) Sunny Cleansing Co.	新力清潔公司
(39) Sunshine Building Management Co. Ltd.	新生屋宇管理有限公司
(40) Swan Hygiene Services Ltd.	時運服務有限公司
(41) Tai Cheong Service Centre	大昌服務中心
(42) Tai Sang Co. Ltd.	泰生服務有限公司
(43) Talent Match Ltd.	栢才有限公司
(44) Tsang Lik Services Limited	增力服務有限公司
(45) Very Nice Services Co., Ltd.	利時服務有限公司
(46) Wai Hong Cleaning & Pest Control Co. Ltd.	惠康清潔滅蟲有限公司
(47) William International Cleaning Services Ltd.	威廉國際清潔服務有限公司
(48) Wing Wah Cleansing Co.	榮華公司
(49) Winson Cleaning Service Co. Ltd.	永順清潔服務有限公司
(50) World Environmental Services Limited	世界環衛服務有限公司
(51) Yee Hop Cleaning Co.	義合清潔公司
(52) Yee Tai Cleaning Co.	怡泰清潔公司
(53) Yick Kee Cleaning Service Co.	益記清潔公司
(54) Ying Wah Cleaning Service Ltd.	英華清潔服務有限公司
(55) Yip Man Professional Cleaning Services Co. Ltd.	業文專業清潔服務有限公司
(56) Yoshiya Property Management Ltd.	慶屋物業管理有限公司

List of Security Service Contractors

(As of April 2005)

(1) Adams Secuforce (International) Ltd.	衛達保安(國際)有限公司
(2) Centurion Facility Co. Ltd.	世紀服務有限公司
(3) CNT Security Co. Ltd.	國民警衛有限公司
(4) Double Security Ltd.	德保護衛有限公司
(5) Dragon Guard Security Ltd.	龍衛保安有限公司
(6) Far East Security Services Ltd.	遠東保安服務有限公司
(7) Fidelity Property Management Ltd.	正誠物業管理有限公司
(8) Guard Alliance Ltd.	衛業有限公司
(9) Guard City Ltd.	警衛城有限公司
(10) Hong Kong Guards Ltd.	香港警衛有限公司
(11) Hong Kong Wah Kiu (Overseas) Services Ltd.	香港海外華僑服務有限公司

(12) Hong Nin Security Co. Ltd.	康年警衛有限公司
(13) Honway Security Ltd.	康威警衛有限公司
(14) Hsin Sheng Security Services Ltd.	新盛保安服務有限公司
(15) Kingsway Security Ltd.	京衛保安有限公司
(16) Megastrength Security Services Co. Ltd.	宏力保安服務有限公司
(17) Onward Security Co. Ltd.	安民警衛有限公司
(18) Pan Asia Security Services Ltd.	泛亞警衛有限公司
(19) Professional Security Services Ltd.	專業護衛有限公司
(20) Reliance Security Ltd.	忠信警衛有限公司
(21) Security Alliance Ltd.	衛聯護衛有限公司
(22) Security Centre Ltd.	保安中心有限公司
(23) Securicor Guarding Services (Hong Kong) Ltd.	香港安全護衛服務有限公司
(24) Security & Safety Ltd.	安全護衛有限公司
(25) Underwriter Security Ltd.	友邦護衛有限公司
(26) Universal Security Co. Ltd.	宇宙警衛有限公司
(27) Wing On Security Co. Ltd.	永安警衛有限公司
(28) Q&V Security Co. Ltd.	僑瑋警衛有限公司
(29) Tonwell Security Ltd.	通宏警衛有限公司

List of Property Services Agents

(As of April 2005)

(1) Champion International Management Development Ltd.	創冠國際管理發展有限公司
(2) Chevalier Property Management Limited	其士富居物業管理有限公司
(3) China Overseas Property Services Limited	中國海外物業服務有限公司
(4) City Professional Management Ltd.	城市專業管理有限公司
(5) Citybase Property Management Ltd.	港基物業管理有限公司
(6) Creative Property Services Consultants Ltd.	創毅物業服務有限公司
(7) Crown Management Limited	國華管理有限公司
(8) EastPoint Properties Ltd.	置邦物業管理有限公司
(9) Easy Living Property Management Ltd.	宜居物業管理有限公司
(10) Eternal Union Development Ltd.	易聯物業管理有限公司
(11) Fullsky Management Ltd.	天宏管理有限公司
(12) Funing Property Management Ltd.	富寧物業管理有限公司
(13) Good Excel Consultants Ltd.	卓安顧問有限公司
(14) Good Yield Property Management Ltd.	高耀物業管理有限公司
(15) Guardian Management Services Ltd.	佳定管理服務有限公司
(16) Guardian Property Management Ltd.	佳定物業管理有限公司
(17) Hang Yick Properties Management Ltd.	恆益物業管理有限公司
(18) Hong Kong Housing Society	香港房屋協會

(19) Hong Yip Service Company Ltd.	康業服務有限公司
(20) Infinity Services Ltd.	創意服務有限公司
(21) Infolink Management Ltd.	駿宏管理有限公司
(22) International Property Management Ltd.	國際物業管理有限公司
(23) Jones Lang LaSalle Management Services Ltd.	仲量聯行物業管理有限公司
(24) Kai Fu Property Services Co. Ltd.	佳富物業服務有限公司
(25) Kai Shing Management Services Ltd.	啟勝管理服務有限公司
(26) KMW Property Services Company Ltd.	港深萬碩物業服務有限公司
(27) Kolot Property Services Ltd.	高樂服務有限公司
(28) Kong Shum Union Property Management Co. Ltd.	港深聯合物業管理有限公司
(29) Mandarin Property Services Co. Ltd.	文華物業服務有限公司
(30) Modern Living Property Management Ltd.	雅居物業管理有限公司
(31) New City Property Management Co. Ltd.	新城市管理服務有限公司
(32) Nice Property Management Ltd.	嘉怡物業管理有限公司
(33) Parkland Property Management Ltd.	柏齡物業管理有限公司
(34) Pioneer Management Ltd.	領先管理有限公司
(35) Shui On Properties Management Ltd.	瑞安物業管理有限公司
(36) Sunbase International Properties Management Ltd.	新恆基國際物業管理有限公司
(37) Synergis Management Services Limited	新恆基國際物業管理有限公司
(38) Tak Po Property Services Co. Ltd.	德寶物業服務有限公司
(39) The Great Eagle Properties Management Co. Ltd.	鷹君物業管理有限公司
(40) Top One Ltd.	翺俊有限公司
(41) Unimax Property Consultancy Ltd.	九源物業顧問有限公司
(42) Urban Property Management Ltd.	富城物業管理有限公司

(B) *Department of Health*

List of Cleaning Service Contractors

(1) Asia Cleaning Service Company	亞洲清潔服務公司
(2) Baguio Cleaning Services Co. Ltd	碧瑤清潔服務有限公司
(3) Best Result Cleaning	恒毅清潔服務有限公司
(4) Cheung Kee Cleaning Co. Ltd	張記清潔服務有限公司
(5) Champion Cleaning Transport Co. Ltd	卓士清潔服務有限公司
(6) Eternal Joint Engineering Limited	永晉工程有限公司
(7) E & K Cleaning Services Ltd.	雅潔清潔工程有限公司
(8) ccClean Environmental Service Company	-
(9) Fortune Cleaning and Pest Control Service Co. Ltd.	富都清潔及滅蟲服務有限公司
(10) Goldwin Environmental Services Ltd.	高榮衛潔服務有限公司

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|------|--|---------------|
| (11) | Sodexho (Hong Kong) Limited | 索迪斯在香港 |
| (12) | Gainway Cleaning Limited | 港威清潔有限公司 |
| (13) | Gumbusters Hong Kong Ltd. | 金必達香港有限公司 |
| (14) | Hang Shun Cleaning & Pest Control Service | 恒信清潔滅蟲公司 |
| (15) | Hoi Luen Environmental Services Ltd. | 凱聯環保服務有限公司 |
| (16) | Hung Fat Cleaning Transportation Company Limited | 鴻發清潔搬運有限公司 |
| (17) | Waylung Waste Services Limited | 衛龍廢料處理有限公司 |
| (18) | ISS Environmental Services (HK) Limited | 服務系統香港有限公司 |
| (19) | Johnson Cleaning Services Company Ltd. | 莊臣有限公司 |
| (20) | Johnson Environmental Services Ltd. | 莊臣清潔服務有限公司 |
| (21) | Kenneth Social Service O/B Talent Match Ltd. | 現代服務社 |
| (22) | Kan Fat Cleaning Service Limited | 勤發清潔服務有限公司 |
| (23) | Kofrey Engineering Co. Ltd. | 高暉建築工程有限公司 |
| (24) | Li Hing Cleaning Services Company Limited | 利興清潔服務有限公司 |
| (25) | Law's Cleaning Services Limited | 羅氏清潔服務有限公司 |
| (26) | Man Shing Cleaning Service Co. Ltd. | 萬成清潔服務有限公司 |
| (27) | Mergecorp (HK) Ltd. | 聯确(香港)有限公司 |
| (28) | Nikson Cleaning Service Co. | 力信清潔 |
| (29) | Nixon Cleaning Co. Ltd. | 力新清潔有限公司 |
| (30) | New Method Cleaning Services Limited | 新法清潔服務有限公司 |
| (31) | Polyking Services Ltd. | 栢麗服務有限公司 |
| (32) | Pollution and Protection Services Ltd. | 寶聯防污服務有限公司 |
| (33) | Professional Cleaning Services (HK) Limited | 專業清潔(香港)有限公司 |
| (34) | Swan Hygiene Services Limited | 時運服務有限公司 |
| (35) | S & S Cleaning Company Limited | 誠信清潔服務公司 |
| (36) | Sun Hui Cleaning Service Co. | 新墟清潔服務公司 |
| (37) | Sunshine Building Management Co. Ltd. | 新生屋宇管理有限公司 |
| (38) | Strong Base Environmental Services & Eng. Co. Ltd. | 定基環保服務工程有限公司 |
| (39) | Shek Kin Sau Co. | 石堅秀公司 |
| (40) | Sunbase International Properties Management Ltd. | 新恒基國際物業管理有限公司 |
| (41) | Sunny Cleansing Company | 新力清潔公司 |
| (42) | Sanki Environmental Service Co. Ltd. | 新境環境服務有限公司 |
| (43) | Tai Sang Cleaning Co. | 泰生服務有限公司 |
| (44) | Teamwork E.P. Engineering Co. Ltd. | - |
| (45) | Universal Space Cleaning and Maintenance Limited | 超世紀清潔維修工程有限公司 |
| (46) | Wai Tat Cleaning Service Co. | 威達清潔服務有限公司 |
| (47) | Well Born Services Limited | 威邦服務有限公司 |
| (48) | Winson Cleaning Service Co. | 永誠清潔服務公司 |

(49) Wai Hong Cleaning & Pest Control Co. Ltd.	惠康清潔滅蟲有限公司
(50) Waywell Services Ltd.	偉威有限公司
(51) Wing Hao Cleaning Service Co. Ltd.	永好清潔有限公司
(52) Yee Tai Cleaning Co. Ltd.	怡泰清潔公司
(53) Yat Tung Machinery & Engineering Co.	逸東機械工程公司
(54) Zappaway Limited	捷保有限公司

List of Security Service Contractors

(1) Adams Securforce (International) Limited	達保安(國際)有限公司
(2) C.N.T. Security Limited	國民警衛有限公司
(3) Centurion Facility Company Limited	世紀服務有限公司
(4) Dragon Guard Security Limited	龍保安有限公司
(5) Fidelity Property Management Limited	正誠物業管理有限公司
(6) General Security (HK) Limited	大眾安全警衛(香港)有限公司
(7) Guardforce Limited	安有限公司
(8) Hong Kong Guards Limited	香港警衛有限公司
(9) Security Guarding Services (Hong Kong) Limited	-
(10) Hong Nin Security Company Limited	康年警衛有限公司
(11) Honway Security Limited	康威警衛有限公司
(12) Securicor Gurkha Services Limited	-
(13) Kingsway Security Limited	京保安有限公司
(14) Onward Security Company Limited	安民警衛有限公司
(15) Professional Security Services Limited	專業護衛有限公司
(16) Security & Safety Limited	安全護衛有限公司
(17) Sino Security Services Limited	信和護衛有限公司
(18) Sentry Security Limited	先衛保安有限公司
(19) Sunbase International Properties Management Limited	新恆基國際物業管理有限公司
(20) Underwriter Security Limited	友邦護衛
(21) Uniformity Security Company Limited	統一警衛有限公司
(22) Universal Security Company Limited	宇宙警衛有限公司
(23) Wackenhnt Security (HK) Limited	永堅保安香港有限公司

List of Data Entry Contractors

(1) SinoData	-
(2) Kodak	柯達(香港)有限公司
(3) Palmbase	-
(4) Net Concept	-
(5) Pidgon	-

*(C) Food and Environmental Hygiene Department**List of "registered" services suppliers*

(1)	Asia Cleaning Service Company	亞洲清潔服務公司
(2)	Association for Engineering and Medical Volunteer	聯誼工程有限公司
(3)	Baguio Cleaning Services Co. Ltd.	碧瑤清潔有限公司
(4)	Best Result Cleaning Services Ltd.	恒毅清潔服務有限公司
(5)	Centuryan Services Ltd.	新紀元清潔有限公司
(6)	Champion Cleaning Transport Co. Ltd	卓士清潔服務有限公司
(7)	Cheung Kee Cleaning Co. Ltd.	張記清潔服務有限公司
(8)	Christian Family Service Centre	基督教家庭服務中心
(9)	E & K Cleaning Services Ltd.	雅潔清潔工程有限公司
(10)	ecClean Environmental Service Company	易潔環保服務公司
(11)	Eternal Joint Engineering Limited	永晉工程有限公司
(12)	Fortune Cleaning and Pest Control Service Co. Ltd.	富都清潔及滅蟲服務有限公司
(13)	Gainway Cleaning Limited	港威清潔有限公司
(14)	Gee Lig Cleaning & Waxing Service Co. Limited	-
(15)	Goldwin Environmental Services Ltd.	高榮衛潔服務有限公司
(16)	Gumbusters Hong Kong Ltd.	金必達香港有限公司
(17)	Hang Shun Cleaning & Pest Control Service Company	恆信清潔滅蟲公司
(18)	Hoi Luen Environmental Services Ltd.	凱聯環保服務有限公司
(19)	Hong Chi Association	匡智會
(20)	Hong Kong PHAB Association	香港傷健協會
(21)	Hung Fat Cleaning Transportation Company Limited	鴻發清潔搬運有限公司
(22)	ISS Environmental Services (HK) Limited	服務系統環保 (香港)
(23)	Johnson Cleaning Services Company Ltd.	莊臣清潔有限公司
(24)	Johnson Environmental Services Ltd.	莊臣清潔服務有限公司
(25)	Kan Fat Cleaning Service Limited	-
(26)	Kenneth Social Service O/B Talent Match Ltd.	-
(27)	Law's Cleaning Services Limited	羅氏清潔服務公司
(28)	Li Hing Cleaning Services Company Limited	利興清潔服務有限公司

* The Food and Environmental Hygiene Department does not require their service providers to go through a prequalification process. Any contractors interested in bidding for their service contracts can notify the Department the types of services they can provide. Based on their notification, the Department has complied and maintained the above list. The Department may also invite contractors not included in the above list to participate in any bidding exercise.

- | | | |
|------|---|------------------|
| (29) | Lo's Cleaning Services Ltd. | 勞氏清潔服務有限公司 |
| (30) | Luen Dai Environmental Services Co. Limited | 聯大環保服務有限公司 |
| (31) | Madam Lo Lee Pui Ching Memorial Workshop | 仁濟醫院盧李佩貞紀念工場 |
| (32) | Man Shing Cleaning Service Co. Ltd. | 萬成清潔服務公司 |
| (33) | Mergecorp (HK) Ltd. | 聯確 (香港) 工程有限公司 |
| (34) | New Life Psychiatric Rehabilitation Association | - |
| (35) | New Method Cleaning Services Limited | 新法清潔服務有限公司 |
| (36) | Nikson Cleaning Service Co. | 力信清潔 |
| (37) | Nixon Cleaning Co. Ltd. | 力新清潔有限公司 |
| (38) | Pentecostal Church of HK Sheltered Workshop | 竹圓區神召會康樂庇護工場 |
| (39) | Pollution and Protection Services Ltd. | 寶聯防污服務有限公司 |
| (40) | Polyking Services Ltd. | 柏麗服務有限公司 |
| (41) | Professional Cleaning Services (HK) Limited | 專業清潔 (香港) 有限公司 |
| (42) | Richmond Fellowship of Hong Kong | 利民會 |
| (43) | Richmond Welbiz Limited | - |
| (44) | S & S Cleaning Company Limited | 誠信清潔服務有限公司 |
| (45) | Sanki Environmental Services Co. Ltd. | 新境環境服務有限公司 |
| (46) | Shek Kin Sau Co. | 石堅秀公司 |
| (47) | Sodexo (Hong Kong) Limited | 索迪斯 (香港) 有限公司 |
| (48) | St. James' Settlement (Rehabilitation Division) | 聖雅各福群會 |
| (49) | Strong Base Environmental Services & Eng. Co. Ltd. | 定基環保服務工程有限公司 |
| (50) | Sun Hui Cleaning Service Co. | 新墟清潔服務公司 |
| (51) | Sunbase International Properties Management Limited | 新恆基國際物業管理有限公司 |
| (52) | Sunny Cleansing Company | 新力清潔有限公司 |
| (53) | Sunshine Building Management Co. Ltd. | 新生屋宇管理有限公司 |
| (54) | Swan Hygiene Services Limited | 時運服務有限公司 |
| (55) | Tai Sang Cleaning Limited | 泰生清潔有限公司 |
| (56) | Teamwork E.P. Engineering Co. Ltd. | 天域環保工程有限公司 |
| (57) | The Mental Health Association of Hong Kong | 明途聯繫有限公司 |
| (58) | The Salvation Army Heng On Workshop | - |
| (59) | Universal Space Cleaning and Maintenance Limited | 超世紀清潔維修工程有限公司 |
| (60) | Wai Hong Cleaning & Pest Control Co. Ltd. | 惠康清潔滅蟲有限公司 |
| (61) | Wai Tat Cleaning Service Co. | 威達清潔服務公司 |
| (62) | Waylung Waste Services Limited | 衛龍廢料處理有限公司 |
| (63) | Waywell Services Ltd. | 偉威服務有限公司 |
| (64) | Well Born Services Limited | 威邦服務有限公司 |
| (65) | Wing Hao Cleaning Services Co. Ltd. | 永好清潔有限公司 |

(66)	Winson Cleaning Service Co. Ltd.	永順清潔服務有限公司
(67)	World Environmental Services Ltd.	世界環衛服務有限公司
(68)	Yat Tung Machinery & Engineering Co.	逸東機械工程公司
(69)	Yee Tai Cleaning Co. Ltd.	怡泰清潔有限公司
(70)	YU's Tin Sing Enterprises Co. Ltd.	余氏天成企業有限公司
(71)	Zappaway Limited	捷保衛有限公司
(72)	Allsecure Limited	衛民保安有限公司
(73)	Armed Forces Security (HK) Limited	紀律警衛(香港)有限公司
(74)	CNT Security Co. Ltd.	國民警衛集團有限公司
(75)	Conrad Management Services Co. Ltd.	金權管理服務有限公司
(76)	Dragon Guard Security Limited	龍衛保安有限公司
(77)	Far East Security Services Ltd.	遠東保安服務有限公司
(78)	General Security (HK) Ltd.	大眾安全警衛(香港)有限公司
(79)	Great Wall Security Consultants Limited	長城保安顧問有限公司
(80)	Guard Able Limited	佳保護衛有限公司
(81)	Guard Alliance Ltd.	衛業有限公司
(82)	Guardforce Ltd.	衛安有限公司
(83)	Kingsway Security Ltd.	京衛保安有限公司
(84)	Kuo Chiau Security Co. Ltd.	國僑護衛有限公司
(85)	Onward Security Company Limited	安民護衛有限公司
(86)	Professional Security Services Ltd.	專業護衛有限公司
(87)	Reliance Security Limited	忠信警衛有限公司
(88)	Securicor Guarding Services (Hong Kong) Limited	香港安全護衛服務有限公司
(89)	Security and Safety Ltd.	安全護衛有限公司
(90)	Security Cares Consultancy Limited	私家安全顧問有限公司
(91)	Security Centre Ltd.	保安中心有限公司
(92)	Sunbase International Properties Management Limited	新恆基國際物業管理有限公司
(93)	Tonwell Security Limited	通宏護衛有限公司
(94)	Underwriter Security Ltd.	友邦護衛有限公司
(95)	Wise Security Ltd.	威智護衛有限公司
(96)	Yeomen Guards Company Limited	裕寶警衛有限公司

(D) *Leisure and Cultural Services Department*

The Department does not have any list of "approved" or "non-compliant" contractors.

Annex 3

Annual savings achieved from outsourcing

(A) Housing Department

There is no separate analysis on annual savings from outsourcing of estate management services. From information in hand, the average direct annual management cost per flat has been decreased from \$4,252 in 1999-2000 to \$3,752 in 2003-04.

(B) Department of Health

<i>Year</i>	<i>Annual saving (\$ M)</i>	<i>Calculation method</i>
2000-01	1.7	The saving figures as stated are calculated as the difference between contract value and the savings in staff cost (at NAMS value) for the relevant ranks and the number of officers. The exception is in the supply of dental laboratory work in 2000-01 and 2002-03 for which saving figures could not be estimated by the Dental Service.
2001-02	2.9	
2002-03	3.9	
2003-04	4.2	
2004-05	3.6	

(C) Food and Environmental Hygiene Department

<i>Year</i>	<i>Annual saving* (\$ M)</i>	<i>Calculation method</i>
2000-01	10	The savings represent the difference between the Department's direct expenditure for providing the services before the outsourcing (comprising salaries and allowances of in-house staff and general departmental expenses) and the contract cost.
2001-02	55	
2002-03	58	
2003-04	4	
2004-05	(No new outsourcing exercise)	

* The above figures only reflect the savings from first-time outsourcing of in-house services. Savings from renewal of the existing contracts are not included as the Department no longer has a direct staff cost for comparison purpose.

(D) Leisure and Cultural Services Department

<i>Year</i>	<i>Annual saving</i>	<i>Calculation method</i>
2000-01	No survey on savings achieved was conducted	$\% \text{ of savings achieved} = \frac{\text{quantifiable savings in monetary terms}}{\text{estimated annual cost if the service is provided by in-house staff}}$
2001-02	No survey on savings achieved was conducted	
2002-03	About 25% on average	
2003-04	About 25% on average	
2004-05	About 25% on average	

Third Generation Communication and Mobilizing System in the Fire Services Communication Centre

8. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, in May 2000, the Finance Committee of the Legislative Council approved a provision of \$718.6 million for developing the Third Generation Communication and Mobilizing System in the Fire Services Communication Centre. It has been reported that the new system was officially launched last month in the New Territories, operating in parallel with the old system. However, a number of problems emerged and led to chaos in the deployment of ambulances. In this regard, will the Government inform this Council of:*

- (a) the problems that have occurred since the launching of the new system and their causes, and the remedial measures adopted;*
- (b) the reasons for arranging parallel operation of the old and new systems; and given its problems, whether the full operation date of the new system will be postponed; if so, of the additional resources involved; and*
- (c) the benefits brought about by the new system, and how they compare with the benefits originally anticipated?*

SECRETARY FOR SECURITY (in Chinese): Madam President, our plan is to commission the Third Generation Mobilizing System (TGMS) by phases and the system started operation in the New Territories Fire Command (NTFC) on 1 March 2005. We have since been fine-tuning the system in the light of the practical experience gained in the NTFC and staff response. Taking into account such experience and the results of the fine-tuning, we will decide on the timetable for commissioning the new system in the Hong Kong Island and Kowloon Fire Commands.

- (a) From running the TGMS in the NTFC, we have identified a number of technical and hardware problems and taken remedial actions. The main examples include:

Central system

Some parameter settings in the central system had affected the accuracy of the search and dispatch of fire services resources. For example, the TGMS constantly monitors and records the location of all fire appliances and ambulances through the Automatic Vehicle Location System for emergency dispatch. However, the design of the vehicle positioning devices allows for a deviation of 2 m to 20 m. The experience of running the TGMS in the NTFC shows that this deviation might cause the central computer to register inaccurate vehicle stand-by positions.

In addition, upon receipt of an emergency call, the central system will use the incident location as the centre of an initial search algorithm to search for available fire appliances/ambulances within the initial search area which could reach the incident location within the target response time. In practice, however, it was found that some vehicles outside the initial search area, owing to particular road configurations, could have reached the site of incident within a shorter response time, but were not dispatched because they were located outside the initial search area.

The Fire Services Department (FSD) and the system contractor have rectified the above problems by fine-tuning the relevant parameter settings.

Individual sub-system

The Mobile Data Terminal (MDT) is a sophisticated touch-screen computer installed on fire appliances and ambulances. It facilitates the retrieval and dissemination of operational information between front-line staff and the TGMS Communication Centre. During the early stage of its use, the FSD has encountered some hardware and technical problems related to the MDT, including:

- The MDT installed on an ambulance/fire appliance is not a standalone device but has to be operated in connection with other equipment such as Vehicle Positioning System and Wireless Digital Network. The vibration of a running ambulance/fire appliance may loosen the connection between the MDT and other equipment, and may even cause damage to the hard disks of the MDT, thus affecting its normal operation. After review, the contractor has replaced all defective hardware and equipment. Suitable mounting devices have been installed to secure the MDTs, thus protecting them from the vibration of running vehicles.
- Before the commissioning of the new system in the NTFC, the FSD had provided training to and organized seminars for relevant staff. After the commissioning of the new system, the FSD has held more than 10 discussion forums with staff to receive their feedback on their experience of operating the new system and to further elaborate on the appropriate operation procedures of the MDTs. To address the common problems of the MDT operation, a simplified operation manual has also been issued to front-line staff for quick reference.
- The MDTs need to operate on a 24-hour basis. Standalone batteries with sufficient capacity are therefore provided in fire appliances/ambulances. However, the function of some of those batteries had dropped owing to their having been installed for a considerable period of time. All the defective batteries have since been replaced by the FSD and the

Electrical and Mechanical Services Department. Additional battery chargers have been procured to facilitate the recharging of batteries when fire appliances/ambulances are on stand-by at the fire stations and ambulance depots. In addition, steps have been taken to reinforce the knowledge of front-line staff on the proper care and maintenance of batteries.

- At different stages during the implementation period, the contractor had installed different versions of the MDT software on individual fire appliances and ambulances. Owing to the incompatibilities of different software versions, the MDTs might not function smoothly under certain specific circumstances. This problem has now been fixed.
- (b) Since the TGMS started operation in the NTFC on 1 March 2005, the Second Generation Mobilizing System (SGMS) has ceased to handle emergency calls in the NTFC but has been on stand-by mode, so that in case the new system encountered any insurmountable problems, emergency dispatch could still be undertaken by the old system. Meanwhile, emergency calls for the Hong Kong Island and Kowloon Fire Commands are still undertaken by the SGMS.

Since the SGMS and TGMS are being operated simultaneously to handle emergency calls in Hong Kong/Kowloon and the New Territories, the FSD can no longer flexibly deploy manpower resources between the two Communication Centres in cases where there is a sudden surge in the number of calls in any one of the Centres. Therefore, additional manpower is needed to address this situation. The expenditure involved was \$760,000 in March 2005.

Although we have identified a number of problems in the initial stage of commissioning, the efficiency of the new system is improving after fine-tuning and since front-line staff are now better-acquainted with the operation of the system. If the new system continues to run smoothly in the NTFC, the FSD anticipates that the new system would be implemented in the Hong Kong Island and Kowloon Fire Commands by the middle of this year.

- (c) Performance of the new system has shown considerable improvement over the old system in the accuracy of search and dispatch of fire services resources. In addition, automation of certain procedures, such as automatic turn-out broadcast, reduces the workload of the staff in the Communication Centres. The new system also enables front-line staff to update operational data directly through equipment installed on board fire appliances and ambulances without the assistance of staff in the Communication Centres.

We expect that when the relevant staff are familiarized with the mode of operation of the new system and when all necessary fine-tuning is done, the new system will be able to yield its intended efficiency and functionality in full and cater to the rise in the number of emergency calls in future without the need to increase the number of staff in the Fire Services Communication Centre.

Handling Objections to Construction of Small Houses

9. **MR ALBERT CHAN** (in Chinese): *Madam President, it is learnt that upon receiving an application from an indigenous villager (IV) for the construction of a small house in the New Territories, the authorities will post a notice in the village where the house is intended to be built, to give the villagers the opportunity to raise objections to the application. In this connection, will the Government inform this Council:*

- (a) *of the total number of applications received in the past three years from IVs for the construction of small houses, the number of such applications to which objections were raised and, in the circumstance where there were objections, the respective numbers of cases which were approved and rejected ultimately;*
- (b) *how the objections to the construction of small houses are dealt with; and*
- (c) *whether the objections raised by IVs and those by non-IVs are dealt with in the same manner; if not, how they are dealt with differently?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Chinese):
Madam President, my reply to the three parts of the question is as follows:

- (a) Due to the large number of small house applications received, it takes time for the Lands Department (LandsD) to process the applications accumulated. As such, the LandsD does not post notice in the village where a small house site is proposed immediately upon receiving an application. Instead, notice for the application will only be posted when the application is due for processing. Over the past three years, the LandsD received a total of 2 145 small house applications and handled 6 440 applications on the waiting list. Out of these 6 440 applications, objections were raised in respect of 1 150 applications.

The reasons for not approving applications vary from case to case. The LandsD does not have the statistics on the different reasons for rejecting applications.

- (b) According to the present procedures, upon receipt of a written objection against a small house application, the District Lands Office (DLO) will inform the applicant concerned. It will conduct an investigation, including meeting with the objector to ascertain his/her justifications for the objection. It will also consult other government departments concerned if necessary. Depending on the justification of the objection, an application can be rejected. The applicant will be informed of the rejection of his application and the right to appeal within 14 days. Where the objection is unsubstantiated, the DLO will write to the objector to inform him/her of the decision and the reason for not accepting his/her objection. The objector can appeal within 14 days. If no appeal is made during the specified period, the DLO will continue processing the application. The appeal made by the aforesaid applicant or objector will be referred to the District Lands Office Conference (DLOC) (an interdepartmental meeting to discuss small house related matters, among other things) for discussion and decision. If the appellant is still dissatisfied with the decision of the DLOC, he/she may lodge an appeal with the Director of Lands who will make a final decision.

- (c) As far as handling objections is concerned, the DLOs treat IVs and non-IVs in the same manner. The only exception is in respect of grounds for objection involving matters such as "cross-village application" or "the applicant being not an IV". Such reasons for objection will only be handled if they are raised by IVs of the same village concerned.

Auctioning of Market Stalls

10. **MR FREDERICK FUNG** (in Chinese): *Madam President, in its Investigation Report on Letting of Market Stalls by Auction released on 7 April this year, the Office of The Ombudsman pointed out that some tenants had taken advantage of the loopholes in the arrangements for letting stalls, by outbidding competitors in auctions to secure nearby stalls and then terminated the tenancy prematurely, with the intention of reducing competition. In this connection, will the Government inform this Council:*

- (a) *of the number of such cases in the markets managed by the Food and Environmental Hygiene Department (FEHD);*
- (b) *whether it has received any complaints about the above phenomenon; if so, of the number of such complaints, and the reasons for not taking any measures at that time to plug such loopholes;*
- (c) *how the FEHD will specifically implement the recommendations made by the Office of The Ombudsman on the arrangements for auctioning market stalls; and*
- (d) *whether it has investigated if the facilities managed by other government departments and their auctioning arrangements have similar problems; if it has, of the investigation results, and the measures in place to deal with such problems; if it has not, the reasons for that?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Chinese):
Madam President,

- (a) Under the existing policy, itinerant hawker licence (IHL) holders are given priority to choose and rent market stalls that fall vacant under the management of the FEHD. This process delays the release of the vacant stalls for open auction. According to the findings of The Ombudsman, since 2001, three bidders have been suspected of trying to take advantage of this arrangement for the purpose of reducing competition to their business.
- (b) The FEHD has not received any additional complaints similar to the one lodged with The Ombudsman.
- (c) The FEHD has accepted in principle the recommendations of The Ombudsman and will undertake follow-up action. Measures to improve the auction arrangement include the following:
 - (i) From April 2005 onwards, the process to allow IHL holders priority to rent market stalls that fall vacant will be completed within the first six weeks of each quarter so that those vacant stalls that are not selected by IHL holders will be put up for open auction within the shortest possible time. In addition to the above, newly vacated stalls that had been offered for selection by IHL holders in the past 12 months will be released directly for open auction.
 - (ii) Starting from May 2005, the FEHD will stipulate a clause in all new tenancy agreements, requiring the payment of three months' rent in total in cases where the tenancy is terminated within the first three-month period.
 - (iii) From May 2005, a successful bidder who rents the same stall twice within 12 months for a period of three months or less each time will be blacklisted and prohibited from bidding any

stall in the same market for a period of 12 months from the date of termination of the second tenancy.

The FEHD will closely monitor the effectiveness of these improvement measures.

- (d) According to the result of our survey with all bureaux, the facilities managed by other government departments and their auctioning arrangements do not have similar problems.

English Proficiency of Jurors

11. **DR RAYMOND HO** (in Chinese): *Madam President, it has been reported that incidents reflecting the inadequate English proficiency of jurors are not uncommon. As the jurors' level of English proficiency may have bearing on the fairness of the verdicts made, will the Government inform this Council:*

- (a) *of the respective average numbers of persons who applied for and were granted exemptions from service as jurors in the past three years on grounds of unsatisfactory English proficiency and education standards, as well as the percentages of such persons in the total number of jurors summoned to form juries in the same period;*
- (b) *of the existing measures to ensure that the inadequate English proficiency of jurors will not lead to unfair verdicts; and*
- (c) *whether it will draw up new measures to enhance the English proficiency of jurors or remove the language barrier they may encounter during court proceedings because of their inadequate English proficiency; if it will, of the details; if not, the reasons for that?*

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): Madam President, the question raised by the Honourable Member relates to the English proficiency of jurors. Having consulted the Judiciary, we now provide the following response.

The Judiciary has not specifically kept statistics on the number of persons who were exempted from service as jurors in the past on grounds of unsatisfactory English proficiency and their related information.

Section 4(1)(c) of the Jury Ordinance (Cap. 3) (the Ordinance) specifies that, to serve as a juror, a person should have a sufficient knowledge of the language in which the proceedings are to be conducted to be able to understand the proceedings. The majority of jury trials are conducted in English. According to the Judiciary, given the requirements in the Ordinance, persons on the list of jurors at present have all attained an education level of Secondary Seven or above.

Moreover, by virtue of section 4(2) of the Ordinance, in a trial before a jury, the Court may discharge any person summoned to serve as a juror who is unable to satisfy the Court that he fulfils the requirements under section 4(1)(c).

The Law Reform Commission has appointed a subcommittee to review the existing criteria for service as a juror, including the language competence. It will also consider whether those criteria should be set out with greater clarity and precision in the law. The subcommittee is chaired by the Honourable Mr Justice Woo, Vice President of the Court of Appeal and members include Judges, members of the legal profession, representatives from the Department of Justice and the Legal Aid Department and two lay persons. The subcommittee expects to come to a view on its recommendations on the issues involved in the first half of 2006, and issue thereafter a consultation paper to canvass public views.

Adoption of Unified Mechanism for Determining Tolls of Three Cross-harbour Tunnels

12. **MR LAU KONG-WAH** (in Chinese): *Madam President, it has been reported that a commercial group holding a portion of the interests in the Eastern*

Harbour Crossing (EHC) and the Western Harbour Crossing (WHC) put forward a proposal to the Government six years ago to form a holding company jointly with the Government, which would hold interests in the two said tunnels and the government-owned Cross-Harbour Tunnel, thereby facilitating the adoption of a unified mechanism for determining the tolls of the three tunnels. In this connection, will the Government inform this Council:

- (a) of the details of the above proposal; and*
- (b) whether it has assessed the feasibility of this proposal; if it has and the assessment result is in the negative, of the reasons for that?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President, a few years ago, we had some discussions with the franchisees of the EHC and WHC about the common ownership approach. However, there were major differences in some of the fundamental parameters and assumptions including these for valuation of the assets and future traffic projection, and it was difficult to reconcile the different objectives and interests of the parties concerned. Nonetheless, we maintain an open mind and will continue our dialogue with the tunnel operators on possible measures to achieve a more even distribution of traffic among the three tunnels.

Elderly Health Centres

13. **MS EMILY LAU** (in Chinese): *Madam President, the 18 elderly health centres under the Department of Health (DH) provide their members with services of physical check up, health assessment, counselling, curative treatment and health education. In this connection, will the executive authorities inform this Council:*

- (a) of the number of new members enrolled at each centre in the past three years and the current number of members each centre has;*

- (b) *of the criteria for determining these centres' membership size, and whether such sizes are adjusted from time to time in accordance with the changes in the elderly population in the districts served by the centres; if not, the reasons for that;*
- (c) *of the number of persons waiting for enrolment as members at present, the average waiting time for enrolment at each centre as well as the average territory-wide waiting time;*
- (d) *whether they have reviewed the effectiveness of the services provided by the centres; if so, of the review results; and*
- (e) *whether they have plans to allocate additional resources, or redeploy existing resources, for expanding the scope of services provided by the centres and shortening the waiting time for the elderly to enrol as members; if so, of the details of the plan; if not, the reasons for that?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Chinese):

Madam President, the Government is providing the elderly with a range of public health care and medical services, including primary, secondary and tertiary health care.

Among them, the Elderly Health Services of the DH is tasked with the responsibility of enhancing primary health care to the elderly, improving their self-care ability, encouraging healthy living, and strengthening family support with a view to minimizing illnesses and disability. Services are delivered through the 18 Elderly Health Centres (EHCs) and 18 Visiting Health Teams (VHTs). The EHCs operate on a membership basis, providing elderly members primarily with health assessment, physical check ups, counselling, and curative treatment. The VHTs reach out into the community and residential care homes for the elderly in collaboration with other care providers to carry out health education on elders and carers. They also carry out influenza vaccination programme for elderly residing in institutions. In 2004-05, the EHCs handled about 199 000 attendances for health assessments and medical consultation. There were about 440 000 attendances at the health education activities organized by the EHCs and the VHTs in the same year.

In view of an ageing population, the popularity of the EHC services, and the very reasonable membership fee of the EHCs at about \$110 per elderly per annum, there is huge demand for the EHC services. Given limitation in public resources, the EHCs alone will not be sufficient to address the health care needs of the elderly. All the stakeholders have to work together to take concerted efforts to meet the varying needs of the elderly through various measures and services.

Apart from the DH's efforts in providing primary health care to elders, there are more than 70 general out-patient clinics run by the Hospital Authority (HA) which provide general medical services to members of the public. Elderly is one of the major users of these clinics. Private practitioners are also key providers of primary health care. On health promotion, more than 200 elderly centres of various nature run by non-government organizations with government subsidy are also helping to promote health care among the elderly. To synergize efforts, the DH is collaborating with some of them, to train them to use health assessment tools to conduct health assessments for their elderly members under a trial scheme. Also, the DH is collaborating with other stakeholders to enhance family medicine training on elderly care for general practitioners and family doctors.

Our replies to the specific questions raised by the Honourable Emily LAU are as below:

- (a) In 2004-05, the 18 EHCs altogether had about 39 900 members. Each EHC has more or less the same number of members. In the past three years, about 14% of the total number of EHC members in that year were new members.
- (b) At present, all the EHCs have approximately the same membership size. There will be substantial resource implications to the DH to adjust the membership size of the EHCs in accordance with the changes in the elderly population in the districts they are serving. As mentioned above, it is not practical to solely rely upon the EHCs to address the health care needs of the elderly. We need to involve other stakeholders in providing primary health care to the elderly.

- (c) As at December 2004, about 25 000 elders were waiting for enrolment as EHC members. The waiting time for EHC membership varied from district to district. The median waiting time was 26 months.
- (d) The DH conducted an in-house customer satisfaction survey on the services of the EHCs in 2001. The survey interviewed about 680 members and ex-members of the EHCs. About 90% of the respondents indicated that they were satisfied or very satisfied with the EHC service.
- (e) The DH has been deploying resources to the EHCs as far as possible to cater for the needs of the elderly. As explained above, the EHCs alone will not be sufficient to address the health care needs of the elderly. All the stakeholders have to work together to take concerted efforts to meet the varying needs of the elderly through various measures and services. In particular, private medical practitioners can have a bigger role to play in preventive care of the elderly in the community. In this regard, the DH will continue to collaborate with other stakeholders with a view to enhancing family medicine training on elderly care for general practitioners and family doctors.

Safety of People with Disabilities on Board Buses

14. **DR FERNANDO CHEUNG** (in Chinese): *Madam President, earlier, a wheelchair-bound passenger, who had not made use of the restraint lap belt to hold herself and her wheelchair securely onto the back rest at the wheelchair parking space in a bus, lost balance and fell onto the deck floor along with her wheelchair when the bus was turning a corner. The passenger was injured and taken to hospital. In connection with the safety of people with disabilities on board buses, will the Government inform this Council:*

- (a) *of the number of accidents involving passengers with disabilities on board the buses operated by each franchised bus company in each of the past five years, and the details of these accidents;*

- (b) *of the number and details of complaints involving passengers with disabilities against each franchised bus company received by the relevant authorities over the past five years; and*
- (c) *whether it knows if the franchised bus companies have:*
 - (i) *issued guidelines to their drivers on how to provide assistance to passengers with disabilities; if they have, of the details; and*
 - (ii) *made the requirement that drivers must ensure that the wheelchair-bound passengers and their wheelchairs are secured in place before starting the buses; if they have, of the details of the requirement; if not, how the bus companies can ensure the safety of these passengers, and whether the Government will request the bus companies to impose the requirement?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President, neither the bus companies nor the Government keep separate record to distinguish bus accidents involving passengers with disabilities from those involving other types of passengers.

In the past five years, there were a total of 37 complaints lodged by people with disabilities received by the Transport Complaints Unit against the services operated by the five franchised bus companies. Details of the complaints are given at Annex.

All franchised bus companies have issued clear guidelines to their drivers for assisting passengers with disabilities, and have included such guidelines in their training courses. To cater for wheelchair-bound passengers, franchised bus drivers are required to stop the bus close to the kerb, lower the ramp and help these passengers to board and alight the bus. Drivers are required to advise wheelchair-bound passengers to fasten the safety belt. Notices have also been displayed near the wheelchair space to remind the wheelchair passengers of the same.

Annex

Number of Complaints lodged by
People with Disabilities against Franchised Bus Services

<i>Franchised Bus Company</i>	<i>KMB</i>	<i>CTB</i>	<i>NWFB</i>	<i>LW</i>	<i>NLB</i>	<i>Total</i>
<i>2000</i>						
Request for low-floor bus	2	0	0	0	0	2
Driver's attitude	1	0	0	0	0	1
Bus stop arrangement/facilities	2	0	0	0	0	2
sub-total	5	0	0	0	0	5
<i>2001</i>						
Request for low-floor bus	0	2	0	0	0	2
Driver's attitude	1	0	1	0	1	3
sub-total	1	2	1	0	1	5
<i>2002</i>						
Request for low-floor bus	0	0	1	0	0	1
Driver's attitude	0	0	1	1	0	2
Vehicle breakdown	0	1	0	1	0	2
Bus stop arrangement/facilities	0	1	0	0	0	1
sub-total	0	2	2	2	0	6
<i>2003</i>						
Request for low-floor bus	8	0	0	0	0	8
Driver's attitude	1	1	1	0	0	3
Bus stop arrangement/facilities	1	0	1	0	0	2
sub-total	10	1	2	0	0	13
<i>2004</i>						
Request for low-floor bus	2	3	0	0	0	5
Driver's attitude	2	0	0	0	1	3
sub-total	4	3	0	0	1	8
Total	20	8	5	2	2	37

Abbreviation: KMB — Kowloon Motor Bus Co. (1933) Limited

CTB — CityBus Limited

NWFB — New World First Bus Services Limited

LW — Long Win Bus Company Limited

NLB — New Lantao Bus Company (1973) Limited

Procurement of Mosquito Trapping Devices

15. **MISS CHOY SO-YUK** (in Chinese): *Madam President, it has been reported that the increase in the number of cases of mosquito-borne diseases in recent years has prompted the Government to procure many mosquito traps, in addition to the anti-mosquito campaigns. In this connection, will the Government inform this Council:*

- (a) of the total number, model types and prices of mosquito traps procured by the authorities over the past three years;*
- (b) whether the authorities procured the relevant mosquito traps by way of tender or private agreement;*
- (c) whether the authorities had compared the selling prices of similar mosquito traps in local and foreign markets before procuring the mosquito traps; if so, of the results; if not, how the authorities ensured that the procurement cost of the mosquito traps would not be higher than the cost of importing similar products from abroad; and*
- (d) of the number of supplying agents from which the authorities procured the above mosquito traps, and whether they have assessed if there is any monopoly of mosquito traps in the local market; if it has, of the assessment results?*

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

- (a) The Government had procured a total number of 1 887 mosquito trapping devices (MTDs) of various models over the past three years

with a total value of about \$5.4 million. Relevant information on the MTDs procured is given at the Annex.

- (b) In accordance with existing government procurement regulations, for any purchase of goods with a value not exceeding \$1.3 million, user departments can arrange direct purchase of goods without recourse to tender. In arranging for such direct purchases, departments have to adhere to the fundamental procurement principles of openness, fairness, value-for-money and public accountability, and to follow established government procurement procedures, including invitation of quotations from not less than the specified number of suppliers and to accept the lowest offer to specification. As indicated in the Annex, the value of the individual purchase of MTDs arranged by departments over the past three years did not exceed \$1.3 million, departments have arranged direct purchases of these items by inviting quotations from potential suppliers and selecting the best value for money offer available.
- (c) As mentioned in part (b) above, in arranging for direct purchase of goods, departments have to adhere to the fundamental procurement principles of openness, fairness, value-for-money and public accountability, and to follow established government procurement procedures and obtain the best value for money offer available. Departments are not required to compare the selling price of similar MTDs in the local and overseas markets before making the purchase.
- (d) Departments had procured MTDs from 37 suppliers over the last three years. The Administration has not specifically assessed whether there is any monopoly of MTDs in the local market.

Information on Government Procurement of
MTD over the Last Three Years

<i>Year</i>	<i>Brand Name and Model No. of MTD Procured</i>	<i>Number of MTD Procured</i>	<i>Total Price (HK\$)</i>
2002-03	Anti-Mosquito Device	1	980.00
	CRI CRI/308	1	1,030.00
	Ex30 Exocutor White/Z061	3	2,940.00
	Insect Electroncutor DS 220	8	11,040.00
	Insect Killer "Xin Qiao DWL 9820"	10	4,800.00
	MO.EL Outdoor 307	1	2,384.00
	MO.EL Standard 369	1	1,344.00
	Starkeys 26DS215	3	3,380.00
	Starkeys DSU440	5	10,540.00
	Sub-total:	33	38,438.00
2003-04	ACR-6	30	2,820.00
	ACR-6X28 JX-888-20X2	30	2,820.00
	Amcor Katlan Junior Mosquito Light	16	2,720.00
	Amcor Katlan 30+ Mosquito Light	2	720.00
	Amcor Katlan Nova Mosquito Light	1	950.00
	Arctic MKS-1	1	15,400.00
	Arctic MKS1022	4	49,800.00
	Bio Trap Black Hole	5	5,100.00
	Cather CMT-01	209	118,710.00
	Electronic Insect Killer 361	4	6,336.00
	EPSA Insect Killer	5	495.00
	GB TM-232 20W	10	4,700.00
	Katlan 80 Electronic Flying Insect Killer	4	8,400.00
	Konk IP65(AE)	3	1,050.00
	Mos Attract 2099-1	1	2,599.00
	Mosquito Killing System	6	88,470.00
	Mosquito Magnet	3	53,800.00
	Mosquito Magnet Pro PRO-48092	119	2,257,530.00*
	Mosquito Magnet Trap Pro	2	39,600.00
	Octenol Plus ULV/CMT-01	4	2,396.00

<i>Year</i>	<i>Brand Name and Model No. of MTD Procured</i>	<i>Number of MTD Procured</i>	<i>Total Price (HK\$)</i>
	Starkeys DSU440	35	84,000.00
	Starkeys FS122	5	4,750.00
	TODI, Fly-stop	4	3,400.00
	Sub-total:	501	2,756,566.00
2004-05	Arctic MKS-1	4	57,390.00
	Baygon 400045	40	1,810.40
	Brilliang HX-M30W	30	12,000.00
	Bug Scare	4	1,560.00
	Cather CMT-02	473	199,638.50
	Coleman 2200 System Trap	20	96,800.00
	36520 Electric Flying Insect Killer	2	296.00
	Eveatop	2	116.00
	Exocutor Electronic Flykiller	2	1,960.00
	Exocutor EX30	6	5,700.00
	Flystop Mosquito Trapper	100	19,800.00
	Hunhhine Ereronihcsho (20W)	50	3,750.00
	Hunhhine Ereronihcsho (30W)	20	1,700.00
	Hunhhine Ereronihcsho (40W)	12	1,145.00
	Liberty Plus	6	72,000.00
	MO.EL Outdoor 307	23	39,834.00
	MO.EL MOD396	95	34,480.00
	Mosquito Killing System	2	37,800.00
	Mosquito Killing System MKS	7	110,900.00
	Mosquito Killing System Arctic MKS	4	49,800.00
	Mosquito Magnet	22	315,480.00
	Mosquito Magnet Pro	46	846,000.00
	Mosquito Power Trap MT250	4	13,000.00
	Mosquito Trap #3	1	10,400.00
	Phoenix PL-20W 10W X2	2	780.00

<i>Year</i>	<i>Brand Name and Model No. of MTD Procured</i>	<i>Number of MTD Procured</i>	<i>Total Price (HK\$)</i>
	Phoenix PC-30W	15	5,775.00
	蚊塚#3/2920-100 Mosquito Deleto 2500 Active System	5	47,750.00
	SkeeterVac	3	45,300.00
	SkeeterVac Mosquito Exterminator SV 35	10	130,380.00
	SkeeterVac Mosquito Exterminator SV 1000	20	275,560.00
	Starkeys FS122 "Warrior"	12	18,000.00
	Starkeys FS 122	10	13,500.00
	Starkeys DS 215	13	19,700.00
	Starkeys DS 220	28	63,750.00
	Ultra-Violet Lamp	240	38,400.00
	VAC FT66	20	17,600.00
	Sub-total:	1 353	2,609,854.90
	Grand Total:	1 887	5,404,858.90

* Procured separately by four departments. Value of individual procurement ranged from \$114,030.00 to \$1,266,300.00.

School Burglary Cases

16. **DR RAYMOND HO** (in Chinese): *Madam President, it has been reported that the large quantity of information technology equipment acquired for schools by the Government in recent years has become the coveted target of thieves and burglars, thus giving rise to a number of school burglary cases. In this connection, will the Government inform this Council:*

- (a) *of the year-on-year rate of increase in the number of schools burgled in each of the past three years;*

- (b) *whether it has studied the reasons for thieves and burglars successfully breaking into the schools concerned; if it has, of the findings; and*
- (c) *whether it has any plans to review the effectiveness of the existing anti-burglary measures for schools?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President,

- (a) In the past three years, the numbers of schools reporting burglary cases of information technology equipment to the Education and Manpower Bureau (the Bureau) were as follows:

<i>Financial Year</i>	<i>Number of Schools</i>	<i>Rate of Increase (+) /Decrease (-)</i>
2001-02	5	-
2002-03	11	+ 120%
2003-04	19	+ 73%
2004-05	12	-37%

- (b) According to the Crime Prevention Bureau (CPB) of the Hong Kong Police Force (HKPF), there are various reasons for thieves and burglars to break successfully into the schools concerned, including:
- (i) schools have insufficient awareness and knowledge in taking precautionary measures against theft and burglary leading to loopholes in school security;
- (ii) many school burglaries took place after midnight when schools are quiet and empty;
- (iii) staff members of some schools are negligent of their duties, for example, have forgotten to close the windows or lock the doors/gates;

- (iv) many arrested burglars were students, some of whom are studying or once studied in the schools concerned and therefore are familiar with the environment there.

- (c) The Bureau maintains regular liaison with the HKPF on the trend of and reasons for school burglary cases and to review the security measures adopted by schools and their effectiveness so as to advise the schools concerned of the necessary enhancement to school security. To enable schools to have a better understanding of the problems in school security and further heighten schools' awareness in taking precautionary measures against theft and burglary in schools, the Bureau and the HKPF have again jointly organized four seminars on a regional basis in mid-April this year. Apart from inviting the CPB to explain the trend of the recent school burglary cases, analyse the common problems in school security and recommend the related precautionary measures to the participants, some school representatives were also invited to share their good practices in school security.

Oligopoly in Supply of Landed Property

17. **MS EMILY LAU** (in Chinese): *Madam President, the Chief Executive of the Hong Kong Monetary Authority pointed out in his article, published on the 3rd of last month, that there was an oligopoly in the supply of landed property. Some real estate developers agree to this view and have pointed out that most of the private lands which are available for development are held by a few real estate developers. In this connection, will the executive authorities inform this Council:*

- (a) *of the areas and amounts of the premiums of the various pieces of land sold by auction in the past three years, and the names of the successful bidders;*

- (b) *whether they know the numbers of pieces of land currently held by various real estate developers and the total areas of their respective land stocks; if so, of the details;*

- (c) *whether they have assessed the severity of the problem of oligopoly in the supply of landed property, and of the measures to prevent the problem from worsening; and*
- (d) *of the measures to address the problem of oligopoly, and whether a fair competition law will be enacted for this purpose?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Chinese):

Madam President, my reply to the four-part question is as follows:

- (a) The size of, the land premiums and the names of the successful bidders for, the sites auctioned in the past three years are set out at the Annex.
- (b) The information which the Government has got is no more than the land holdings of real estate developers' published in their respective annual reports.
- (c) and (d)

The Government believes that the best way to promote competition is to allow the free play of market forces with minimum intervention as far as possible. Real estate developers compete freely and openly in the property development sector. The Government does not restrict the number of entrants to the market, nor impose any barrier to entry or competition. Regarding property development and flat supply, any developers who are interested, irrespective of their size, may participate and the competition is keen. At present, the Government's policy is to supply land of various size and use through the Application List System, so that all interested developers can participate in real estate development under the principle of openness and fairness. There is no oligopoly in the supply of property. In this respect, the Government has no intention to enact legislation on fair competition for the property development sector.

Annex

Sites disposed of by way of auction in the recent three years

<i>Sale/Tender Award Date</i>	<i>Disposal Type</i>	<i>Lot No.</i>	<i>Location</i>	<i>User</i>	<i>Area (sq m)</i>	<i>Premium (\$M)</i>	<i>Purchaser</i>
4 February 2002	Auction	TMTL 432	Hoi Chu Road, Area 16, Tuen Mun, New Territories	R1	6 090	264	Advance Profit Limited
4 February 2002	Auction	TPTL 168	Area 11, Tai Po Kau, Tai Po, New Territories	R3	4 200	37	Global Alliance Investments Limited
15 April 2002	Auction	KIL 11158	Hoi Fai Road, West Kowloon Reclamation, Kowloon	R1	10 450	1,640.00	Active Success Development Limited
15 April 2002	Auction	NKIL 6196	Junction of Cornwall Street and Tat Chee Avenue, Kowloon	R3	14 700	570	Direct Win Development Limited
15 April 2002	Auction	STTL 526	No. 2 Lok Kwai Path, Area 43, Sha Tin, New Territories	R3	19 300	660	Landyork Investment Limited
15 April 2002	Auction	RBL 1164	Cape Road, Chung Hom Kok, Hong Kong	R3	3 720	100	South Land Enterprises Limited
17 June 2002	Auction	IL 8930	No. 632 King's Road, North Point, Hong Kong	R1	1 400.40	310	Overseas Rank Limited
17 June 2002	Auction	STTL 499	Kong Pui Street, Area 5B, Sha Tin, New Territories	R1	1 358.80	112	Grand Union Investments Limited
10 September 2002	Auction	NKIL 6418	Sa Po Road, Kowloon	R1	2 305	290	Sunnytact Company Limited
10 September 2002	Auction	AIL 450	47 Shek Pai Wan Road, Aberdeen, Hong Kong	Residential/ Commercial	675.40	83	Central Well Limited

<i>Sale/Tender Award Date</i>	<i>Disposal Type</i>	<i>Lot No.</i>	<i>Location</i>	<i>User</i>	<i>Area (sq m)</i>	<i>Premium (\$M)</i>	<i>Purchaser</i>
25 May 2004	Auction	STTL 487	Area 77, Ma On Shan, Sha Tin, New Territories	R2	14 006.00	2,090	Diamond Jubilee Investment Limited
25 May 2004	Auction	STTL 510	Tung Lo Wan Hill Road, Sha Tin, New Territories	R2	10 626.00	865	Orient Profit Limited
15 June 2004	Auction	NKIL 6330	Sa Po Road, Kowloon	R1	3 521.00	1,010	Sunnytact Company Limited
12 October 2004	Auction	KIL 11124	Sheung Shing Street, Ho Man Tin, Kowloon	R1	17 756.00	9,420	Volly Best Investment Limited
12 October 2004	Auction	NKIL 6308	Junction of King Fuk Street, King Tai Street and Prince Edward Road East, San Po Kong, Kowloon	R1	12 701.00	4,700	Evermax Development Limited

Impact on Road Traffic of Ma On Shan Rail

18. **MR LAU KONG-WAH** (in Chinese): *Madam President, regarding the impact on road traffic of the Ma On Shan Rail (MOSR), which was commissioned on 22 December last year, will the Government inform this Council:*

- (a) *of the respective daily average number of vehicles using the Tate's Cairn Tunnel and the Lion Rock Tunnel on weekdays and holidays at present, and how such figures compare with the relevant figures prior to the commissioning of the MOSR;*
- (b) *whether it has assessed how far the MOSR has eased the traffic flows of the above two tunnels during rush hours; if so, of the assessment results; and*
- (c) *of the specific impact of the commissioning of the MOSR on the patronage of various bus and minibus routes serving Ma On Shan?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Chinese): Madam President, the daily average numbers of vehicles using the Tate's Cairn Tunnel on weekdays and holidays during the first three months after the commissioning of the MOSR (that is, January to March 2005) are 61 800 and 50 500 respectively, representing a reduction of 1 200 and 2 500 vehicles compared with the same period in 2004.

The daily average numbers of vehicles using the Lion Rock Tunnel on weekdays and holidays during the first three months after the commissioning of the MOSR (that is, January to March 2005) are 88 300 and 79 800 respectively, representing a reduction of 2 000 and 2 900 vehicles compared with the same period in 2004.

During rush hours (that is, 8 am to 9 am and 6 pm to 7 pm), we observe that there is a reduction in traffic of about 1% to 2% at the two tunnels.

There are currently 22 franchised bus routes and four public light bus routes serving Ma On Shan. According to the figures as at March 2005, the daily number of passenger trips for the above franchised bus routes and public light bus routes were about 218 000 and 28 000 respectively. Compared with the corresponding figures before the commissioning of Ma On Shan Rail, there has been a decrease of some 52 000 and 4 000 daily passenger trips for franchised bus and public light bus services respectively. The patronage of two franchised bus routes which provide connecting services to Ma On Shan Rail stations increased by 6.7% and 136.7%, while the patronage reduction for the rest of the franchised bus routes ranges from 3.5% to 38.8%¹. For the various public light bus routes, the patronage reduction ranges from 0.3% to 23%.

¹ Excluding the three franchised bus routes cancelled in January 2005.

Improvements to Road Parapets

19. **MR CHEUNG HOK-MING** (in Chinese): *Madam President, regarding improvements to road parapets, will the Government inform this Council:*

- (a) *given that the Tuen Mun Road Traffic Incident Independent Expert Panel recommended, in its Report on Enhancement of Highway Safety published in November 2003, that parapet enhancement*

works should be carried out as a matter of priority at 39 road sections, of the details and progress of the works completed and those underway;

- (b) *as many professional drivers have reflected to me that the completed parapet enhancement works at the section of Tuen Mun Road between Belvedere Garden and Yau Kom Tau are not sufficient, whether the Administration will consider increasing the height of the parapets along that road section to prevent vehicles from rolling over the parapets in traffic accidents, as well as installing additional rails at the back of the newly-installed thrie-beam barriers to increase their containment capability; if not, of the reasons for that; and*
- (c) *apart from the above locations, whether the Administration has reviewed the design of the parapets along other bridges, viaducts and accident-prone road sections, particularly those to be installed along the Shenzhen Western Corridor under construction; if so, of the details of the review, including the road sections at which parapets enhancement work will be carried out and the details of such works; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President, the progress of parapet improvement works at the 39 priority locations is at the Annex. Works at all locations have commenced and 12 of them have been completed. The remaining works will be completed by the end of this year.

As regards the section of Tuen Mun Road between Belvedere Garden and Yau Kom Tau, we will add thrie-beam barriers in front of the steel parapets and will also strengthen the parapets by adding posts and rails to enhance their height and containment level. Works have already commenced and would be completed by September this year.

We are now reviewing in detail the design and safety standards of parapets. The review would be completed early next year. As regards the bridge section of the Shenzhen Western Corridor, we will adopt a parapet design that has a higher containment capacity to ensure that it will be able to withstand the impact of heavy vehicles.

Progress of Works

<i>District</i>	<i>Road</i>	<i>Location</i>	<i>Details of Enhancement Works</i>	<i>Progress</i>	<i>Anticipated Completion Date</i>
New Territories	1. Tuen Mun Road	1. Between Yau Kom Tau and Chai Wan Kok*	<ul style="list-style-type: none"> - Strengthen steel parapets by adding posts and rails - Add thrie-beam barriers in front of steel parapets 	In progress	September 2005
		2. Between Gemini Beaches and Ting Kau	<ul style="list-style-type: none"> - Add thrie-beam barriers in front of steel parapets - Strengthen steel parapets by adding posts and rails - Strengthen existing thrie-beam barriers by adding rails at the back - Replace corrugated beam barriers by thrie-beam barriers with additional rails at the back 	Completed	-
		3. Sham Tseng	<ul style="list-style-type: none"> - Strengthen steel parapets by adding posts and rails - Strengthen existing thrie-beam barriers by adding rails at the back 	Completed	-
		4. Tsing Lung Tau	<ul style="list-style-type: none"> - Strengthen steel parapets by adding posts and rails - Strengthen existing thrie-beam barriers by adding rails at the back - Replace corrugated beam barriers by thrie-beam barriers with additional rails at the back - Add thrie-beam barriers in front of steel parapets 	Completed	-

* Section of Tuen Mun Road from Belvedere Garden to Yau Kam Tau included.

<i>District</i>	<i>Road</i>	<i>Location</i>	<i>Details of Enhancement Works</i>	<i>Progress</i>	<i>Anticipated Completion Date</i>
		5. Between Tai Lam Kok and Siu Lam Interchange	- Strengthen existing thrie-beam barriers by adding rails at the back - Replace corrugated beam barriers by thrie-beam barriers with additional rails at the back	Completed	-
		6. Between Siu Lam and Cafeteria Old Beach	- Improve traffic aids	Completed	-
		7. Sam Shing Hui	- Strengthen existing thrie-beam barriers by adding rails at the back	Completed	-
New Territories	2. Tolo Highway	8. Opposite to KCRC Tai Po Market Station	- Replace corrugated beam barriers by thrie-beam barriers with additional rails at the back	Completed	-
		9. Ma Wo	- Strengthen existing thrie-beam barriers by adding rails at the back - Replace corrugated beam barriers by thrie-beam barriers with additional rails at the back	Completed	-
		10. Over Shek Lin Road	- Replace 3-rail metal parapet by new 4-rail metal parapet	In progress	September 2005
		11. Lam Kam Road Interchange	- Replace 3-rail metal parapet by new 4-rail metal parapet	In progress	September 2005
New Territories	3. Tsuen Wan Road	12. Between Kwai Chung Road and Kwai Tsing Road	- Strengthen steel parapets by adding posts and rails	In progress	December 2005
		13. Kwai Chung Road	- Strengthen steel parapets by adding posts and rails	In progress	December 2005
		14. Between Wing Kei Road and Tuen Mun Road	- Strengthen concrete parapets by adding top rails	In progress	December 2005

<i>District</i>	<i>Road</i>	<i>Location</i>	<i>Details of Enhancement Works</i>	<i>Progress</i>	<i>Anticipated Completion Date</i>
New Territories	4. Sha Tin Road	15. Over Lion Rock Tunnel Road	- Strengthen concrete parapets by adding top rails	In progress	November 2005
		16. Over Shui Chuen Au Street	- Strengthen concrete parapets by adding top rails	In progress	September 2005
		17. Over Shing Mun River	- Strengthen concrete parapets by adding top rails	In progress	June 2005
New Territories	5. Shing Mun Tunnel Road	18. Over Lower Shing Mun Reservoir	- Strengthen concrete parapets by adding top rails	In progress	November 2005
		19. Between Lion Rock Tunnel Road and Mei Tin Road	- Strengthen concrete parapets by adding top rails	In progress	November 2005
		20. Pak Tin	- Strengthen concrete parapets by adding top rails	In progress	November 2005
New Territories	6. Tseung Kwan O Tunnel Road	21. Over Po Hong Road	- Strengthen concrete parapets by adding top rails	In progress	June 2005
		22. Section of road connecting Tseung Kwan O Tunnel at Tseung Kwan O	- Strengthen concrete parapets by adding top rails	In progress	November 2005
New Territories	7. Yuen Long Highway	23. Over Kung Um Road and nullah	- Install new concrete parapets with top rail	In progress	December 2005
		24. Over Tai Shu Ha Road East and nullah	- Install new concrete parapets with top rail	In progress	December 2005
		25. Over Pok Oi Interchange	- Add thrie-beam barriers in front of concrete parapets	Completed	-

<i>District</i>	<i>Road</i>	<i>Location</i>	<i>Details of Enhancement Works</i>	<i>Progress</i>	<i>Anticipated Completion Date</i>
New Territories	8. Cheung Tsing Highway	26. Between Cheung Fai Road and Container Port Road	- Strengthen concrete parapets by adding top rails	In progress	September 2005
		27. Near Kam Chuk Kok (New Territories bound)	- Strengthen thrie-beam barriers by adding rails at the back - Strengthen concrete parapets by adding top rails	In progress	December 2005
		28. Near Kam Chuk Kok (Kowloon bound)	- Strengthen thrie-beam barriers by adding rails at the back	In progress	November 2005
New Territories	9. Lion Rock Tunnel Road	29. Between Kak Tin and Fung Shing Court	- Replace corrugated beam barriers by thrie-beam barriers with additional rails at the back	Completed	-
New Territories	10. North Lantau Highway	30. Tsing Chau Tsai	- Strengthen concrete parapets by adding top rails	In progress	September 2005
		31. Section connecting Tung Chung and Chek Lap Kok Airport	- Add thrie-beam barriers in front of parapets - Strengthen concrete parapets by adding top rails	In progress	September 2005
Kowloon	11. Ching Cheung Road	32. Near Yee Kuk West Street	- Strengthen concrete parapets by adding top rails	In progress	November 2005
		33. Near Yu Chau West Street	- Strengthen concrete parapets by adding top rails	In progress	November 2005
Kowloon	12. Kwun Tong Bypass	34. Slip road connecting Lei Yue Mun Road	- Strengthen concrete parapets by adding top rails	In progress	September 2005

<i>District</i>	<i>Road</i>	<i>Location</i>	<i>Details of Enhancement Works</i>	<i>Progress</i>	<i>Anticipated Completion Date</i>
Kowloon	13. Kwai Chung Road	35. Section fronting Mei Foo Sun Chuen	- Strengthen steel parapets by adding posts and rails	Completed	-
Kowloon	14. Lung Cheung Road near Tai Wo Ping Interchange	36. Near Tai Wo Ping Interchange	- Strengthen concrete parapets by adding top rails	In progress	November 2005
Hong Kong	15. Shek Pai Wan Road	37. Between Wah Fu Road and Sewage Treatment Works	- Strengthen steel parapets by adding posts and rails - Replace corrugated beam barriers by thrie-beam barriers with additional rails at the back	In progress	September 2005
		38. Shek Pai Wan Road	- Replace corrugated beam barriers by thrie-beam barriers with additional rails at the back	Completed	-
Hong Kong	16. Island Eastern Corridor	39. Section between Victoria Park Road and Healthy Street West	- Strengthen concrete parapets by adding top rails	In progress	December 2005

Foreign Passport Holders Detained and Prosecuted While in Transit

20. **MS MARGARET NG** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the total number of foreign passport holders who were detained while in transit in Hong Kong and prosecuted in the past three years, the number of such persons who were allowed to take out bails and, among the detainees whose applications for bail were refused, the respective numbers of those who had been detained pending trial for less than a month, one month to three months and over three months; and*

- (b) *as freedom of the person and presumption of innocence are basic human rights, of the measures adopted by the authorities to shorten the period in which foreign passport holders, who are detained while in transit and prosecuted, have to wait pending trial?*

SECRETARY FOR SECURITY (in Chinese): Madam President,

- (a) Statistics on the number of foreign passport holders who were detained while in transit in Hong Kong and prosecuted by the relevant law enforcement departments are as follows:

<i>Nature of Offence Leading to Detention</i>	<i>Number of Cases</i>		
	<i>2002</i>	<i>2003</i>	<i>2004</i>
Use or possession of false/forged travel documents	36	25	33
Trafficking/possession of dangerous drugs	0	1	3

Further breakdowns regarding granting/refusal of bail pending trial or the period of detention pending trial are not available. Our experience is that, where bail was refused, it was mainly because the detainee had no fixed abode in Hong Kong and his likelihood to abscond was high.

It should also be noted that the above statistics did not cover trivial offences, such as where small items of airline properties were taken off the airplane or where air transit passengers were in possession of items classified as prohibited articles. The offenders in such cases were usually warned and released quickly.

- (b) All detained persons, including foreign passport holders, who are charged of an offence, will be brought before the Court at the earliest opportunity in accordance with the law. A defendant who is likely to face imprisonment sentence upon conviction, but cannot afford to engage a legal representative at his own expenses, may apply for legal aid or assistance under the Duty Lawyer Scheme. While it is for the Court to decide on the trial date, the defendant or his representing counsel may, where necessary, seek an early trial date.

PRESIDENT (in Cantonese): There are only 28 Members present. Since a quorum is not present, will the Clerk please ring the bell to summon Members.

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

PRESIDENT (in Cantonese): A quorum is now present, Council meeting may therefore start.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bills: First Reading.

BUILDING MANAGEMENT (AMENDMENT) BILL 2005

PROTECTION OF ENDANGERED SPECIES OF ANIMALS AND PLANTS BILL

REVENUE (ALLOWANCES FOR TAX) BILL 2005

IMMIGRATION (AMENDMENT) BILL 2005

CHILD CARE SERVICES (AMENDMENT) BILL 2005

CLERK (in Cantonese): Building Management (Amendment) Bill 2005
Protection of Endangered Species of Animals and Plants Bill
Revenue (Allowances for Tax) Bill 2005
Immigration (Amendment) Bill 2005
Child Care Services (Amendment) Bill 2005.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bills: Second Reading.

BUILDING MANAGEMENT (AMENDMENT) BILL 2005

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, I move the Second Reading of the Building Management (Amendment) Bill 2005 (the Bill).

The primary aims of the Bill are to rationalize the appointment procedures of a management committee, to assist owners' corporations (OCs) in performing their duties and exercising their powers, and to safeguard the interests of property owners.

The Administration enacted the Multi-storey Buildings (Owners Incorporation) Ordinance in 1970, which built up a legal framework for matters on building management and OCs. Since then, there has been increasing public awareness over these matters. In order to further improve the Building Management Ordinance (BMO) to cope with the change in time, as well as to better facilitate owners' compliance with the requirements concerned, we have drafted the Building Management (Amendment) Bill after making reference to all the experiences gathered over the years and the relevant court judgements.

The case of Albert House, Aberdeen, was most unfortunate. Yet from a positive perspective, it has helped highlight to property owners the management and maintenance conditions of their buildings. It has also brought to their attention the importance and urgency of procuring third party risks insurance for the common parts of buildings. The Building Management (Amendment) Ordinance 2000 already introduced a new section to require that an OC shall procure and keep in force in relation to the common parts of the building a policy of insurance in respect of third party risks. In order to take forward this new provision, we have attached to the Bill a draft Regulation outlining the details of mandatory procurement of third party risks insurance on the part of OCs.

After thorough discussions with the insurance industry, we propose to require that the insured amount of each policy should not be less than \$10 million per event in respect of the liability for a third party's bodily injury and death.

The requirement would take effect 12 months after the subsidiary legislation has been made. We will strongly encourage owners and their corporations to carry out repair works to their buildings expeditiously before the commencement of the Regulation. At the same time, we will work closely with the Housing, Planning and Lands Bureau, the Buildings Department, the Urban Renewal Authority and the Hong Kong Housing Society to assist buildings in carrying out renovation works.

Apart from the regulation on insurance, the Bill also includes other amendments. I would like to explain the more important ones here.

According to the existing section 3 of the BMO, a management committee may be appointed at a duly convened meeting of the owners in accordance with the deed of mutual covenant; or if there is no such deed or the deed contains no provision for the appointment of a management committee, it may be appointed by a resolution of the owners of not less than 30% of the shares. The present provision raises doubts over whether an OC should be formed in accordance with the deed of mutual covenant or the BMO. For this reason, we propose to stipulate clearly in the BMO that for a management committee to be formed under the BMO, the owners have to follow the procedures set out in the BMO, instead of the deed of mutual covenant.

Another matter that draws particular attention is the procedures for owners in appointing proxy to attend owners' meetings. Requirements for the appointment of proxy are not clearly stipulated in the present BMO, thus causing disputes among owners. We propose to set out in the BMO the absolute deadline for submission of proxy at 24 hours before the owners' meeting. This will allow OCs sufficient time to check and verify information contained in the proxy instruments received. We also propose to include in the BMO a standard format of proxy instrument for the usage of owners and OCs.

Furthermore, the Bill aims to strengthen the financial control over OCs and building managers, meaning property management companies. We will stipulate in the BMO that any procurement of goods or services by the OCs and building managers with a value exceeding \$200,000 or 20% of the annual budget of the corporation shall be done through tendering; and that any tender of a value exceeding 20% of the annual budget of the corporation shall be endorsed by a resolution of the owners at a general meeting. We further propose to require managers to open and maintain one or more segregated trust or client accounts

for holding money received in respect of the management of the building with the OC as the client. These proposed amendments would help safeguard the interests of owners.

In addition, to ensure that the liability of an OC will not be transferred to an individual member of a management committee, we propose to add a new section in the BMO to the effect that management committee members of an OC acting in good faith shall not be held personally liable for any act done or default made by or on behalf of the corporation. We hope that this amendment would encourage more owners to participate in building management matters.

I mentioned the case of Albert House, Aberdeen earlier in my speech. I am aware that Legislative Council Members and the general public are all concerned about the case. I would therefore like to take this opportunity to update all of you briefly on the latest development. With the assistance of the Hong Kong Housing Society, all Albert House owners are provided with a special loan arrangement to meet with their civil liabilities. The Assessment Panel chaired by Prof Nelson CHOW had already considered all the applications on an objective basis. Consequently, all residential owners of Albert House were recommended for an interest-free loan of \$200,000 with a flexible repayment period varying from one year to life. The Hong Kong Housing Society already issued early this week, through their representing lawyers, documents about the loan agreement to owners. Here, I would like to specially thank the Hong Kong Housing Society for its conscientious generosity. In parallel, Mr CHAN Bing-woon and Mr Roy CHENG of the Hong Kong Mediation Council have also rendered assistance by providing mediation services to the creditor and individual Albert House owners. The Hong Kong Mediation Council has facilitated communications between the two sides, allowing them to reach a consensus on the question of clearing debts and discharging civil liabilities of owners with an understanding and compromising spirit. It is believed that the issue which has lingered on for more than a decade can be resolved in the near future. I would like to thank the Legislative Council Members and District Council members concerned for the help they have rendered in the incident.

The content of the Bill has been thoroughly discussed in the Legislative Council Panel on Home Affairs. The public has also raised invaluable comments during the consultation period. I have to thank specifically the property management industry, all relevant professional bodies and organizations

for providing us with their insightful views. I sincerely hope that all proposals could be put in place as soon as practicable, affording conveniences to owners. Here, I would like to solicit all Members' support in passing the Bill.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Building Management (Amendment) Bill 2005 be read the Second time.

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

PROTECTION OF ENDANGERED SPECIES OF ANIMALS AND PLANTS BILL

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, I move the Second Reading of the Protection of Endangered Species of Animals and Plants Bill (the Bill).

The Bill seeks mainly to ensure full compliance of Hong Kong's endangered species control system with the requirements of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (the Convention) while simplifying the regulatory provisions of the existing Animals and Plants (Protection of Endangered Species) Ordinance (the Ordinance) and the licensing system.

The existing Ordinance has not fully met the requirements of the Convention in respect of control over international trade in medicines made from endangered species. As such, we must amend the main Ordinance in order to align our control regime with the requirements in the Convention.

Since the enactment of the Ordinance, a number of amendments have been made to take account of changes in the requirements of the Convention. Over time, the Ordinance has become so complicated that it is not easy to comprehend. In addition, some of the control measures required under the Convention have not been set out clearly in the Ordinance. The exemptions currently provided for different species also vary considerably. We need to remove inconsistent treatments which are not justified on operational grounds.

Furthermore, we propose to streamline the existing licensing system so that each licence would be issued on the basis of individual shipment or keeping premises rather than individual species. As such, the fee structure also needs to be revised. We propose to simplify the fee structure by replacing the 14 existing fee items with nine new fee items and, at the same time, review the existing fees with a view to gradually increase the licence fees to achieve the ultimate goal of full cost recovery. It is anticipated that most of the existing and potential licence holders will be paying less under the streamlined licensing system.

The Agriculture, Fisheries and Conservation Department has consulted the relevant committee and the trade on the legislative proposals (including the new fee scheme). They generally support the proposals as the Bill will simplify the existing licensing requirements and reduce the types of fees payable.

Madam President, protection of endangered species is an important component of our conservation work. While ensuring Hong Kong has an effective control system in full compliance with the requirements of international conventions, we also hope to amend the relevant legislation to reduce the impact on the trade and users. I hope Members can support the Bill to help protect endangered species.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Protection of Endangered Species of Animals and Plants Bill be read the Second time.

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

REVENUE (ALLOWANCES FOR TAX) BILL 2005

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I move the Second Reading of the Revenue (Allowances for Tax) Bill 2005 (the Bill).

The Bill seeks to amend the Inland Revenue Ordinance (Cap. 112) to give effect to the two tax concessionary proposals published in the 2005–06 Budget.

The first proposal is to increase the child allowance from \$30,000 per child to \$40,000. Taking into account the high expectations of Hong Kong people for their children and the great importance attached to their children's education, coupled with the rise in living standards, the spending of parents on their children's education and other items is indeed considerable. In order to alleviate the burden of taxpayers in raising children, the Financial Secretary has proposed in the Budget to increase the child allowance from \$30,000 per child to \$40,000 with effect from the year of assessment 2005-06. It is estimated that around 300 000 taxpayers will benefit from this measure. Yet, it will cost the Government \$620 million in tax revenue in a full year.

The second proposal is to introduce a new basic allowance and an additional allowance for dependent parents or dependent grandparents aged between 55 and 59.

Because of economic restructuring and the fact that the unemployment rate for older workers who are under 60 is still relatively high, the younger generation will inevitably have to undertake a heavier responsibility in caring for their parents. As a relief measure, we propose to introduce, with effect from the year of assessment 2005-06, two new allowances for taxpayers taking care of dependent parents or grandparents aged between 55 and 59. They will be granted an additional allowance if their parents or grandparents are residing with them. Considering that parents or grandparents aged between 55 and 59 stand a better chance of finding a full-time or part-time job, we propose to set the new basic allowance and additional allowance at \$15,000 a year. It is estimated that around 100 000 taxpayers will benefit from this measure. It is further anticipated that it will cost the Government \$450 million in revenue in a full year.

With these remarks, I hope that the Bill can be passed. Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Revenue (Allowances for Tax) Bill 2005 be read the Second time.

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

IMMIGRATION (AMENDMENT) BILL 2005

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move that the Immigration (Amendment) Bill 2005 (the Bill) be read the Second time.

With the use of smart identity card, it is possible for the Immigration Department to use automated means like Automated Passenger Clearance channels (e-Channels) and Automated Vehicle Clearance (AVC) kiosks to verify the identity of a Hong Kong permanent resident, who enjoys the right of abode and may land in Hong Kong without the permission of an immigration officer or immigration assistant. The Immigration Department has started to roll out e-Channels in phases since mid-December 2004 and plans to roll out AVC kiosks in phases by the first half of 2005.

The procedure of self-service immigration clearance through automated means is very simple. A person only needs to produce his smart identity card and scan his fingerprint. The automated facility will then verify the fingerprint information with the fingerprint template stored in the chip of the smart identity card. Since mid-December last year, Hong Kong permanent residents aged 11 or above holding a smart identity card may, instead of going through immigration clearance at traditional counters, opt for verification of their identity by automated means. Currently, this option is provided administratively.

As for other persons such as visitors and non-permanent residents whose limit of stay have expired, they required a landing permission to be granted upon their arrival in Hong Kong under the Immigration Ordinance. Where such permission is given, an immigration officer or immigration assistant may impose on them a limit of stay and such other conditions of stay through making an endorsement on their travel documents. Without legislative amendments to the Immigration Ordinance, traditional immigration examination for non-permanent residents and visitors cannot be replaced by automated means.

The Bill aims to put in place a statutory framework to extend the convenience of automated facilities to the abovementioned persons. The Bill proposes to empower the Director of Immigration to provide automated means for verification of identity of certain persons and to approve certain persons to use automated means for self-service immigration clearance. Self-service immigration clearance by automated means is entirely voluntary in nature. The Bill also proposes that the Director of Immigration may grant permission to land

in Hong Kong, including a limit of stay and any other conditions of stay, by automated means. Any permission to land (including a limit of stay and any other conditions of stay) given by automated means shall be deemed to be permission to land (including a limit of stay and any other conditions of stay) given by an immigration officer or immigration assistant under section 11 of the Immigration Ordinance.

After the passage of the Bill, we propose to allow, apart from permanent residents of Hong Kong, non-permanent residents holding a smart identity card with a valid limit of stay and frequent visitors holding a travel pass issued by the Director of Immigration to opt for self-service immigration clearance by automated means.

Madam President, the proposal will allow more people to enjoy the convenience of automated means, which will in turn enhance the efficiency of our control points to cope with the ever-increasing passenger and vehicular traffic. I hope Members will support the proposal and pass the Bill as soon as possible.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Immigration (Amendment) Bill 2005 be read the Second time.

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

CHILD CARE SERVICES (AMENDMENT) BILL 2005

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I move that the Child Care Services (Amendment) Bill 2005 (the Bill) be read the Second time.

At present, child care centres regulated by the Social Welfare Department under the Child Care Services Ordinance (Cap. 243) admit children aged zero to six, while kindergartens regulated by the Education and Manpower Bureau under the Education Ordinance (Cap. 279) admit children aged three to six. As child

care centres and kindergartens are providing similar services to a similar target group, there have been demands from society that they should be subject to similar requirements, registered under the same ordinance and monitored by one single authority to provide better services and support to operators and parents.

Harmonization of pre-primary services has been discussed for quite some time. The aim of harmonization is to ensure that pre-primary institutions offer appropriate programmes to cater for the different needs of children at different developmental stages, irrespective of the mode of operation or the regulatory body. At the same time, harmonization would improve the quality of services and the effectiveness of the regulatory framework.

Back in 2000, a working party was formed to advise the Government on matters related to harmonization of pre-primary services. After thorough consultations with the sector, the general public, relevant advisory bodies and Legislative Council panels, there was a general support to implement a scheme of measures to harmonize pre-primary services. The original plan was to implement the measures by the 2004-05 school year. However, in view of the SARS epidemic in 2003, it was considered that a longer period of transition was necessary for the sector, and the implementation of the harmonization measures was deferred to the 2005-06 school year.

The present Bill seeks to amend the relevant provisions in Child Care Services Ordinance and its subsidiary legislation to provide the necessary legal framework for the implementation of a scheme of measures to harmonize pre-primary services.

A key proposed change in the Bill is the amendment of the definition of Child Care Centres so that pre-primary services for children aged zero to three and three to six will be clearly defined and governed by the Child Care Services Ordinance and the Education Ordinance respectively. The amendment will help reduce the regulatory differences in pre-primary services for the same age group of children and enhance the effectiveness of regulatory work to avoid causing confusion to parents.

Other key amendments covered in the Bill include:

- the alignment of the staff to children ratio of pre-primary services institutions for children aged two to six; and

- the alignment of the physical and regulatory requirements imposed under the Child Care Services Ordinance and the Education Ordinance, and the removal of the express exclusion of registered kindergartens from registration under the Child Care Services Ordinance to facilitate dual registration and the operation of a kindergarten-cum-child care centre in the same premises for operators to provide a continuum of care and education services.

While the staff training and qualification of child care workers and qualified kindergarten teachers have been harmonized since 1997 so that they can work in either child care centres or kindergartens, there are still some child care workers and qualified kindergarten teachers who registered before 1997 cannot work in both sectors interchangeably. Having considered the extensive experience of these serving and trained child care workers and qualified kindergarten teachers and in order to ensure their livelihood upon harmonization, arrangements will be made to mutually recognize their qualifications.

The Bill does not cover changes to the financial assistance schemes to service providers and parents as they are administrative in nature. The Education and Manpower Bureau will seek approval from the Finance Committee on the administrative changes later on.

To prepare for the implementation of the harmonization measures in the 2005-06 school year, briefing sessions have been held to update the pre-primary services sector on the progress of implementation. Relevant advisory bodies and the Legislative Council Panel on Education, with extended invitation to members of the Legislative Council Panel on Welfare Services, have also been briefed on the progress. A steering committee with representatives from the pre-primary services sector was formed in April 2005 to steer the implementation of the harmonization measures. The Administration will continue to discuss with the sector on the implementation details.

A joint office of the Social Welfare Department and the Education and Manpower Bureau has been set up since 1 April 2005 to prepare for the registration of kindergarten-cum-child care centres and child care workers/qualified kindergarten teachers, the regulatory issues of kindergarten-cum-child care centres, and the changes to the assistance schemes for pre-primary services providers and parents. The joint office will become fully functional in September 2005.

I hope Members will support the Bill to implement the measures to harmonize the pre-primary services starting from the 2005-06 school year.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Child Care Services (Amendment) Bill 2005 be read the Second time.

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

Resumption of Second Reading Debate on Bills

PRESIDENT (in Cantonese): This Council will now resume the Second Reading debate on the Appropriation Bill 2005. The public officers concerned will speak, after which the Financial Secretary will reply.

APPROPRIATION BILL 2005

Resumption of debate on Second Reading which was moved on 16 March 2005

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, on the basis of the achievements made possible by the joint efforts of the Government, the Legislative Council and the public in the past few years, the Budget this year has proposed the development strategies of reinforcing strength and promoting growth. Since the Financial Secretary delivered his Budget speech on 16 March, Members of this Council, members of different sectors as well as of the public have come up with positive responses. They regarded the Budget as pragmatic, balanced and prudent, and believed that it can tie up with the upward trend of the Hong Kong economy and prepare us for development opportunities in the future. Press reports and speeches made by Council Members last week showed that the general public as well as this Council agree that the Budget on the whole is on the right track and they also support its major proposals.

We are very thankful to Members for giving valuable comments on the Budget. Later on, the Financial Secretary and the Secretary for Justice as well as the Directors of Bureaux will elaborate specifically on the provisions within their policy portfolios in the Budget. Moreover, my colleagues will respond to new ideas put forward by Members in the debate last week. Now, I would like to concentrate on the topic of governance.

Some Members mentioned that during the time when the office of the Chief Executive became vacant, the Government of the Hong Kong Special Administrative Region (SAR) should not just assume the role of a "caretaker government". I want to clearly point out that the Basic Law already has in place a set of comprehensive transitional arrangements, so as to ensure that the operation of the SAR Government will not be affected if the office of the Chief Executive becomes vacant. Article 53 of the Basic Law stipulates that, in the event that the office of the Chief Executive becomes vacant, a new Chief Executive shall be selected within six months; and during the period of vacancy, the duties of the Chief Executive shall be assumed by the Chief Secretary for Administration, Financial Secretary and Secretary for Justice, in this order of precedence.

When the office of the Chief Executive became vacant in March, having given primary consideration to stability and continuity of policies, I, as the Acting Chief Executive, immediately invited all the accountability officials and non-official members of the Executive Council to remain and secured their agreement to continue to serve the SAR Government.

During this period, all accountability officials have remained dedicated to their office and the Executive Council has operated normally, allowing the SAR Government to adhere to its original work schedules to carry out different works in an orderly manner, and to submit bills and make funding proposals to the Legislative Council. We will continue to ensure that there will be effective governance and to maintain law and order and social stability in the SAR. We will also ensure the market is operating normally and the interests of the investors are protected.

Meanwhile, the SAR Government will not dodge sensitive issues. The term of office of the new Chief Executive itself is controversial as an issue. As there is a shortage of time and an important policy arrangement is involved, that

is, a new Chief Executive shall be elected lawfully and in time on 10 July, we have decided to submit a Report to the State Council to request the Standing Committee of the National People's Congress to make an interpretation of the Basic Law in relation to the term of office of the Chief Executive. We have also actively explained the situation to members of the public, so as to let them understand that our request to interpret the Basic Law is necessary if effective governance of the SAR is to continue.

Madam President, Hong Kong is at a critical moment right now. My colleagues and I will definitely try our utmost to ensure that the SAR Government will continue to be a responsible and committed government. I hope everybody can adopt a positive attitude and be united, so as to safeguard the prosperity and stability of Hong Kong together.

Madam President, in a moment's time, the Secretary for Justice and the 11 Directors of Bureaux will speak in turn. Lastly, the Financial Secretary will deliver the concluding speech.

I hope Members will respect the clear wishes as expressed by members of the public and vote in support of the Appropriation Bill 2005.

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I have listened carefully to the speeches delivered by Members during the debate. Now I am going to respond to the part concerning the Department of Justice (D of J).

First of all, I have to reassure Members that all staff of the D of J will endeavour to provide the SAR Government with quality and cost-effective legal services. On 13 April, I explained to the Special Finance Committee the priorities of the D of J this year. In this connection, I wish to respond to the remarks made by Ms Margaret NG concerning the role played by Court Prosecutors in conducting prosecutions and the prospects of the Grade. The first batch of Court Prosecutors was appointed in 1976 in a pilot scheme to take over prosecution work in the Magistrates' Courts from police officers. Substantial progress in prosecution work has since been made. As the scheme is hugely successful, a large amount of prosecution cases at the summary level are now handled by Court Prosecutors.

In 2004, Court Prosecutors prosecuted a total of 192 163 cases, involving 13 743 court days in the Magistrates' Courts. They prosecuted a wide range of cases, including those involving gambling, transport, drugs, sex, corruption, copyright, fraud, and so on. The system of Court Prosecutors has now achieved the high level required in providing quality service. It is more cost-effective for prosecution to be conducted by Court Prosecutors than for the cases to be briefed out to private barristers or solicitors or for the prosecutions to be conducted by Government Counsel. I would like to cite some figures: The daily cost of an outsourced solicitor conducting prosecution is \$5,430; whereas the average cost per court day of a Court Prosecutor conducting prosecution is \$2,622 (including the accommodation cost). If the cost of outsourcing is competitive, it may probably be justified to gradually eliminate Court Prosecutors; otherwise, for the sake of cost-effectiveness, the existing system should be retained. I must add that the Court Prosecutors are of very high academic qualifications. Most of them are degree-holders — while some of them have acquired legal qualifications, some are studying law.

Although we have no plan to immediately recruit new Court Prosecutors to make up for the shortfall, we will still endeavour to maintain the existing arrangement of allowing the Court Prosecutor grade officers to handle prosecutions in the Magistrates' Courts. At the same time, we will continue to implement our policy of briefing out some of the summary level prosecutions to junior barristers and solicitors to provide them with the opportunities to take part in criminal prosecution work. The number of court days in which prosecutions are conducted by commissioned barristers or solicitors instead of by Court Prosecutors has increased from 78 in 2003 to 355 in 2004. A comparable level is anticipated to be maintained in 2005.

A number of government departments have set up their own prosecution units. The Environmental Protection Department (EPD) is one example. The prosecution staff of the EPD have received training provided by the D of J. Court Prosecutors have recently taken over all the prosecution work of the Customs and Excise Department. As such, the D of J is presently conducting prosecutions for a total of 16 government departments. Given its current actual manpower, the Court Prosecutor grade is unable to take over the prosecution work of the EPD.

I shall now respond to other matters mentioned by Ms NG, such as her concern about the Government's implementation of its temporary

non-recruitment of civil servants across the board and the reduction in training cost. Although the D of J is affected by the Government's temporary non-recruitment of civil servants across the board, we have obtained special permission to conduct a recruitment exercise later this year to fill the vacant posts of 12 Government Counsel. As usual, we attach great importance to the legal training of Government Counsel and legal supporting staff. We have no plan to cut expenditure in this respect.

Ms NG has specially mentioned the provision of opportunities for law draftsmen to receive overseas training and familiarize themselves with law drafting work. I would like to respond here. We will continue to examine the possibility of arranging law draftsmen of the D of J to receive overseas training and familiarize themselves with law drafting work. I am pleased to inform Members that, during a brief meeting with Britain's Lord Chancellor, I took the opportunity to arrange for the attachment of a Hong Kong law draftsman to the United Kingdom Law Commission to take part in the re-drafting of the British taxation legislation.

Madam President, I shall now respond to the matters raised by Mr LI Kwok-ying concerning ways for the Government to capitalize on the opportunities brought about by CEPA to encourage Hong Kong legal professionals to expand legal services on the Mainland. In this respect, the D of J has adopted the recommendations of the Hong Kong Bar Association and The Law Society of Hong Kong to commence work on assisting solicitors to enter the mainland market. As for the details of the relevant work, we have already, in examining and approving the estimates of expenditure, provided a detailed reply to the relevant questions raised by Mr LI Kwok-ying and Ms Margaret NG. Members may refer to the relevant information. The joint efforts made by the profession and us have started to bear fruit. Since the implementation of CEPA on 1 January 2004, a total of seven joint applications have been made by Hong Kong and mainland solicitor firms. Three of the applications have been approved. Another 30 solicitor firms have applied for certificates of good standing, reflecting their intention to set up representatives on the Mainland. Still another nine local solicitor firms have set up their representatives in eight mainland cities (62 representatives have been set up in 12 mainland cities) and five Hong Kong legal practitioners have applied to The Law Society of Hong Kong for becoming consultants to mainland solicitor firms.

Another breakthrough is that Hong Kong permanent residents of Chinese nationality are allowed to sit the Mainland's legal qualification examination and acquire the Mainland's legal professional qualifications. Four Hong Kong candidates have passed the examination in September 2004. We are now studying the possibility of holding the coming examination for Hong Kong candidates in Hong Kong this year.

We have noted Mr LI's proposal of permitting Hong Kong and mainland solicitor firms to operate in partnership and exempt Hong Kong solicitors from the requirement of passing certain disciplines in the Mainland's legal professional examination because they are not allowed to engage in litigation service on the Mainland. Like medical practitioners, solicitors will not be involved in every aspect of their trade. However, it would not be ideal if they are familiar with only part of the Mainland's legal system without full basic knowledge. It would also be quite impossible that they would be allowed to sit in the examination only in respect of the disciplines relevant to their practice because laws are interconnected. I believe it would not be successful to fight for exemption in this respect, at least at the present stage. Actually, during the Stage I and Stage II consultation period on CEPA, both the Hong Kong Bar Association and The Law Society of Hong Kong also raised such proposals as well in proposing in Beijing and Hong Kong to further open up the market. As regards the prohibition on the forming of partnership between Hong Kong and mainland solicitors, this restriction is also applicable to foreign solicitors in accordance with a World Trade Organization agreement. The permission for Hong Kong solicitor firms to jointly operate with mainland solicitor firms is already a concession for the former.

Madam President, with CEPA having been implemented for 16 months, it is now time for us to conduct evaluation and stabilize the foundation in order to understand how Hong Kong solicitors can capitalize on the opportunities brought about by CEPA and what other opportunities we can grasp. One of the priorities for me and my colleagues is to maintain close liaison with the legal profession and the Central Authorities to assist in the implementation of CEPA. We will continue to work in joint co-operation with the legal profession to look for opportunities to develop on the Mainland.

Thank you, Madam President. Thank you, Honourable Members.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, the work of the Health, Welfare and Food Bureau is related to the public's livelihood and public health, so it is only natural that Members are concerned about it and put to us 490 questions. I have asked my colleagues about this and they said that this was a record.

On 13 April, the Finance Committee held a special meeting and had a lively discussion for as long as four and a half hours. I wish to express my heartfelt thanks to Members for their expression of great concern. It is often the case that through questions and answers, we can gain better understanding and greater approval for our policies. We are also happy to receive well-intentioned questions. A Member claimed in his speech delivered on 20 April that we had not provided any reply to his question and he expressed his regret on this. Since I had already appended my signature to the reply to his question on 18 April, I immediately checked the record and after confirming with the Legislative Council Secretariat, it was found that the reply had been given to the Member on time. In view of this, we requested the Member to make a clarification in public. However, the reply we got was that he was not willing to do so. I have to express my disappointment and regret over this matter. The Legislative Council is a solemn representative council and also a venue for open and sincere communication. I have always adopted a sincere and responsible attitude when taking part in the discussions on public affairs and responding to Members' questions. I will continue to work according to this principle.

I am going to respond to the views on various areas expressed by Members. The first area is welfare. Welfare policy is a subject matter which Members are very concerned about. A total of 18 Members have spoken on this matter. I will first respond to this matter before I respond to other matters of concern. The Government's welfare policy and plan for this year were spelt out in detail in the policy address. In the 2005-06 Budget, we have made provisions for the new resources required to implement the new policy. In 2005-06, the recurrent expenditure in social welfare amounts to \$34.3 billion, representing an increase of 2.8% in real terms over the estimate for 2004-05. If calculated on the basis of the revised estimate, the increase is as much as 6.4%. Of the additional provisions, \$184 million is earmarked for non-government organizations.

When implementing social policies, apart from committing new resources, it is also necessary to focus on the rationalization and reform of services, as well

as encouraging welfare organizations to work in tandem and co-operate with one another to avoid duplication of services and to enhance co-ordination. In our administration, our primary goal is to provide support to people in need, particularly to the disadvantaged. We have a proven Comprehensive Social Security Assistance (CSSA) scheme. Together with health care, education and housing, a fairly secure safety net has been put in place in our society.

When implementing other social welfare policies, our beliefs are firstly, self-reliance must be encouraged to avoid reliance on welfare support. Therefore, we will advocate tenacity and resilience, striving for advancement and overcoming adversities. Meanwhile, the Government will also continue to make the utmost effort to maintain a favourable business environment, create jobs, as well as strengthening support services for job-seekers and enhancing their chances of employment. In addition, we are also of the view that financial support is not the most effective welfare measure. We must promote a culture of mutual help in local communities as well as harmonious development in society. Only in this way can the root of the problem be addressed.

We are also aware that of the numerous welfare policies, the social welfare sector is particularly concerned about the issue of subsidies and the funding for welfare organizations. The future arrangements for the bridging grant have also become one of the focuses of our work. We understand that some of the welfare organizations may find themselves in a difficult situation after the bridging grant is withdrawn in 2006-07. We believe that the sector should continue to strive to implement reforms and rationalize its services to provide services in the most cost-effective way. The lump-sum grant arrangement is also a global trend, the aim of which is to give welfare organizations greater autonomy and administrative power, so that they can deploy resources with flexibility and offer services that are closely tailored to the needs of society. Therefore, the lump-sum grant system will be maintained and the arrangements for the bridging grant will also terminate as scheduled. However, we understand that some of the organizations may need more time to adapt. In view of this, we will put in place a new arrangement to assist them in tiding over the difficulties that will be encountered initially after the withdrawal of the grant. The Director of Social Welfare will announce the details in this regard at a later stage.

I am also going to talk about issues relating to women affairs. Although only one Member has talked about this issue, I believe that this is also a very

important social principle and cultural issue. Therefore, I wish to point out specifically that under the advocacy and assistance of the Women's Commission, the Government will carry out work on gender mainstreaming, so as to enable various departments to take into full consideration women's and men's needs and perspectives when formulating policies and provide appropriate services accordingly.

Next, I will talk about issues relating to hygiene and medical services. The policy on medical services is another subject that Members are particularly concerned about and a total of 15 Members have commented on it. The focuses of our work are: heightening our preparedness against the threat of major infectious disease, promoting the sustainable development of our public health care system and raising the standard of health of the public, which is mainly the responsibility of the Hospital Authority (HA) and the Centre for Health Protection (CHP).

The CHP is mainly responsible for the prevention of major infectious diseases in Hong Kong. In 2005-06, the Government will allocate \$920 million to the CHP for the purpose of strengthening the surveillance system for infectious diseases, improving anticipation for health protection emergencies, enhancing the risk communication system and setting up strategic training programmes in epidemiology. The CHP will also continue to step up its surveillance on and prevention of other diseases and do its utmost to raise the public's health standard. However, to prevent infectious diseases effectively, the co-operation of the general public is indispensable. It is also necessary for everyone to assume responsibility for their own health, remain vigilant and cultivate a healthy physique, as well as raising the standard of hygiene in their homes and communities. It is a must to accomplish all these.

Some Members have expressed concern about the financial situation of the HA. It is true that the HA is experiencing financial problems. We have requested that while the HA should spend within its means, create new sources of revenue and cut down on expenses, it should also make special arrangements. In 2005-06, after reducing the effects of pay cuts that our staff took in line with that of the Civil Service, the funding in real terms for the HA has decreased by 0.7% compared with that in 2004-05. Of course, our sight is set not just on this year. An ageing population and rapid advances in medical technology have led to increasing medical expenses. We must put in place a long-term strategy to ensure the sustainable development of the health care system.

I have also stated publicly that I believe there are four major areas in the development of public health care services: first, to provide acute and emergency care; second, to provide services to low-income and under-privileged groups; third, to provide treatment to high-risk illnesses that entail high cost, advanced technology and multi-disciplinary professional team work; and fourth, to provide training to health care professionals and other professional medical personnel. Not only will this positioning ensure that our limited resources will be utilized in the most appropriate manner, it will also allow the private health care market adequate room to develop, so that a better balance can be struck between public and private services. The public generally support this positioning and the HA will also carry this direction of development through.

Meanwhile, the HA is also conducting an in-depth analysis on the costs of the services provided by public hospitals in the hope of enabling the public to have a clear idea of the costs and values of the various services provided by the public and private sectors. This leads us to the issue of public medical fees and charges. Some Members believe that we have to first resolve the issue of financing before tackling the issue of increasing fees and charges. Of course, I understand that it takes time to implement a financing proposal and this cannot be accomplished in a day or two. In order to commit limited resources to patients and services with the greatest need and avoid further deterioration in the imbalance between the public and private sector, I believe that it is necessary to first review the fees and charges. However, to raise the fees and charges is not equal to financing. People with difficulty and in need should not be affected by the survey and incapable of obtaining the services as a result of it. Therefore, the present waiver system has to be retained. We will consider the affordability of the public before deciding on how to proceed. I believe Members also agree that people with the means should pay more.

On financing, we have already embarked on a study. It is expected that a proposal will be released by the end of this year and the public and the Legislative Council will be consulted. Prior to this, we will first conduct a review of the future mode of medical service delivery and it is expected that a public consultation will be conducted in July or August this year.

Four Members mentioned the construction of a hospital on north Lantau Island. We understand the demand of residents in Tung Chung for medical services. With the gradual increase in the population on north Lantau Island, it is indeed necessary for us to build a hospital on north Lantau Island in future.

In view of this, we will also carry out the planning and it is hoped that funds can be applied for in line with the procedure in 2006 or 2007.

I also wish to talk about the banning of smoking indoors, an issue which everyone is concerned about. I wish to respond to Members' views on banning smoking at indoor workplaces and in restaurants. There is no doubt that smoking and passive smoking are both detrimental to health. The issue of imposing a further ban on indoor smoking has been discussed for many years and all of us agree that it is now time to take action. Policies and legislation has to be fair, effective, clear and certain. Therefore, a piece of legislation has to be equitable and avoid allowing for exemptions as far as possible. Some people suggested that restaurants should ban smoking during certain periods. I believe this approach has disregarded the health of employees and non-smokers. The damage caused by passive smoking will not be less due to the differences in time. I believe that this suggestion is infeasible. In this financial year, we will commit close to \$30 million to tobacco control. This amount is not much because it is expected that the new tobacco control measures will only be implemented in the middle of next year at the earliest, so the expenditure in this area will be reflected in the Budget for the coming years.

I now wish to talk about issues relating to agriculture, fisheries, food safety and environmental hygiene. Five Members have spoken on these three areas of work and the issues touched on include the Labelling Scheme on Nutrition Information, the management of public markets, mosquito elimination and the agricultural and fishery industries.

On the Labelling Scheme on Nutritional Information, we propose that a Labelling Scheme on Nutritional Information be introduced for prepackaged food, so as to further enhance the health of the public. We will table a bill to the Legislative Council later. Since it is expected that the new scheme will be implemented only two or three years later, we have not yet applied for any provision in the context of this Budget.

We are very concerned about the management of public markets and have conducted a review of the operation and management of public markets. The scope of the review includes the role of the Government in providing and managing wet markets and cooked food centres and the policy on market rental. It is expected that the review will be completed in this financial year.

I also wish to talk about the extermination of mosquitoes. Due to the restrictions imposed by the provisions in the existing legislation, very often, workers of the Food and Environmental Hygiene Department (FEHD) cannot take immediate action to clear water pools or tidy up places infested with mosquitoes on private land, vacant premises or premises the title of which is unclear. The Public Health and Municipal Services (Amendment) Bill 2005 to be tabled to the Legislative Council on 4th of next month will confer appropriate power on the Government to enable it to deal with the problem of mosquito infestation effectively. Meanwhile, we have also earmarked nearly \$200 million in this financial year for the FEHD to carry out mosquito extermination.

A Member is concerned about the development of the agricultural and fishery industries. There are two focuses in the Government's policy on fishery and agriculture: one of them is to assist fishermen in converting to leisure fishing, the other is to support the development of offshore fishing. *(Coughing)* On leisure fishing, we are now having discussions with the Marine Department on the equipment, the standards of safety equipment, as well as the knowledge and skill of the personnel in charge of operation required in converting fishing boats for leisure fishing purpose, so that in future, fishermen can make a living by engaging in leisure fishing when the moratorium on fishing is imposed. Some fishermen have said that they would convert to leisure fishing and would no longer engage in commercial fishing.

Concerning the offshore fishing industry, we have implemented a number of measures to provide support to the sector, including technical support, personnel training, liaison service, and so on. I hope that members in the industry will be more adventurous in engaging in this new type of work. *(Coughing)* We will also provide credit service to the industry and in response to the demands of the industry, we are having a review with the aim of simplifying application requirements and procedure. *(Coughing)*

I am sorry, Madam President. *(Coughing)*

I am sorry about that, Madam President. *(Coughing)*

In order to further reduce I am sorry. *(Coughing)* In order to further reduce the risk of human beings contracting avian flu and to cope with the prospect of a major outbreak, we have also published a comprehensive plan of action aimed at reducing the risk of an avian outbreak in Hong Kong. The

measures include limiting the maximum number of chickens raised in the territory to half of the present total, so that in the event of an epidemic outbreak and when the slaughtering of all live poultry in Hong Kong is called for, it will be possible to finish the task within a short time, so as to safeguard public health. We also propose the implementation of regional slaughtering and putting in place a voluntary licence/tenancy surrender package for live poultry breeders and wholesalers. We will make an application to the Legislative Council for funding this year, so as to issue *ex gratia* payments to farmers and wholesalers who close their businesses voluntarily.

Regarding agriculture, the Government has always supported the sector in developing organic farming and organic farming techniques, boosting training and it introduced the Organic Farming Conversion Scheme to provide technical support to farmers who wish to convert to and who are engaging in organic farming.

Madam President, what I have said is an attempt to respond to the comments made by Members in their speeches on the major areas of work of the Health, Welfare and Food Bureau. My colleagues in the Bureau and I will continue to discuss with Members and other relevant bodies, so as to strive to meet the demands of the public in policy formulation and implementation.

I so submit, Madam President.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, first, I wish to make it very clear that I am very much against, utterly against and totally against the distortion of history made by the Japanese Government, for history is very important.

Let me also talk about history. In January 2000, at a meeting of the Panel on Education of the Legislative Council, the Education and Manpower Bureau (the Bureau) said that it intended to shelve the School Improvement Programme (SIP) on the ground of cost-effectiveness. At that time, the idea was blasted by members of the Panel. The Panel even urged the Government to expedite the SIP, so as to improve the learning environment.

In May 2000, Mr CHEUNG Man-kwong moved a motion urging the Government to immediately allocate funds so that the SIP could cover all schools

by 2004. The motion had the support of the majority of Members and was passed.

In December 2000, at a meeting of the Panel on Education of the Legislative Council, Members requested that the Government provide more school sites and expedite the construction of new schools.

The Government was amenable to advice and in the past few years, it has been actively implementing the SIP and the School Building Programme (SBP). However, in less than five years later, some Members levelled the criticism that the Bureau had made a blunder in its policy on the SBP and the SIP. This criticism smacks of misrepresentation and is absolutely unfair to the Bureau. It also damages the credibility of the Legislative Council.

The results of the population projection published in 2002 showed that the student population would continue to fall. In view of this, the Government suspended the projects which had not been awarded in the first instance — I repeat, the Government did so in the first instance — to avoid incurring unnecessary expenses. The Government responded to Members' requests in a responsible manner and also responded quickly to the changes in supply and demand; however, it still attracted criticisms from some of the Members and was threatened with an investigation by the Audit Commission. One can say that this is really a case of the wrongdoer pointing an accusing finger.

Members should remember that in Report No. 39 of the Audit Commission published on 15 October 2002, the Director of Audit recommended that the number of seriously under-enrolled classes should be reduced by combining them, so as to improve the cost-effectiveness of publicly-funded primary education. In this connection, the Public Accounts Committee also urged the Bureau to explore measures to address the problem of an expected serious over-supply of school places and it also recommended that the excessive school places be reduced, in particular, those in under-utilized schools incurring high costs.

On the SBP, the education sector and members of the public all agree that half-day primary schools should be assisted in their gradual conversion into full-day schools, old schools should be rebuilt *in loco* or in sites identified for their relocation and multiple developments should be introduced to the education system. However, when the Government implemented the SBP according to

these predetermined policies, it was lambasted by the some Members of the Legislative Council. This is really perplexing.

Members should be fully aware that the SBP is not just designed to meet the demand for primary and secondary school places but that there are other considerations on making improvements to education. In fact, in order to introduce full-day schooling, new school premises constructed due to redevelopment or relocation will not change the overall supply of school places in any significant way. In recent days, a Member of the pro-democracy camp criticized the Government as "building Year 2000 design primary school premises so that old schools meet their end even faster". I really cannot understand how a responsible Government can disregard the reasonable expectations of other schools on introducing full-day schooling and making improvements to their school premises, merely for the sake of preserving the interests of individual schools?

When the Bureau drew up the SBP to implement its policy on education, it has taken into consideration the latest population statistics and projections in considering the need to build new schools and the scale of development. However, it is very difficult to estimate the demand for school places each year in future accurately. Even the numbers of new arrival children in the past few years have witnessed drastic changes. In 1998, about 19 300 new arrival children aged between six and 11 came to Hong Kong, however, in 2004, only about 3 700 came to Hong Kong. In the short span of several years, there was a difference of over 15 000. So it can be seen that it is by no means easy to calculate the overall demand for school places each year accurately, furthermore, schools cannot be built in a day or two. In addition, other factors such as parents' preferences and changes in population distribution will all affect the demand for school places and make it more difficult to carry out planning on the supply and demand of school places in various regions.

Some Members suggested that the Administration should not build new schools in areas with an over-supply of school places. I must point out that even though some districts have experienced decreases in population, many schools are still very popular with parents and the numbers of applications for enrolment have not fallen but have increased. Some of the newly established schools are sometimes even more popular with parents than some of the subsidized schools that have been established for years. It is indeed worthwhile for schools experiencing under-enrolment to reflect on this phenomenon. In

fact, when parents choose schools for their children, the major considerations are the quality of education and the ethos of school.

On schools that are experiencing under-enrolment, if they are found to offer quality teaching on special review, we will allow these schools to continue to enroll students in the next academic year. The results of special reviews will give parents a certain degree of quality assurance. If the quality of teaching of a school is poor and it is not popular with parents, there is indeed no point in continuing to waste public funds to subsidize it. If I accept Members' demand today and continue to subsidize these schools, there is no guarantee that certain Members will not change tack again and criticize this as a waste of resources and request the Director of Audit to pursue responsibility. After seeing the shift in attitude in some Members, I can now truly appreciate what wavering and fickleness mean.

As regards the SIP, its origin can be traced to Report No. 5 published by the Education Commission in 1992. The projects commenced in 1994 in five successive stages. Since the projects will bring improvements to school facilities and enhance learning effectiveness and the appeal of schools, they are hugely popular with schools and schools are competing to have themselves included in the SIP.

I must stress that when the SIP was being formulated, all schools had very sound class structures. From 1994 up to now, a total of 743 schools have been included in the SIP, of these, only a small proportion will cease operation. Moreover, from the time when the decision to implement the SIP in a school was taken to the time when the decision to stop enrolling Primary One students was made, a period of time had elapsed. Take the 22 schools which ceased enrolling Primary One students in the last two academic years but had implemented the SIP as an example, from the time they received funding from the Finance Committee of the Legislative Council to implement the SIP to the time they received notification from the Bureau telling them to cease offering primary one classes, there is an intervening period of at least six years — at least six years — for about half of them. If the actual time when the schools cease offering primary one classes is taken into account, the intervening time is even as long as 10 years. The other half of schools were given permissions to carry out improvement works in 2001. It was in response to the strong demands made by the Legislative Council on a number of occasions in 2001 that the Administration has implemented the improvement works with vigour.

The Bureau has the responsibility to ensure that the allocated funds are used appropriately. All school improvement works that have been implemented were given funding approvals by the Legislative Council, as the majority Members approve of the education policy underlying various school construction or improvement works. If all the works are halted merely because schools may experience the problem of under-enrolment in future, this is indeed unfair to our students. In addition, sub-standard school premises will make it difficult for the schools concerned to compete and its ability to enrol students will be undermined. In that case, I am afraid some of the Members and schools will again criticize the Government and accuse it of contriving a conspiracy, saying perversely that the Government wants to stymie the development of these schools by terminating the improvement projects.

Even if some schools have to cease operation for various reasons after the completion of the improvement works, the improved school premises can still be used for other purposes, for example, to allocate them to other schools with less than ideal basic facilities or allow schools that have to be rebuilt or relocated to use them for short periods, or allow other community organizations to use them. In other words, the public funds spent on school improvement works will not go to waste and future users will be able to continue to use the improved facilities. In contrast, if a school is experiencing under-enrolment but the Bureau insists that the school continues to operate, will this not be an even greater waste of resources? I wish to stress that we cannot just keep spending the funds for education until they are exhausted in total disregard of fundamental considerations such as cost-effectiveness and the quality of education. I believe such is also not the expectations of the Legislative Council, the Audit Commission and the general public.

In May 2000, Mr CHEUNG Man-kwong said, "This Council can no longer sit back with folded arms.....and remain silent about the deplorable conditions of our schools. If this is so, then we are making the greatest dereliction of our duties and we are the most incompetent representative assembly of all." Mr CHEUNG demanded that the improvement works for the remaining 500 schools be completed by 2004 and made a threat, and here I quote, "Otherwise, I will certainly organize the teachers and parents of all those affected schools, including the 100 000 parents who have signed up, to continue fighting for our cause and we will never give up before our goal is reached."

Five years later, in this same Legislative Council, the equally youthful Mr CHEUNG Man-kwong has made a volte face and turn to criticize the SBP and the SIP as absurd policies that wasted public funds, (*laughter*) and demanded that the Audit Commission pursue responsibility.

Madam President, on the issues that I have raised in my speech today, I have in fact given a reasonable account of them in panel meetings and Special Financial Committee meetings. Unfortunately, some Members seem to be oblivious of it and repeatedly levelled the same criticisms. In fact, such a practice is very unhealthy. Doing so for protracted periods of time will make people doubt what function the Legislative Council is actually discharging. Is it the quest for truth or the distortion of truth and misleading the public?

In view of the continuous decrease in the student population in primary schools, we are now carrying out a full-scale review of the SBP in various districts and the states of existing school premises. If necessary, we will continue to build new schools, so as to tie in with various policy measures and improve existing sub-standard school premises. I hope Members will adopt a rational attitude when scrutinizing the proposals on making changes to the SIP.

Thank you, Madam President.

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): Madam President, I would like to thank the 10 Members or so who spoke on civil service matters at the Legislative Council debate on the Appropriation Bill 2005 last week. I have noted down Members' specific proposals and believe that we would further discuss them at future meetings of the Panel on Public Service.

(THE PRESIDENT'S DEPUTY, MS MIRIAM LAU, took the Chair)

As mentioned by the Financial Secretary in his Budget speech 2005-06, with the joint efforts of Directors of Bureaux and colleagues in the Civil Service, the various expenditure control measures taken by the Government are gradually producing results, marked by a reduction in operating expenditure ever recorded in over 50 years. He commended civil servants for their flexibility to try out new approaches and their endeavours to reduce operating expenditure while maintaining a quality service. Here I would like to elaborate on this.

First of all, for civil service pay and staff-related expenses, there has been a gradual reduction both in terms of the actual expenditure and the percentage of government operating expenditure. For example, the civil service pay and staff-related expenses have reduced from about \$71.3 billion in 2001-02 to about \$65.3 billion in this financial year, representing a reduction from a share of almost 36% in 2001-02 to about 31% in this financial year in government operating expenditure.

As regards civil service establishment, it has been reduced from the peak of 198 000 in early 2000 to the present level of about 166 000, while actual strength has now dropped below 160 000. However, during this period, implementation of "individual visits", promotion of tourism, 24-hour opening of border crossings, combating SARS and stepping up infection control measures, maintaining law and order, and closer economic partnership with the Mainland have all increased the workload and job complexity of front-line civil servants. I would like to take this opportunity to thank fellow civil servants for demonstrating their usual professionalism, which has earned both acclaim and trust of the community.

An honest and clean Civil Service is the cornerstone of our effective governance. I am pleased to tell Members that the Civil Service overall has maintained a high standard of integrity and our ethical culture is constantly improving. For example, in comparison with 2000, the number of corruption reports against civil servants received by the Independent Commission Against Corruption and the number of convictions saw a drop of 26% and 52% respectively last year. As a separate indicator, the results of an opinion survey conducted by the Government in 2004 showed that almost 80% of the respondents considered our civil servants efficient and clean.

At the special meeting of the Finance Committee on 11 April 2005, I briefed Members on the major tasks of the Civil Service Bureau in the year ahead, namely further streamlining the civil service establishment, conducting a pay level survey, review of civil service allowances and enhancement of civil service training. These tasks underpin the objective of our civil service reform, ongoing since 1999, to ensure that Hong Kong continues to have a modernized world-class Civil Service.

Madam Deputy, I expect that in the new financial year, with close co-operation of Legislative Council Members and in full consultation with the

civil servants, we would continue to take forward the civil service reform progressively. I am confident that the Hong Kong Civil Service is and will continue to be a professional, clean, politically-neutral and efficient Civil Service capable of delivering quality services cost-effectively to the community.

Thank you.

SECRETARY FOR SECURITY (in Cantonese): Madam Deputy, to keep making steady and cost-effective investments in the policies on security is an established objective of the Hong Kong Special Administrative Region (SAR) and also an important factor in ensuring that Hong Kong continues to enjoy good law and order and stable development.

Good law and order, convenient and secure boundary crossing facilities and procedures, an advanced and highly efficient emergency relief and disaster relief service, as well as modern correctional facilities are the basic needs of the Hong Kong public; also this is an important aspect in Hong Kong's role as a world city and in attracting overseas investors and businessmen to invest in Hong Kong. I am grateful to a number of Members for their support for and understanding on the policies on security and the various views they put forward concerning the expenditure in the relevant areas.

The overall crime figure in Hong Kong registered a decline of 8% from over 88 000 in 2003 to 81 000 cases in 2004. The violent crime rate also dropped 4.5% compared with that for 2003. I am pleased to report to the Legislative Council that the overall crime rate in the first quarter of 2005 decreased 6.6% compared with the same period in 2004.

Apart from the efforts of the police, the support of the public at large for law enforcement agencies is indispensable in keeping crime rates at a low level. We will continue to maintain good communication with the public and the relevant organizations, as well as seeking the collaboration of various parties.

Since the introduction of the Individual Travel Scheme (the Scheme) in July 2003, the Scheme has been extended gradually and currently covers 21 cities in Guangdong Province, Beijing, Shanghai, Fuzhou, Xiamen and Quanzhou in Fujian Province, Nanjing, Suzhou and Wuxi in Jiangsu Province and Hangzhou, Ningpo and Taizhou in Jiangsu Province, and the Scheme has been open to Tianjin and Chongqing since 1 March this year.

As at 31 March this year, more than 6.29 million mainland residents have visited Hong Kong under the Scheme and they have brought considerable revenue to tourism, retail and related services, as well as speeding up the pace of economic recovery.

The influx of visitors to Hong Kong and the increased cargo flow as the economy recovers certainly exerts immense pressure on our immigration and customs clearance at the various boundary control points. The land and sea control points in Hong Kong are among the busiest in the world. Each day, an average of 400 000 people pass through them. During special festive periods, an average of 500 000 persons make use of our cross-boundary facilities each day.

A long vacation of the Labour Day Golden Week on the Mainland is coming in a few days. Through a flexible deployment of the manpower of various forces and the close co-operation and liaison with the relevant authorities on the Mainland, we will ensure smooth passenger traffic across the boundary to ease the passenger flow smoothly and orderly during the peak period.

Madam Deputy, although the total number of visitors to Hong Kong numbered over 20 million in 2004 and mainland visitors account for 1.2 million of them, the great majority of the visitors are law-abiding. Those who broke the law account for only a tiny minority and there is no significant impact on law and order. Of course, we will continue to monitor the situation closely, so that as visitors bring us economic revenue, it can at the same time be ensured that the impact on law and order will be kept to a minimum.

On admitting talents and attracting investment, with closer and complementary developments on the Mainland and in Hong Kong, the exchange of talents between the two places has become all the more important. The opportunity of Hong Kong people going to the Mainland to set up businesses will only be greater and this trend will only become more pronounced. We have also implemented the Admission of Mainland Talents and Professionals Scheme to meet the demand in various trades in Hong Kong for talents from the Mainland. Since the implementation of Scheme in July 2003, as at end of March, nearly 6 000 mainland talents have been permitted to come to Hong Kong to make their contributions to various sectors and trades such as academic research, the business sector, culture, finance and even Chinese medicine.

As regards the Capital Investment Entrant Scheme, the Immigration Department has so far received over 730 applications and over 360 of them have been granted formal approval. The total investment made by these investors in the form of capital and assets in Hong Kong amounts to over \$2.6 billion, and on average, each applicant contributed \$7.3 million in investment to Hong Kong, which far exceeds the basic requisite amount of \$6.5 million.

Madam Deputy, although the Hong Kong economy has experienced continuous improvement and the financial situation of the Government has seen some improvement, we have always upheld the principle of fiscal prudence. We will continue to control expenditure stringently. I wish to take this opportunity to reiterate to the Legislative Council that although we have made savings in resources in recent years, the front-line services provided to the public have not been affected.

The Security Bureau and the relevant disciplined forces will continue to make optimal use of resources to do their utmost to keep an upper hand in maintaining law and order, efficient immigration control and offering reliable emergency services, so as to provide quality and secure services to the Hong Kong public.

Thank you, Madam Deputy.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam Deputy, I wish to respond to the questions raised by Members concerning three areas. The first is about cultural and recreational projects.

First, let us review the progress made by the Government in the work in this area. Since 2000, we have completed 47 projects on facilities for culture and recreation and the total cost of these projects was \$8.5 billion. In addition, another 17 projects on facilities for culture and recreation are under construction and will be completed successively in the next two years. The Government has also made provisions for or has obtained approval from the Financial Committee of the Legislative Council for another 25 projects on cultural and recreational facilities, so it is expected that their construction will commence in the next two years. These projects include those that were planned during the time when the two former Municipal Councils still existed and also some additional projects which the Government incorporated in response to demand.

In addition, apart from the foregoing projects, the Government has set out and accorded priority to another 25 projects on cultural and recreational facilities in the policy address of the Chief Executive this year. These items have been selected by the Government in the light of the following considerations:

- (1) the urgent need for cultural and recreational facilities in various districts and the expectations of the district councils and residents in these districts;
- (2) the fact that the need for cultural and recreational facilities in new towns such as Tin Shui Wai and Tung Chung has increased due to increase in population; and
- (3) the distribution and utilization of facilities for culture and recreation throughout Hong Kong.

The costs of construction and operation of each public project and facility are considerable. The Government and the Legislative Council have put in place a proven and prudent mechanism to ensure that resources are used appropriately. In the planning stage of a project, the main procedures include:

- (1) drawing up the specific details of a project and consult the district councils concerned and the relevant organizations, for example, the sports sector, in the process;
- (2) the preparation of a technical feasibility report by the Architectural Services Department (ASD) according to the site conditions and an initial estimation on the cost of the project after confirming the details of the development;
- (3) making provisions for the construction of the relevant cultural and recreational facilities. In determining the priorities in fund allocation, it is necessary for the authorities to consider these facilities together with other projects;
- (4) after obtaining the funds allocated, the ASD has to draw up the detailed design of a project in order to prepare a timetable and a sound project estimate. The Government will also apply to the Public Works Subcommittee for funding after receiving support from the relevant Panel of the Legislative Council; and

- (5) after a funding application was successful, the ASD will invite tenders and engage contractors to launch the projects.

Of the 25 projects accorded priority in their launch, some involved the construction of government buildings. In order to meet the requirements on plot ratio, we have to explore the possibility of carrying out development jointly with other departments. Therefore, the time needed for planning will be longer.

We have already commenced the preliminary planning work on these 25 projects. Of these, it is expected that applications for provisions for 15 of them can be made in the context of the resource allocation exercise conducted this year and next year. About 12 to 18 months after obtaining approval, we can apply formally to the Public Works Subcommittee and the Finance Committee of the Legislative Council for funding to launch the projects at an early date.

The procedure for carrying out public works which I have outlined is founded on the Government's principle of prudent fiscal management. We will do our utmost to expedite the internal planning process. In addition, the Government will be very happy to examine and explore together with the Legislative Council the possibility of expediting these projects.

As regards the other outstanding projects left behind by the former Municipal Councils, we will conduct regular reviews. Since the populations in various districts are constantly changing, public demand for cultural and recreational facilities and the utilization rate of existing facilities in various districts also change. Therefore, it is necessary for us to review these projects based on the aforementioned considerations and decide if they should still be implemented.

Meanwhile, the utilization rate of existing recreational facilities indicates that some recreational facilities have perhaps still some room to provide service to more members of the public. The Leisure and Cultural Services Department will step up its publicity and promotion to attract members of the public to make better use of existing resources. Meanwhile, we will also enhance communication with various sectors in society to actively explore whether it is possible for the public to make better use of the other public facilities in various communities in a flexible way, so that they can use them for cultural and recreational activities.

The second area is whether a casino should be built in Hong Kong. Recently, there is quite a lot of discussion in society and I understand that some Members believe Hong Kong should follow the example of neighbouring areas such as Singapore in operating a casino, so as to boost the economy and promote tourism, as well as creating jobs. I also wish to take this opportunity to talk about the Government's views.

The Government's established policy on gambling is to restrict it to a few authorized gambling activities. The rationale behind this policy is to discourage gambling. This policy is aimed at striking a balance between satisfying the demands in society for gambling and alleviating the undesirable effects of gambling. In view of this policy, the three major considerations when considering the authorization of a certain type of gambling activity are as follows:

- (1) There has been sufficiently large and persistent public demand for that type of gambling;
- (2) The demand is now being satisfied by illegal means. In addition, the problem cannot practically and fully be tackled by law enforcement alone even with the devotion of substantial resources; and
- (3) The proposition of authorizing the new gambling outlet commands public support.

We believe that the suggestion of operating a casino cannot fulfil the three foregoing requirements. Firstly, at present, members of the public take part in casino gambling activities mainly outside the territory. The police has also effective measures to combat illegal casino gambling activities in Hong Kong. Furthermore, the suggestion of operating a casino does not command widespread public support. In view of the above considerations, at present, the Government does not have any plan to operate a casino in Hong Kong.

The third area is the cultural and creative industries. The Government will uphold the tradition of free enterprise in Hong Kong and move in tandem with the development of the cultural and creative industries in Hong Kong. The main support for the cultural and creative industries lies in providing public services and a cultural environment which the industries cannot forge on its own, such as cultural and arts education, public cultural services, the protection of

intellectual properties, the preservation of cultural information, cultural promotions outside Hong Kong, public forums, training new talents and commending outstanding achievements, as well as liaison and co-ordination. The Government is mainly responsible for fostering a general environment conducive to the development of the cultural and creative industries, rather than investing public funds in a certain creative industry. The Home Affairs Bureau and other departments are working constantly in these areas and in the past, they have also replied to questions asked by the Legislative Council about the relevant work.

A free economy, rationality and openness are the cornerstones of Hong Kong's success. I believe that the same applies to the cultural and creative industries. The role of the Government is that of a facilitator that provides a suitable business environment in which creativity and business can converge. As regards other more active measures, such as offering financial assistance or other forms of subsidies on production, it is necessary for the Government to consider prudently whether it is reasonable and effective to do so, in order to avoid distorting market forces. If the industry has any suggestion on ways to promote the development of the cultural and creative industries in Hong Kong, in particular, on ways to remove or streamline certain outdated market management regimes, so that the market can emanate greater vitality, the Government will be happy to consider them.

Thank you, Madam Deputy.

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam Deputy, apart from making continuous effort to revitalize the economy and address the problems relating to the economic restructuring, the Government of the Hong Kong Special Administrative Region (SAR) also considers constitutional development an issue of utmost importance.

In the Constitutional Development Task Force, which is responsible for handling this issue, there is clear division of responsibilities among its three members who are principal government officials. The Chief Secretary for Administration leads the work of the Task Force. The Secretary for Justice provides legal advice and I, as a Director of Bureau, and together with my colleagues, are responsible for providing all necessary support to the Task Force. From conducting policy research studies, formulating proposals to drafting

discussion papers and compiling reports, these are all handled and co-ordinated by the Constitutional Affairs Bureau.

That two Secretaries of Department and a Director of Bureau have worked as a team to handle an issue has fully given play to the team spirit of accountable officials. It is also an approach adopted by the SAR Government in recent years in handling sensitive issues.

The first and foremost task of the Constitutional Affairs Bureau is to ensure that the election of the Chief Executive can be held in accordance with the law and as scheduled on 10 July. The Standing Committee of the National People's Congress (NPCSC) has been holding meetings for days to scrutinize a motion on the interpretation of Article 53 para 2 of the Basic Law. It is believed that a decision can be reached later today. The interpretation of the NPCSC will enable us to complete the legislative process smoothly and provide an explicit legal basis for the election on 10 July.

The term of the new Chief Executive will end on 30 June 2007. This will enable the third Chief Executive to be returned in 2007 and the fourth term of the Legislative Council to be formed in 2008 as planned originally. After the election on 10 July, we will further take forward the review of constitutional development and the relevant work.

Our objective has remained unchanged. We will do our utmost to forge a consensus both inside and outside the Legislative Council, in the hope that we can further open up the electoral methods of the two elections, thereby encouraging greater public participation and making the two electoral systems more representative and more in line with the expectations of the community.

The various aspects of work in relation to the constitutional review are interrelated. We have extended the period of consultation on the Fourth Report to the end of May. After the new Chief Executive assumed office in July, we will submit a report to him and consult his views. Then we will publish the Fifth Report in which the mainstream proposal will be set out to entice support from the community and the Legislative Council. We plan to deal with the amendment of Annexes I and II to the Basic Law in the latter half of this year. Then, we will work on the amendment of the Chief Executive Election Ordinance in the first half of 2006. A new Election Committee will be formed

in the latter half of 2006 and the third Chief Executive will be returned in the first quarter of 2007. Besides, in 2007, we also have to work on the amendment bill in relation to the Legislative Council election.

Apart from these important milestones, we will embark on a review of the role, function and composition of the District Councils at the end of the year. The Constitutional Affairs Bureau and the Home Affairs Department have already set up an internal working group to carry out the preparatory work of the review.

In the coming year, the Constitutional Affairs Bureau will make continuous effort to actively co-ordinate the work of the SAR Government in relation to its participation in the Pan-Pearl River Delta (Pan-PRD) regional co-operation, and enhance liaison and co-operation between Hong Kong and various provinces in the Pan-PRD. The SAR Government will continue to actively participate in the preparatory work of the second forum to be held in Sichuan in July this year.

This year sees the 15th anniversary of the promulgation of the Basic Law. The Constitutional Affairs Bureau will organize more publicity activities in various forms, with a view to enhancing the promotion of the understanding of the Basic Law among the public. These promotional activities on the Basic Law included a student flag-raising ceremony in early April, the carnival held in May to commemorate the 15th anniversary of the promulgation of the Basic Law, a roving exhibition on the drafting and implementation of the Basic Law, seminars on the Basic Law, and various publicity activities organized jointly with the business sector and youth organizations. Our Bureau and the relevant government departments have earmarked \$7.6 million this year particularly for commemorating the 15th anniversary of the promulgation of the Basic Law and for the relevant promotional campaigns, with a view to providing support to various activities.

Madam Deputy, these are some focal points for the work of the Constitutional Affairs Bureau in the coming year. I will further respond to the amendment proposed by Mr CHEUNG Man-kwong later in the Committee stage today and explain the position of the Government.

I so submit. Thank you, Madam Deputy.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam Deputy, Hong Kong's private residential property market has made continued recovery for more than 20 months, and is now back on the track of healthy development. Property trading is active and the negative equity situation has also greatly improved with the recovery of the property market. While the buoyant market has generated general optimism among the public and investors about the prospect of the property market, some consider the high-end property market is beginning to be overheated and are worried that bubbles may develop. Indeed, the high-end property market has been rather active recently, while the medium and low-end markets are beginning to adjust steadily. Home buyers should carefully take into account their own needs and afford ability when making decisions on property investments. They should not just set eyes on the atmosphere of the high-end property market without paying attention to the actual situation of the overall property market and socio-economic conditions. That said, it is of course very important that the confidence of the public and investors can be restored in the property market in the long run, as this can help the market develop steadily and healthily, as well as enhance Hong Kong's economic outlook.

Apart from the concern about an overheated high-end property market, some market analysts have also expressed the concern that with the decrease in the production of new flats, there may be an almost non-supply of flats in the following one to two years.

All these concerns centre on the supply and demand of flats. As a matter of fact, the Government has devised a database system to monitor private residential development projects for us to keep a close look at the housing supply. Last week, the Government released the latest figures of residential flats under construction. The number of residential flats under construction in the first quarter of 2005 is 3 500, which has dropped compared with the 5 400 flats in the same period last year. On the surface, it seems to aggravate the concern that there will be an abrupt shortage of flats in the market. However, the number of residential flats under construction does not fully reflect the picture of the supply of new flats. Since the serious over-supply previously in existence in the property market has yet to be absorbed completely, we should look at the supply of flats from a broader perspective. In fact, our statistics show that the supply of private residential flats in the next two to three years is still abundant. The flats come under the following four categories: First, the approximately 41 000 units currently under construction; second, the

approximately 15 000 completed but unsold units; third, the approximately 8 000 residential units that can be built on residential sites for which premium has been paid or lease modifications have been completed; and fourth, the approximately 5 000 residential units that can be built on sites sold by the Government last year and the construction of which will soon commence.

The above has already added up to about 69 000 flats. In addition, the Housing Authority (HA) has a current stock of 16 000 returned and unsold Home Ownership Scheme (HOS) flats, which will be offered for sale in an orderly manner from 2007 onwards.

Of course, the supply of private housing in the longer term hinges on how the developers view the market in future. Different developers have different development strategies and respective projections on market demand. Therefore, they will have different views on the best and the most cost-effective proposals on the number of residential flats to be built in future. If we are convinced that the market-led approach works best, we should trust the market and let the market make the decision. It is the Government's responsibility to monitor market conditions and provide adequate land to satisfy market demand.

Speaking of land supply, developers may acquire land for residential development through various channels. To sum up, future land supply comes from the following four sources:

- (1) The Application List for 2005-06 offers 35 pieces of land for application, 29 of which are residential land that can provide over 10 000 flats. These sites are of a wide range of sizes and in different districts;
- (2) It is anticipated that in 2005-06, the two railway corporations will proceed orderly with the tendering of their residential development projects along the railways involving more than 20 000 flats;
- (3) The redevelopment programme of the Urban Renewal Authority (URA) will supply an average of over 1 000 flats each year; and
- (4) The residential sites for which premium is under negotiation or lease modification is being processed will also provide a source of land supply. Of course, the actual amount of land supply has to depend

on the progress of negotiation between the Government and the applicants.

In view of this, the supply of residential land will by no means be inadequate in the next few years. As to whether there will be an almost non-supply of new flats, it will depend on the amount of residential land to be absorbed by the market in the end which will be subject to the assessment of the market demand by developers on which they make their business considerations and development plans. Our policy is to ensure that there is an adequate supply of land under any circumstances.

On HOS mentioned just now, I understand Members are concerned about the latest situation in regard to the HA's disposal of the surplus HOS flats. Recently, some public figures and some Members have suggested the resumption of the sale of HOS flats before 2007. However, there is no consensus on this in society and opinions are divided. While some people expect the Government to advance the sale of the HOS flats in the midst of a buoyant market, some are worried that it may affect the stability of the market and undermine the predictability of the housing policy. Notwithstanding the recovering property market, for the thorough implementation of the repositioned housing policy, I wish to reaffirm here that the decision of suspending the sale of the surplus HOS flats until the end of 2006 will not change.

Over the year, the active property market has aroused public concern over the shortage of land supply, and the Government has thus been asked to resume land auctions on a regular basis to supplement the Application List system. On this, I want to point out that the Application List system has provided a market-led mechanism that can decide the timing and amount of land to be put on sale in a flexible manner. The system also provides transparency, consistency and predictability to the real estate industry and market participants. We therefore have no intention to make any change. Furthermore, the operation of the Application List will be reviewed from time to time to ensure that it can meet the needs of the market. As such, we have introduced a number of streamlining measures with a view to improving the operation of the Application List.

On land policy, I want to respond to the concern expressed by some Members over land management, in particular the system of land grant by way of private treaty. It should be noted that this method of granting land has been in use for a long time for achieving specific policy objectives. Such land grant is

subject to the approval of the Executive Council or the delegated authority in accordance with the criteria approved by the Executive Council. In response to Members' concern, we have proceeded to review the handling of applications for lease modification submitted by lessees of land granted by private treaty, to change the land uses in achieving the changed planning intentions. It is hoped that some improvement measures can be identified. Of course, we cannot expect that the findings of the review will be available within a short time. I, however, believe that Members will work together with us towards the common goal of further enhancing the system.

Furthermore, I would like to speak on our work on the building management and maintenance front. We have formulated a comprehensive and systematic strategy to tackle this long standing problem through various short, medium and long term measures. We have solicited the support of the Hong Kong Housing Society to launch a \$3 billion Building Management and Maintenance Scheme in February this year to provide immediate "one-stop" assistance to owners of old buildings. Guided by the public preference for mandatory building inspection, we plan to launch a second stage public consultation exercise by the end of this year to engage the community on the implementation details of the mandatory building inspection scheme and various support measures. Subject to a general community consensus on the major implementation details of the mandatory building inspection scheme, we intend to introduce the relevant legislative proposals to the Legislative Council in 2006, with a view to putting in place a long-term solution to the building neglect problem. We are now examining the implementation details for mandatory building inspection and various support measures, including identification of target buildings, setting inspection standards, establishing an independent arbitration mechanism, considering the setting up of a voluntary building classification scheme and providing appropriate assistance to owners in genuine need in discharging their responsibility. We are in discussion with the industry over the preliminary proposals and will follow up accordingly.

There are Members who have also requested for the expedition of the pace of urban renewal. The URA will maintain its holistic approach to urban renewal by integrating actions to demolish and redevelop dilapidated buildings, rehabilitate poorly maintained buildings, revitalize older districts and preserve buildings with architectural or historical significance within its project areas. Since its establishment in 2001, the URA has steadily commenced 22 redevelopment projects, undertaken revitalization initiatives in various districts,

and put in place a building rehabilitation programme. To further expedite the pace of urban renewal, we are working closely with the URA to review the Urban Renewal Strategy (URS), covering amongst others, an examination of the relative emphasis of various aspects of urban renewal work. We would consult the public on proposals to revise the URS.

Finally, I am thankful to Members for their valuable opinions on various aspects of work of my Bureau, and I hope my response just now can help Members understand more our policy directions and our work progress so that we can take forward our work in hand on the foundation of mutual trust. Thank you, Madam Deputy.

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS
(in Cantonese): Madam Deputy, I thank Members for their views on the Budget in relation to the policy areas of the Environment, Transport and Works Bureau. I will respond to them in three aspects, namely, the environment, transport and public works.

In respect of the environment, I noticed that many Members are quite interested in the development of environmental industries and they have given us quite a lot of valuable opinions. In fact, the Government has consistently promoted and facilitated the development of environmental industries mainly for two objectives. One is to protect the limited resources on earth and put the resources to good use. Secondly, we hope to promote a circular economy for the benefit of the overall economic development. Therefore, insofar as the development of environmental industries is concerned, we hope that these industries, whether they are high value-added or labour intensive, can have sustained development in Hong Kong.

In the past, environmental industries in Hong Kong tended to engage in small-scale, district-based operations. We can see that the situation is plagued by problems. I hope that the problems can be tackled one by one after we have looked into them, with a view to promoting the full development of these industries. To this end, it is crucial to identify suitable sites for use by recyclers. We will fully co-operate with the Lands Department to continuously identify more suitable sites exclusively for tender by recyclers on the basis of short-term tenancy. These sites are different from such other sites as those for use as carpark. If not, the chance of recyclers being granted the right to use

these sites would be very slim. In this connection, we have already reached an agreement with the Lands Department.

Moreover, we will develop a 20-hectare EcoPark in Tuen Mun, which is another land-related concessionary environmental policy implemented by us. Through this concept of developing a large-scale EcoPark, we hope to encourage the recycling of high value-added products in Hong Kong. Certainly, we do not only care about large-scale industries. It is also necessary to reserve space for small and medium enterprises. We hope that both of them will be eligible to use the EcoPark as their production base. Besides, the Government has also funded applied research projects, including environmental technology upgrading projects, through the Innovation and Technology Fund. We hope to provide funding to the relevant applied research and development projects through this Fund.

In fact, in those advanced countries in the world where environmental industries have been promoted successfully, their success is actually attributed to policy support in various aspects. I have mentioned land distribution earlier. Apart from that, there are also legislation on product responsibility and the green tax.

I am very glad to hear that many Members of this Council as well as members of the public support the introduction of a green tax. They are of the view that this can consolidate the principle of polluter pays. I also share the view of Members that the level of this tax should be set based on fair and reasonable principles and that all the money collected should be spent on supporting the recycling industry and other environmental projects. Certainly, I also hear some different views urging us to consider, when imposing this tax, the impact of this tax on industries and the public as well as their affordability.

In fact, the objective of this levy is very clear. We must ensure that waste is disposed of properly, and we must consider, among other things, measures on waste recycling and ultimate disposal. The price paid by consumers can in turn improve the environment. Our first and foremost task is to study the feasibility of implementing product responsibility schemes by legislative means. The purpose is to factor in the waste disposal charges in the calculation of the cost and implement the "user pays" principle through various means, and in the process, it is hoped that certain rebates can be provided, in order to promote a circular economy by providing incentives to the public to play

a part in recycling. We hope to implement this on a voluntary basis as the first step. If it is found to be effective and when legislation is enacted on its mandatory implementation, it still will not be applicable to all kinds of goods. In this connection, the first pilot scheme to be introduced is the charging of a levy on waste tyres.

On the proposal of imposing a tax on plastic bags, we are actively considering the measures adopted in other places to tackle the problem of plastic bags, including the feasibility of implementing these measures in the territory. Given an increase in oil price, the cost of plastic bags has become increasingly expensive. This has provided considerable economic incentives for retailers to distribute less plastic bags. But our surveys show that many retailers are worried that the public may not like the idea and their business turnover may hence be affected. So, they may be reluctant to vigorously promote measures that will enable them to distribute less plastic bags. A tax on plastic bags can provide greater economic incentives for consumers to use less plastic bags and in theory, the retail sector and consumers share common interests in using less plastic bags. It is hoped that we can, therefore, achieve twice the result for half the effort in achieving the ultimate objective of using less plastic bags. But as the study has just commenced, the relevant departments are making reference to the experience of other places and then they will re-examine the actual situation of Hong Kong and consider what proposals or measures will most suit the conditions of Hong Kong and be most acceptable to the general public, and will not subject the industries to difficulties due to excessive administrative costs. We will expeditiously look into this issue, and we will consult Members when a proposal is available.

In the meantime, the Government will continue to carry out more promotional and publicity work in society and in the business community. We will actively encourage retail companies to reduce the distribution of plastic bags, and we will at the same time urge members of the public to bring with them their own shopping bags. Through the development of EcoPark, the Government hopes to assist the development of the recycling industry and hence increase the chance of the recycling of waste plastic bags.

In this connection, we also need to consider measures on ultimate waste disposal. A number of Members consider it inappropriate and immature to discuss waste disposal methods before waste reduction and recycling are achieved effectively. But I wish to point out that waste management strategy

consists of three major elements: First, to avoid and reduce waste production; second, waste recycling; and third, disposal of unrecyclable, useless waste. We attach great importance to waste reduction in Hong Kong, and we have been making every effort to this end. The recovery rate of municipal solid waste in Hong Kong has registered an increase from 36% in 2002 to about 40% in 2004. The fact that there is an increase of 4% even in the absence of mandatory requirement indicates that Hong Kong people are very willing to take forward waste recycling. So, our next step is to enact legislation to make this mandatory, and this is a good indication.

Yet, we must remember that our landfills will reach their full capacity in six to 10 years' time. Time is running short, and we must at the same time study the most effective measures on ultimate waste disposal. This will involve technological development, and it is necessary to make reference to how municipal waste is disposed of in other advanced countries. One of the options is to reduce the volume of municipal waste as far as possible before its disposal at landfills, in order to extend the lifespan of landfills. We will not let slip innovative technologies that have been developed recently. Since April 2002, we have invited expressions of interest from all local and international technology providers and facility operators on the building of modernized integrated waste treatment facilities in Hong Kong. An advisory group, which mainly comprises non-officials, including representatives of the Advisory Council on the Environment, members of professional institutions, the academia, and members of community organizations, has been set up to study and assess the 59 expressions of interest received, and also recommend feasible integrated waste management technologies to the Government based on these expressions of interest. We will very soon solicit views from the Legislative Council and the public within the year on technologies that can be adopted in Hong Kong. Waste disposal certainly involves incineration technology, which is also an innovative technology. We raise this issue at this time because insofar as integrated waste treatment is concerned, we will need a rather long time to discuss the technologies and a comprehensive scheme on integrated treatment. For this reason, we will, at this time, publish this report on consultation to the Legislative Council and the public first. But in the long run, we will need a new comprehensive strategy on waste management, and this will be published in the form of a policy paper covering both software and hardware. We hope that after the middle of the year, we can explain more comprehensively to the Legislative Council our policies in this regard and also how we will support the proposal on ultimate waste disposal.

On the conservation policy, continuous effort will be made in this regard. Land development and related human activities will inevitably create an adverse impact on the natural environment, and sometimes, they may even be in conflict with the objective of natural conservation. The Government must strike a balance between them in its policy. The interest of the land owner over the relevant land is certainly subject to the terms of the land lease, and private sites of ecological significance normally come under agricultural leases. Under these agricultural leases, the land owner may not necessarily have the development right of erecting buildings or structures on the land.

Some Members have the misconception that the \$5 million allocated out of the Environment and Conservation Fund is specifically reserved for the 12 priority sites for enhanced conservation. In fact, this \$5 million will only be spent on pilot management agreements. As for public-private partnership (PPP) options, we will examine the proposals received on a case-by-case basis and assess the impact of these proposals on resources individually. If the conservation of these 12 sites is to be funded by the Government out of public coffers, it is initially estimated that \$200 billion will be involved based on the price that the Government would normally pay for resuming these 12 sites, but this does not include the management of these sites in future and the recurrent expenditure on ecological conservation. In Hong Kong, sites with ecological value are not just confined to these 12 sites. So, acquiring these sites by public money is not a sustainable conservation method which can put resources to good use. Many advanced countries absolutely will not adopt this approach. We hope that all sectors of the community can take an open attitude and actively participate in the process by submitting proposals on pilot management agreements and PPP projects. Successful implementation of selected pilot projects will help encourage participation from more private enterprises and this will effectively and continuously enhance the conservation of the ecology in the territory.

PPP can, in fact, be a win-win situation. It enables undevelopable land to be developed, and part of the economic benefits so generated will be specifically used for conserving sites with high ecological value, which will benefit the public. I wish to point out that this new conservation measure will be implemented entirely on a voluntary basis. The Government will provide as much assistance as possible, but we will not compel land owners or developers to participate, and the interest enjoyed by the land owner under the lease will not be

affected. Under the PPP improvement measures, we will consider allowing limited developments by the proponents at the less ecologically sensitive portion of a site, so as to provide them with economic incentives to conserve the rest of the site with greater ecological significance, thereby achieving the objective of enhanced conservation. When examining the applications, enhanced conservation of the relevant sites is definitely a major criterion in our consideration.

On transport front, many Members have expressed support for the future strategic cross-border links in the Budget debate and they hope that the Government can expeditiously kick start the relevant works. In the meantime, Members also urged the Government to enhance local road facilities to provide support. We fully take on board their suggestions. In fact, we have made a series of plans to ensure that the local transport infrastructure can provide timely support while efforts are made to strengthen our ties with the Mainland.

We are closely monitoring the construction works of the Hong Kong section of the Shenzhen Western Corridor, and we are confident that the works can be completed as scheduled at the end of this year. Arrangements will be made to implement co-location of immigration and customs facilities for the first time at the border crossing at Shekou. The Shenzhen Western Corridor, which will be commissioned in 2006 to tie in with the completion of the border crossing facilities, will be the fourth land boundary crossing between Hong Kong and the Mainland.

Moreover, we will continue to actively co-operate with Guangdong Province, Zhuhai and the Government of the Macao Special Administrative Region in the construction of the Hong Kong-Zhuhai-Macao Bridge. We will endeavour to take the project forward, in the hope that works can commence as soon as possible. Certainly, as we proceed with the project, we are mindful that all the procedures including feasibility studies, environmental assessments, and so on, must comply with the statutory requirements.

As regards the supporting transport facilities in Hong Kong, we have just completed a review of the traffic and transport infrastructure in Northwest New Territories. We have fully considered the impact of the Shenzhen Western Corridor and the Hong Kong-Zhuhai-Macao Bridge on Northwest New Territories, and we have also considered other projects which are in progress or

proposed to be implemented in Northwest New Territories and on Lantau, including various tourism and logistics development projects. We just reported the findings to the Panel on Transport of the Legislative Council and consulted the views of Members last Friday.

We have put forward many different planning proposals on the components of road projects and set provisional timetable for their implementation. We will pay close attention to the scale of various proposed projects in Northwest New Territories and on Lantau, their implementation timetables and the transport demand. We will adjust the implementation timetable of various road projects from time to time, in order to ensure their timely completion. Meanwhile, in order to speed up the work progress, we will conduct further investigation and feasibility studies of various road projects at this stage ahead of schedule, in order to ascertain the technical feasibility of these projects, their cost as well as their impact on the environment, so that works can commence expeditiously once a decision is made.

Concerning the procedures of public transport fare adjustment, Members have expressed much concern on the progress. My Bureau has all along actively discussed with various franchised bus operators on the relevant mechanism and the specific details. But given that complex and sensitive issues are involved, we must consider this very carefully, in order to strike a balance between the interest of society and the economic benefits of franchised bus operation. In this connection, we must consider views from all sides, hoping to strike a due balance among the interests of all sides. We hope that work can be completed within the year, so that there will be a more objective and transparent fare adjustment mechanism. This is also a requirement imposed by the Government for the negotiation of a possible merger of the two railway corporations.

Many Members have spoken on the impending toll increase of the Eastern Harbour Crossing. I wish to reiterate here that we are utterly disappointed with the result of arbitration. But as the arbitration mechanism is clearly set out in the contract between the Government and the tunnel company as well as in the Eastern Harbour Crossing Ordinance, the Government must respect the law, the contract and the result of arbitration. We have time and again reflected the aspirations of Members and the public to the tunnel company, asking them to consider providing concessions or postponing the toll increase. But up till this date, the tunnel company has still insisted on their own business considerations.

On the traffic problem at the Cross-Harbour Tunnel, we are actually very concerned about it, and have conducted various studies on it. Recently, we have put forward 12 options in this regard to the Legislative Council, in order to listen to the views of various sectors of the community. We will continue to actively discuss with tunnel operators proposals that are related to the companies, hoping to come up with a long-term proposal that can enhance the distribution of traffic in tunnels and achieve more effective traffic management on the principle that the proposal is in public interest and respects free market economy.

Finally, I would like to talk about the public works programme. In relation to the expenditure on capital works, a number of Members suggested that the Government should inject more resources into infrastructure projects, thereby creating more employment opportunities. The Government undertakes to work out an effective works programme that can meet the needs of economic development in the future. We will do our utmost to speed up the progress of works and enhance their efficiency.

In the financial year 2004-05, the majority of the projects were launched smoothly. The revised estimate of the total capital works expenditure is \$32.1 billion, which is close to the original estimate of \$32.9 billion and slightly higher than the actual expenditure of \$31.4 billion in 2003-04. The expenditure on capital works in 2005-06 is estimated at \$27.6 billion, which is about \$4.5 billion less than the figure in 2004-05. The main reasons are that some large projects, including such infrastructure projects as the Shenzhen Western Corridor, Deep Bay Link and the Disneyland, have already been completed. Besides, as the projects have progressed smoothly, some of the costs were already settled earlier in the financial year 2004-05; and in view of the public's aspirations for consultation and participation, some projects which are originally proposed to commence in 2005-06 have to be reviewed afresh.

The total capital works expenditure in the past three financial years were \$26.5 billion, \$28.3 billion and \$31.4 billion respectively, whereas that in the 2004-05 Budget was \$32.1 billion. This, together with the projected expenditure in the 2005-06 Budget, shows that the annual average expenditure is maintained at over \$29 billion, or to be more correct, \$29.2 billion.

(THE PRESIDENT resumed the Chair)

Looking ahead, we will make continuous commitment to launch new projects, with a view to maintaining the competitiveness of Hong Kong in the region and around the globe. Although the actual expenditure each year may increase or decrease depending on the different stages of planning or works, we are confident that we can continue to fulfill our undertaking of maintaining an annual average expenditure of \$29 billion. We are confident that with the \$5.9 billion provision, we can provide job opportunities to about 41 000 workers and 4 200 professionals/technicians for a whole year.

We have also actively implemented the greening policy. All public works departments are required to participate in the greening programme. Members also support the stepping up of greening and streetscape beautification measures in the urban areas, particularly the provision of more pedestrian precincts, to promote tourism and attract investment.

In order to underscore our priority on enhancing urban greenery, the new Greening Master Plan Committee was established in August 2004, members of which include representatives of 12 Policy Bureaux or departments and external consultants from four professional bodies, including the Hong Kong Institute of Architects and Hong Kong Institute of Landscape Architect. We have started to formulate greening master plans for Tsim Sha Tsui and Central, and we plan to complete these plans by mid-2005. The relevant beautification and planting works will be implemented gradually for completion next year. Moreover, we will continue to devise greening master plans for other districts, such as Sheung Wan, Wan Chai, Causeway Bay and Mong Kok, hoping to provide a beautiful, green cityscape in the urban areas.

I thank Members for their constructive suggestions in the various aspects. I also hope that Members will understand the resource requirements in the areas of environment, transport and public works in relation to the Budget, and I hope they will have the support of Members in future.

Thank you, Madam President.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, I thank Members for giving us their valuable opinions on labour issues and economic development in this Budget debate. Today, I will first speak on the situation of employment.

The Government of the Hong Kong Special Administrative Region (SAR) is very concerned about the issue of employment. Promoting employment will continue to be a major consideration in the administration of the Government. Efforts will be made to create a good business environment, in order to take forward economic development and provide more job opportunities in the market.

The job market has been gradually improved following the economic recovery. In the first quarter of this year, the seasonally adjusted unemployment rate remained at 6.1%, the lowest since the end of 2001. The total workforce has increased from about 3.19 million in mid-2003 to 3.35 million recently. In the past one and a half years, over 160 000 new jobs have been created.

Despite that the situation has improved, local employment is still affected by economic restructuring. Structural unemployment and a skill mismatch in the labour market still exist. The problem of unemployment is a long-term challenge. Young people as well as the middle-aged still face certain pressure in seeking employment.

The unemployment rate among young people aged 15 to 19 has dropped from 37.6% between June and August in 2003 to 17.8% in the first quarter of this year. The latest number of unemployed youth is about 11 000.

To help young people join the labour market, the Labour Department will continue with the Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme, which provide youngsters with one-stop pre-employment and on-the-job training. This year, the two programmes will provide over 10 000 training places, which should be enough to absorb all youngsters seeking employment.

Apart from this, the Labour Department introduced the Youth Self-employment Support Scheme in May last year, with a view to assisting young people to become self-employed through non-profit-making training institutions. Last year, about 1 500 young people passed the assessment and successfully participated in the scheme. As of end-March this year, they had conducted about 5 000 business transactions with proceeds of over \$2.2 million. So, the result is quite satisfactory. We have commissioned the City University of Hong Kong to conduct a review of the effectiveness of the scheme, in order for a decision to be made on the future direction of the scheme.

We are also very concerned about the employment of middle-aged people, particularly those with low education level and skill. The Labour Department has provided assistance to place the middle-aged unemployed into jobs through the Re-employment Training Programme and a full range of employment services. As at end of March this year, the Re-employment Training Programme has successfully placed about 10 000 trainees into employment. We will continue to promote the development of the local domestic helper market and increase job opportunities in this sector through the Special Incentive Allowance Scheme for Local Domestic Helpers.

In addition to the measures that I have just mentioned, we will also launch new initiatives this year. For example, we will soon introduce the Work Trial Scheme to help people having special difficulty in finding jobs. Besides, we have just introduced the Work Orientation and Placement Scheme to help people with disabilities in seeking employment. We will also take care of the needs of job seekers from ethnic minorities. The 10 Job Centres of the Labour Department have specifically set up employment information corners, and briefings on specific jobs are also organized on a regular basis to provide ethnic minorities with information on job interviews and on various trades and industries.

In view of the encouraging response to the multitude of job fairs, big or small, organized last year, we will continue to organize job fairs this year to flexibly respond to the demands of employers and provide comprehensive assistance to job seekers.

We will step up the provision of employment assistance to job seekers in the more remote parts of the territory. For instance, we have installed Vacancy Search Terminals for the convenience of job seekers in these districts. We will organize more job fairs in the more remote districts, with a view to bringing job vacancies in the urban areas into these districts.

To protect the job opportunities of local workers, the Government will continuously step up law enforcement to vigorously combat illegal workers as well as employers of illegal workers. We will strengthen the exchange of intelligence with the Mainland and enhance co-operation with various law enforcement agencies as well as our publicity effort, in order to clamp down on activities of illegal employment.

Madam President, another issue of concern to Members is the development of tourism in Hong Kong. Over the past year, the tourism industry has remained robust, with the number of inbound visitors exceeding 21 million. In the first quarter of this year, a growth of 11% was recorded in the number of visitors. Other than the strong momentum of the Individual Visit Scheme, there was also a significant increase of about 20% in other visitor markets. A series of new tourism facilities will be completed successively this year and early next year, and we will seize the opportunity to launch publicity and promotional campaigns worldwide.

Some Members mentioned in the debate the lack of tourist attractions in Hong Kong. In fact, over the past few years, we have invested heavily on new tourism infrastructure projects, and we are now entering the harvest stage. There will be a diversified range of new tourist attractions in Hong Kong in the coming year. For example, the Hong Kong Disneyland will be opened in September this year. The Tung Chung Cable Car System, "Ngong Ping 360", will commence its service early next year. This system will enable visitors to view the natural scenery on Lantau during the journey, and it will also provide convenience to tourists who wish to visit such tourist spots with cultural and religious attractions as the Big Buddha and Po Lin Monastery. The brand new Ngong Ping market near the cable car station in Ngong Ping will also be a new tourist spot with great attraction. Apart from this, the 60-hectare constructed wetland park, which will be the largest in Asia, to be opened early next year will be a world-class conservation, education and tourism facility providing visitors with a new choice. The "Heart Sutra" Inscription, a large-scale wood engraving project of great cultural and artistic value, will be opened in this quarter. The light and sound show known as "A Symphony of Lights" staged across the harbour every night since January last year has been very well-received by visitors. Starting from this Sunday, the show will be staged with new music and lighting design, and will be extended to Kowloon with new design at the end of the year. This will add a new vibrancy to the spectacular night view of the Victoria Harbour and enhance the appeal of the show.

These tourist attractions can cater for the different tastes of visitors. They are also in line with our future work plan of targeting at the family and business visitor segments, and will help consolidate our position as the premier tourist destination in Asia.

Some Members are concerned about the arrangements and the preparation work before the opening of the Disneyland. We believe that this long-awaited new facility will definitely attract more visitors to Hong Kong. To ensure a smooth opening of the Disneyland as well as adequate supporting facilities and arrangements to cope with a large patronage, the Disneyland Readiness Committee and a series of task forces were set up in May last year to co-ordinate the work of departments and organizations concerned and monitor the progress of work in various areas which include transport, site management, security, emergency response, publicity and promotion, permits and licences, and the opening ceremony. Good progress has been made in the preparation work.

Concerning the supply of hotels, according to the information of the Planning Department and the Hong Kong Tourism Board (HKTB), the number of hotel rooms will increase by about 14 000 at the end of next year, and the total supply of hotel rooms should then increase from the present 39 000 to about 53 000. This shows that the market can efficiently respond to the growth of tourism and the demands of visitors. The Government will continue to pay attention to the supply of hotel rooms.

To facilitate the long-term development of tourism, tourist spots and facilities are certainly important, but the protection of tourists' interest and the provision of high quality services absolutely cannot be neglected. Under the Quality Tourism Services (QTS) Scheme implemented successfully by the HKTB, over 5 200 shops have participated in the scheme since its implementation in 2000. This has greatly enhanced the protection for tourists in shopping and dining in Hong Kong. In the next two years, the QTS Scheme will be given an additional \$30 million to extend its coverage of industries and enhance publicity overseas. In the meantime, the Travel Industry Council of Hong Kong will enhance the "100 per cent refund" guarantee specifically provided for visitors traveling on package tours and also introduce a points system for shops.

The next two years will be very crucial to the development of tourism in Hong Kong. To capitalize on the completion of new facilities, the Government has proposed to allocate \$500 million for more focused development and promotion of tourism. The HKTB will, in the next two years, conduct a series of strategic publicity and promotional campaigns worldwide, including launching a worldwide publicity and promotional campaign known as the "2006 Discover Hong Kong Year", and a promotional scheme targeting at the business and family visitor segments under which various large-scale programmes and new

tourism products will be introduced to attract these visitors to spend in Hong Kong.

In respect of air transport services, we will continue to take active measures to consolidate Hong Kong's position as an international and regional aviation centre.

First of all, faced with competitions in the region, the Government has continuously and proactively implemented the policy of progressive liberalization of air services. New destinations and the number of flights have been increased to further develop the aviation network in Hong Kong, and more airlines have been introduced to the market to enhance our competitiveness. Over the past three years, we have reached agreements with many countries, including the United States, Denmark, Sweden, Norway, Britain, Spain, Malaysia, Thailand, Australia, Russia and in early this month, Luxemburg and Bahrain, to fully abolish any traffic capacity restriction or substantially increase the traffic capacity and extensively exchange with each other the fifth freedom traffic rights. The airlines have also fully utilized these traffic rights. Over the past two years, more than 10 new airlines have joined the aviation network in Hong Kong, and during the same period of time, there was also an increase of nearly 100 air routes by various airlines with 650 scheduled flights travelling between Hong Kong and other parts of the world weekly. Moreover, after the review last year, the air services arrangement made between the SAR and the Mainland has also substantially extended the traffic rights and allowed more airlines to join the market. This has provided new room for development to the airlines both in Hong Kong and the Mainland, including the two local companies set up recently, and further upgraded Hong Kong's position as an aviation hub.

In this financial year, we will continue to take forward our work in this area. For instance, we are in the course of making arrangements for negotiations to be held with nine aviation partners in the next two months. So, work has been carried out non-stop, and this has fully reflected the importance attached by the Government to this area of work.

Finally, in respect of shipping services and logistics development, we will make continuous endeavours to upgrade the competitiveness of Hong Kong's logistics and shipping industries and to consolidate the advantages of Hong Kong. To this end, we will take the following measures: First, the Digital Trade and Transportation Network System will be developed this year to

establish a communal platform to enhance the exchange of information, with a view to increasing the value-addedness of the local logistics services through the application of technology; second, we will continue to negotiate with Guangdong Province, with a view to lowering the cost of land transport. Apart from implementing measures to relax the "four-up-four-down" requirement, we will continue to follow up the "one driver, one truck" requirement and the indirect truck licensing system, with a view to reducing trucking costs and hence enhancing freight flow between the two places. Third, we will complete the feasibility study on the logistics park to facilitate diversified service integration, so as to make the supply chains smoother, more integrated and more effective. Fourth, we will expand the sourcing hinterland. We will step up efforts to explore opportunities of logistics co-operation with the Pan-Pearl River Delta (Pan-PRD) Region and widen the transport network between Hong Kong and the Pan-PRD Region, so that we can play a more active role in trade facilitation in the Region, and this will also facilitate the further growth of the shipping and logistics industries.

Furthermore, we will step up efforts to maintain Hong Kong's position as an international maritime centre. As pointed out by Members, the Sea-going Incentive Scheme has begun to bear fruits as it has trained more qualified manpower to join the maritime industry. We will continue to conduct an opinion survey on the services of ship registration every year to ensure continuous improvement of the service quality to meet the demands of the market and users. Meanwhile, we will continue to promote Hong Kong as a maritime and logistics centre. In order to give international and regional users a better understanding of our services in respect of ship insurance, maritime arbitration, repairs and maintenance, and so on, we will increase the intensity of overseas publicity measures in collaboration with the industries.

Thank you, Madam President.

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, I am grateful to Members for putting forward many valuable opinions on the work of the Commerce, Industry and Technology Bureau in the Budget debate. My colleagues and I will consider these views carefully. Today, I would like to particularly respond to Members' views on the implementation and deepening of CEPA.

The Government of the Hong Kong Special Administrative Region (SAR) firmly upholds the principles of "big market, small government" and "market leads, government facilitates" in its economic policies. Under these principles, the Commerce, Industry and Technology Bureau and other Policy Bureaux have, on the one hand, worked for more favourable conditions for entry of local goods and the local service industries to markets overseas and on the other hand, provided a favourable business platform for the business sector to cope with changes in and the needs of the market, thereby maximizing the room for development for enterprises.

CEPA is precisely the best manifestation of these policy principles. CEPA is a very effective channel for local industries to develop in the mainland market. Apart from actively negotiating with the mainland authorities on the liberalization measures under CEPA, the Government has, over the past year or so, extensively promoted CEPA. Like other economic policies promoted by the Government, the ultimate economic benefits to be generated by CEPA will definitely depend on whether and how the industries can seize the business opportunities brought by the new policy. Certainly, the enterprising spirit of Hong Kong people who always strive for improvement, their shrewd market acumen and rich experience in converging with the world market are most conducive to the successful implementation of CEPA.

CEPA has been operating satisfactorily since its implementation. According to the assessment of the economic benefits of the first phase of CEPA completed by the Government recently, CEPA has a positive and significant impact on the Hong Kong economy. Whether in respect of trade in goods or trade in services, the respondents have all spoken very highly of CEPA. In 2004, companies in the 18 sectors covered in the first phase of CEPA increased their capital investment in Hong Kong by \$1 billion due to CEPA. This amount is expected to surge to \$4.5 billion in 2005. Services receipts generated in 2004 as a result of CEPA amounted to \$1.6 billion and the amount is expected to reach \$3.8 billion in 2005.

On the other hand, under CEPA's Individual Visit Scheme, as many as 4.26 million mainland residents visited Hong Kong in 2004 and generated an additional \$6.5 billion in tourist spending, giving a direct boost to the development of various trades and industries, including the retail, hotel, and catering sectors, as well as cross-boundary transport services, thus making market sentiments even more buoyant.

Besides, the trade and investment facilitation measures under CEPA, with the support of our country's policy of assisting mainland enterprises to reach out to the international market, have brought considerable business opportunities to Hong Kong. In end August last year, the Central Government greatly simplified the application procedures for opening up business in Hong Kong by mainland enterprises. During the four months from the taking effect of the new procedures to end December 2004, a total of 68 mainland enterprises or 42.5% of the total number for the year were granted approval to invest in Hong Kong, and their investment totalled US\$470 million, accounting for 48.9% of the total amount of investment for the year. These enterprises have brought investment on the one hand and an increase in the demand for local services on the other, enabling Hong Kong to consolidate its position as the city of service in China.

Some Members and the labour sector are very concerned about the impact of CEPA on the local employment market. I remember that when CEPA was first introduced, there was the view that CEPA might cause the Hong Kong economy to become hollow. Some people were worried that it would only benefit the businessmen and would not be very helpful to the general public in employment. However, this is not true in reality.

As we can see from the economic analysis of CEPA, in the first two years of its implementation, CEPA has not only brought considerable new investment to Hong Kong, but also created close to 30 000 new job opportunities. In 2004, the new jobs created by CEPA accounted for 20% of the total number of new jobs in Hong Kong. Those new jobs created by CEPA are distributed in the various sectors of the manufacturing and service industries. Of the new jobs created in the service industry, the ratio of professional jobs to non-professional jobs is about 1 to 4, showing that CEPA has played a positive and comprehensive role in improving the overall employment situation in Hong Kong.

Professional services have all along been a major pillar of the service industry in Hong Kong. CEPA has opened up many opportunities of development in the Mainland for legal, medical, engineering and accountancy professionals. According to the analysis of the economic benefits of CEPA which I mentioned earlier, a majority of responding companies in the professional sector consider that CEPA is beneficial to the overall economy. In particular, the banking and medical service sectors are most optimistic about the overall benefits to be generated in their sectors. The insurance, catering and tourism industries are also very optimistic about the overall benefits to their industries.

Having said that, however, we understand the problems encountered by the industries in developing their market in the Mainland, and we also understand their wish that the market environment in the Mainland can be further improved and that the liberalization measures under CEPA can be deepened and widened. The Government attaches great importance to these views, and we have followed them up with the mainland authorities through various channels.

Meanwhile, I hope the industries will understand that given our different institutions, there will be certain differences between Hong Kong and the Mainland in the operation and regulatory system of the service industry, particularly in respect of professional services. When developing in the mainland market, Hong Kong people must try their best to acquire a deeper understanding of the situation in the Mainland. In this connection, we will continue to enhance the dissemination of information on the mainland market.

Regarding our work in the future, in respect of trade in goods, the Trade and Industry Department is now receiving applications from local enterprises for their goods to enjoy zero tariff in the next phase of CEPA. After vetting the applications, the Trade and Industry Department will send the relevant information to the Ministry of Commerce for negotiation to be held by both sides.

In respect of trade in services, the relevant bureaux have consulted the industries concerned. We will later discuss with the Mainland the areas to be further liberalized, and we will maintain contacts with various industries, in order to exchange our views on ways to further improve the implementation of CEPA.

Apart from these two areas of work, we will continue to negotiate with the relevant mainland ministries or commissions on how to further promote the liberalization of trade and investment.

Finally, I wish to thank Members once again for their views on CEPA. I hope that Members can continuously support the work relating to CEPA in the future.

Thank you, Madam President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, the financial industry is an importance pillar of the Hong Kong economy and it has achieved very remarkable results in development over the past two decades. The total value of the Hong Kong stock market was just about \$110 billion by the end of the '70s, as at today, it has increased to about \$6,500 billion, representing an increase of almost 60 times. Our local small and medium-sized brokers have all along been the pillar rock of our securities industry, contributing a lot to our financial sector. Given our gradual economic restructuring, the financial service industry is bound to play an increasingly significant role. Hong Kong has the support of the vast and rapidly growing mainland market. If we can leverage on this advantage to further expand our financial services and consolidate our status as a world financial centre, all members in the financial sector, including those small and medium-sized brokers, will be benefited.

Over the past year, thanks to the joint efforts of the Government, regulatory authorities and the industry, we have achieved considerable progress in enhancing the regulatory mechanism, upgrading corporate governance, improving the financial infrastructure, strengthening the protection of shareholders and depositors as well as fostering the development of the bond market. Besides, both the Government and regulatory authorities attach great importance in providing a level playing field for the industry. The securities industry, for example, adopts the same regulatory measures and level irrespective of banks or broker firms. Under the Securities and Futures Ordinance (SFO), if a bank wants to engage in regulated activities, such as stock exchange, it must be registered with the Securities and Futures Commission (SFC). As a regulator of banks, the regulatory directions and methods adopted by the Hong Kong Monetary Authority (HKMA) are in line with those of the SFC. For instance, all banks and their staff engaging in the securities business must comply with the statutory requirement under the SFO and other subsidiary legislation, as well as rules and guidelines set down by the SFC, so as to ensure fair competition among such institutions in the market. Moreover, the SFC has signed a Memorandum of Regulatory Co-operation with the HKMA, to make sure that the same standards are adopted for the regulation of securities activities.

To further enhance our existing strengths and to expand our financial services industry, the focus of our future work will include the following aspects:

First of all, in order to consolidate the status of Hong Kong as an international financial centre and the preferred capital-raising centre for the Mainland, we will continue to work with the SFC, the Hong Kong Stock Exchange and other parties concerned to upgrade corporate governance and attract more local and international investors. We will focus on three areas, namely stricter compliance with laws and regulations, promotion of corporate governance and enhancement of co-operation with various sectors. On the part of the Government, we plan to introduce two important amendment bills within this year. One of them aims to give statutory backing to major listing requirements, so as to further increase corporate transparency and governance. The other provides for the establishment of a Financial Reporting Council to strengthen the professional regulation of auditors and raise the quality of financial reporting by listed companies.

Secondly, we will also continue to consolidate the foundation of the Hong Kong financial markets. Hong Kong is one of the first economies to implement the new capital adequacy standards for banks issued by the Basel Committee on Banking Supervision, or Basel II. The new standards will further enhance the risks management ability and stability of the Hong Kong banking industry. We have already introduced legislative amendment proposals to the Legislative Council as preparation for the implementation of Basel II.

Thirdly, we will at the same time continue to promote the development of the bond market. We will introduce new products, improve the market infrastructure and minimize regulatory obstacles, so as to further expand the dimensions of the local bond market. Besides, Hong Kong has already started working with other economies in Asia to develop the regional bond market.

In addition, we will continue to consolidate the strength of Hong Kong as a platform of international investments for the Mainland, encouraging mainland enterprises to make use of Hong Kong's advanced and excellent financial infrastructure and talents for global investments, as well as to enhance Hong Kong's status as a major asset management centre in Asia. Other than implementing the taxation concession measures proposed in the Budget, the Government and regulatory bodies will continue to review and update as appropriate the relevant legislation and rules, so as to tie in with global development and the needs of our market.

The Government is fully confident in the prospect of our future financial market. The stock market will also grow together with the robust economical

development in the Mainland and its closer economic partnership with Hong Kong. It is also believed that small and medium-sized broker firms will be benefited as they form part of the securities industry. In the face of keen competitions, if small and medium-sized broker firms can expand their business area and enhance their expertise, it will be conducive to achieving better results. We encourage them to consider proactively their development strategy, so as to provide quality and diversified services to customers, with a view to enhancing competitiveness and making better use of the present opportunity. With the concerted efforts of the Government, the regulatory authorities and the industries concerned, I believe that the financial services industry in Hong Kong will certainly succeed in scaling new heights.

Besides, I would like to make some response to Miss TAM Heung-man's views on the review of the Inland Revenue Ordinance (IRO).

Miss TAM requested the Government to set up a statutory board to review the IRO comprehensively. In reply to a question raised by Miss TAM in January this year, I have explained the Government's work in reviewing tax items and legislation in this relation. I wish to take this opportunity to further address Miss TAM's queries and to introduce the various co-operation mechanisms and close liaison between the Administration and the industries in ensuring the smooth implementation of the IRO.

As I have explained in January, the Administration has kept the various tax items and various provisions of the IRO under constant review. We will make timely amendments to the IRO to make sure that we keep a simple and low taxation system and to keep our taxation regime competitive, thus rendering the implementation of the Ordinance with greater clarity and more certainty, facilitating the industry to better understand and comply with the legislation and meeting the everchanging social and economic environment. The Government has introduced amendments to the IRO almost every year. It is to tie in with the budgetary proposals put forward by the Financial Secretary in the Budget on the one hand, and to enable the introduction of technical amendments on the other, so as to render the provisions to be clearer or to plug the loopholes for tax evasion. We think that the IRO is neither outdated nor not in line with the social needs.

We attach great importance to the co-operation with the industry. In 1987, we initiated and encouraged the establishment of the Joint Liaison

Committee on Taxation (JLCT). It was a major initiative taken by the Government to enhance communication with the industry, as well as to improve and implement effectively the IRO. The JLCT has been continuously reviewing taxation-related matters and giving advice on tax legislation to the Government on a regular basis, taking into account changes in the economy and business sector. In addition, the JLCT, together with the Taxation Institute of Hong Kong also contributed to the drafting, review and revision of the Departmental Interpretation and Practice Notes (DIPNs) of the Inland Revenue Department (IRD).

I wish to stress here that it is wrong to say that the Government has not conducted any review of the IRO in the past three decades. As a matter of fact, over the past 30 years, the Administration has been co-operating with the industry by setting up various subcommittees or working groups to undertake in-depth study on many taxation-related issues. The work of these working parties will generally become the basis of the Administration's proposed amendments to the IRO or the DIPNs of the IRD.

In the wake of Miss TAM's concern on the tax-related issues, the Government has already carried out detailed studies, and some relatively more specific topics have been referred to the JLCT for discussion. For instance, I am aware that the industry is concerned as to whether there is any inconsistency among individual officers in relation to the implementation of the IRO, and it also hopes that the Government can relax certain taxation requirements. While the former involves the practical level of the implementation of the IRO, the JLCT, with representation from the taxation, accounting, legal professions and the business sectors, will be able to fully reflect the prevailing situation and put forward practical improvement proposals. As the latter involves the area of taxation and public finance, the JLCT will also be able to convey the aspirations of the industry, to be used as reference for the Financial Secretary to make a decision on the overall policy.

I believe that when it comes to taxation matters, it is necessary to adopt a practical approach. We should undertake systematic in-depth discussions on specific issues of interest to the industry. This approach will be far more effective and efficient than spending enormous resources and manpower to review the voluminous IRO and its related subsidiary legislation in an unfocused manner.

Miss TAM pointed out in her speech that there was inadequate communication between the Government and the industry, and she also accused the Government of not having regular meetings with the Taxation Institute of Hong Kong to discuss taxation matters. In fact, our colleagues in the Financial Services and the Treasury Bureau and the IRD has been maintaining close contacts and communications with the industry by means of many different channels. The abovementioned JLCT comprises members from the Hong Kong Institute of Certified Public Accountants, the International Fiscal Association, The Law Society of Hong Kong and a number of chambers of commerce. The Taxation Institute of Hong Kong is also a member of the JLCT. The JLCT holds meeting every month, and ad hoc groups on individual topics established under the JLCT hold meeting as necessary to undertake in-depth study on specific issues.

In addition, the IRD and the Hong Kong Institute of Certified Public Accountants hold annual meeting to exchange views on topics of common interest. Over the past four years, the Hong Kong Institute of Certified Public Accountants has submitted to the Government a total of 16 submissions on taxation issues. The Government has appointed accountancy representatives to sit on the Board of Inland Revenue and take part in the Concern Group for the Performance Pledges of IRD in order to provide input on the procedures and practices of the IRD. The Government has also invited the Institute to nominate representatives to sit on the Appeal Board to play an importance role on the enforcement of tax-related legislation and the arbitration of taxation disputes. Our colleagues in the IRD also keep regular contacts with our mainland counter-part to exchange views on taxation-related issues.

As for myself, since I took up this office, I have had more than 30 meetings with different groups and individuals of the accounting profession in the past two years or so, exchanging views on issues of interest. We will of course not be complacent. My colleagues and I would spare no efforts in enhancing communication in this aspect. We will certainly take into full account the views of the industry, so as to improve the formulation of taxation policy and to implementation of the IRO.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon the Financial Secretary to reply.

FINANCIAL SECRETARY (in Cantonese): Madam President, I would like to extend my heartfelt thanks to Members for the valuable views expressed on the 2005-06 Budget. The key theme of this year's Budget is the promotion of social stability and economic development, which aims to lay a solid foundation for consolidating our current economic recovery and promoting further growth. In keeping with this, the Budget has highlighted several practical measures: first, building on our strengths in such fields as financial services, tourism and logistics so as to enhance our overall competitiveness; and second, promoting an equitable and sustainable society, to help strengthen the stability of our community and improve the quality of life. In line with Article 107 of the Basic Law, I shall continue to keep expenditure within the limits of revenue and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of the Gross Domestic Product (GDP).

This year's Budget has generated considerable debate in the community. I am very well aware that our economy is still faced with many challenges, and some people may have yet to enjoy the fruits of economic recovery. My aim is therefore to promote economic development and so enable more people to share in those benefits. I will also ensure the proper functioning of the Commission on Poverty so that the vulnerable groups in our society can obtain the assistance they need.

Hong Kong's experience demonstrates that "Market leads, Government facilitates" is the key to our success. We should strive to give fuller play to this principle. With the private sector's shrewd sense of market conditions, the Government's role should be to break down barriers and streamline procedures, and to formulate and rationalize related market policies. In formulating Phases I and II of the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA), for example, the views of the affected sectors were given due weight, and enabled the SAR and Central Governments to discuss and improve upon the respective policies.

The Government is not a magician. It cannot revive the economy simply by waving a magic wand. It is, however, incumbent on the Government to make forward-looking policy decisions to ensure Hong Kong's economy will continue to prosper. A good example of this is the liberalization of the telecommunications market some years ago. This Budget has also proposed some forward-looking and far-reaching initiatives which, I believe, will be of great benefit to Hong Kong's future economic development and will require the

Government to take the lead. These initiatives include promoting our Renminbi (RMB) business, abolishing estate duty, fostering further development and expansion of CEPA, and appointing an independent committee to review existing competition policy and the composition, terms of reference and operations of the Competition Policy Advisory Group. There are also some initiatives which, albeit smaller in scale and less eye-catching, can provide direct and short-term assistance to small and medium enterprises (SMEs) and the employees. These include provision of funding to SMEs, allocation of substantial resources to promote tourism and improve building safety, extension of more than 10 000 temporary jobs in the public sector, and review and simplification of the regulatory framework and licensing procedures.

If it is to develop, an economy needs to position itself strategically and give fuller play to its strength. Hong Kong is an international financial centre, and the direct contribution of the financial services industry to our economy is as high as 13% of GDP. That is why the development of this particular industry has been given a good deal of attention in this year's Budget. The regulatory system, infrastructure and professional talents of our financial services sector are up to international standards and well-placed to complement the Mainland's growing demand for financial services. This explains why the vast majority of mainland enterprises that have listed outside the Mainland are quoted on our stock exchange as well. Of those listed in Hong Kong and other overseas markets, over 70% of the trading is conducted in Hong Kong.

To cement Hong Kong's position as the premier international capital formation centre and the platform for worldwide investment for the Mainland, as well as Asia's leading wealth management centre, the Government should, on the principle of "Market leads, Government facilitates", introduce policy initiatives to facilitate such development. This will not only provide impetus for the sustained development of Hong Kong, but also contribute to the Mainland's comprehensive efforts to build a society in which everyone can enjoy a reasonable standard of living.

To this end, this year's Budget has prescribed measures and directions which are important and forward-looking. Last September, I suggested that we should develop our RMB business in three strategic directions: first, explore the diversification of the RMB assets and liabilities of Hong Kong banks, and particularly on the liability side, diversification to non-residents and non-individuals of deposits now restricted to resident individuals; second,

explore the provision of appropriate RMB banking services for trade and other current account transactions between Hong Kong and the Mainland; and third, explore the feasibility of establishing a RMB debt issuance mechanism in Hong Kong. The further development of RMB business in Hong Kong, of course, needs to be compatible with the process of financial liberalization in the Mainland. Apart from reinforcing our RMB business, another forward-looking measure proposed is the abolition of estate duty, which I will elaborate upon later.

Hong Kong, with its many unique strengths and its special relationship with the Mainland, stands to benefit from the unprecedented opportunities brought by the rapidly-expanding mainland market. The implementation of CEPA opens up new horizons for the development of Hong Kong and the Mainland. The Government will keep up its efforts to further economic co-operation between Hong Kong and the Mainland and give full play to this mutually beneficial partnership.

It has been no easy task to prepare this year's Budget because we have had to address various demands and expectations which are not easily reconcilable. The speeches by Members in last week's Budget debate have reflected such divergence of views. For example, some Members were of the opinion that the Government should reduce tax while others thought the opposite. Some suggested an increase in government expenditure whereas others considered that efforts to contain expenditure should continue.

On the revenue front, as our economy gradually picks up after several years in the doldrums, some citizens are looking to the Government to grant tax concessions. This is perfectly understandable. On the other hand, the majority of our citizens are of the view that the Government should not substantially reduce taxes or increase expenditure because our economy is still recovering and is very sensitive to external uncertainties, and as we are still faced with the problem of deficits. In order to consolidate our economic recovery, they consider that we should continue to manage our public finances prudently, stringently contain government expenditure, and keep it within the limits of revenues.

Suspending the second phase of salaries tax adjustments would cost the Government up to \$3.3 billion a year. I would like to remind Members that the Operating Account is still in the red. I hope Members and the public will

nevertheless understand that the Government is determined to maintain a low and simple tax regime, and that the decision not to propose a reduction in salaries tax this year was made in the light of prevailing circumstances. Once the economic recovery takes stronger root, I will consider reducing salaries tax to relieve the burden of the public further.

The Government's decision to maintain the existing salaries tax rate and abolish estate duty are entirely different in nature. Reduction of salaries tax is simply a tax concession, and the main consideration for this would be the Government's fiscal position and the financial burden on citizens. On the other hand, abolition of estate duty is aimed mainly at attracting or retaining capital to promote the development of Hong Kong's financial services industry. It is expected that this will bring significant economic benefits to the community. In other words, abolition of estate duty is not only a general tax concession, but also a long-term strategic investment in the economy of Hong Kong.

Comments have been made to the effect that abolition of estate duty is a measure that "robs the poor to help the rich". I beg to differ because the abolition is not targeted at the rich. In fact, experience shows that the majority of the dutiable cases involve assets with an estate value, after exemptions, below \$20 million. This suggests that those who will stand to benefit are mostly SMEs and the middle class rather than the rich.

Abolition of estate duty will remove a major obstacle and provide more incentive to the further development of our asset management business. As a result, and together with the economic development in the Mainland and elsewhere in Asia, the total assets in Hong Kong's fund management business may double, to more than \$5,000 billion within the next five years. In addition, expanded asset management business will bring additional job opportunities to Hong Kong and facilitate the development of other related industries, benefiting not only asset owners but also many other citizens.

Mr David ELDON, ex-Chairman of the Hongkong and Shanghai Banking Corporation, has also pointed out that to enable Hong Kong "to further develop its capabilities as an asset management centre in Asia, a region where the bulk of the world's savings are now taking place, a much advocated and accepted fact is to eliminate estate taxes, and let the industry flourish." Mr Charles LEE, Chairman of Hong Kong Exchanges and Clearing Limited, also pointed out that if Hong Kong were to abolish estate duty, more people would very likely choose

to retain their capital in Hong Kong and more overseas capital would be attracted to make use of the asset management services here, and that this would be greatly beneficial to the development of Hong Kong's capital markets, such as the equity and bond markets. Mrs Kathryn SHIH, Chief Executive Officer of UBS Hong Kong and its Asia-Pacific Head of Wealth Management opined that, "the removal of the tax will increase the attractiveness of Hong Kong stocks and properties to global investors, and also promote the use of Hong Kong companies as investment vehicles in the region and Hong Kong bank accounts as repositories for financial assets."

The options before us are either to focus our attention on the question of generating short-term tax revenue and on which group of people will benefit more, or to plan strategically to strengthen Hong Kong's position as an international financial centre. To me, the answer is abundantly clear. In the midst of globalization, we must forge ahead or we will lag behind. We should be far-sighted and dare to make early reforms that can build on our strengths. I therefore hope that Members will put aside any preconceptions and support the abolition of estate duty.

In this Budget, little mention was made of our initiatives to help the poor. I want, however, to emphasize that this does not mean we attach no importance to this issue. As this year's policy address has put forth a series of initiatives to alleviate poverty, there was no need to repeat them in the Budget. Both the policy address and the Budget are important government policy documents and they are complementary.

This Budget is absolutely not meant to "rob the poor". Rather, it has offered them considerable support. We have already made adequate provision to implement the initiatives to help the poor laid down in this year's Policy Address, such as allocation of additional resources to provide assistance to the younger generation of needy families, and relaxation of the eligibility criteria for the Portable Comprehensive Social Security Assistance Scheme. I myself am heading up the newly established Commission on Poverty. As I pointed out just now, there are various economic and job-creating measures in this Budget, which will help provide employment opportunities for the grassroots.

Although government revenue will decrease as a result of the proposed tax concessions and the abolition of estate duty in furtherance of the financial services industry's development, the Government has not reduced its expenditure

on helping the poor. In fact, in the 2005-06 Budget, while estimated total operating expenditure is reduced, Social Welfare is one of the few exceptions with an increased provision for recurrent expenditure, amounting to \$34.3 billion, an increase of 2.8% in real terms over that for 2004-05. Given that there is a significant increase in real terms in expenditure on Social Welfare while most other government expenditure has been contained, how can one turn a blind eye to this and say that the Government is "robbing the poor"?

To solve the structural deficit problem, the Government will first continue to cut down on expenditure. As operating expenditure has dropped for the first time in 50 years, our efforts have clearly begun to bear fruit, and our financial position is gradually improving. The latest figures show that, discounting proceeds from bond issuances, the Consolidated Account for 2004-05 recorded a deficit of \$4 billion, a decrease of \$9.4 billion compared with the revised deficit of \$13.4 billion forecasted in the Budget. This is because government spending was \$7.5 billion lower than the revised estimates, whereas revenue was \$1.9 billion higher than expected.

I still recall that the deficits in 2001-02 and 2002-03 were each over \$60 billion. As a result, it was necessary to propose a series of measures in the 2002-03 and 2003-04 Budgets to raise revenue and cut down on expenditure. The patience and commitment of the community have paid off as the deficit has gradually declined. Decline, however, does not equal to elimination. We should never forget the painful experience of being beset by serious deficits not so long ago. We must stay alert to the challenges ahead. I believe that the community is generally supportive of the Government's determination to continue its efforts to contain expenditure. With the objective of eliminating the deficit as quickly as possible, we will continue to maintain fiscal discipline and exercise fiscal prudence.

As a result of containing our expenditure, the deficit has fallen and the Government has been able to release resources for additional commitments in major policy areas. For example, the provisions for recurrent expenditure on social welfare, tourism and education have all registered growth in real terms in this year's Budget. We will continue to uphold the principle of "small government" because, in the long run, this will help relieve people's tax burden and leave wealth with them. The Government will, however, not reduce expenditure rashly with no regard for the actual needs of citizens. We will continue to allocate resources where they are required and review government expenditure in response to the needs of the community.

Although our financial position has been improving gradually, we are still faced with the problem of a narrow tax base. At present, about one in three people in employment has to pay tax and most of the revenue from salaries tax comes from the minority of taxpayers. The problems arising from our narrow tax base are abundantly clear. The purpose of studying the introduction of a goods and services tax (GST) is to prepare for broadening our tax base so as to secure a steadier source of revenue and reduce our reliance on more volatile sources. We should take advantage of the economic recovery to consider ways to improve the situation so as to lessen the impact of any economic downturn on public finances in future.

The implementation of GST will have far-reaching consequences for our tax regime and the Government's financial health, and I appreciate Members' concern over its introduction. In view of this, the Government will publish a consultation paper on the subject later this year to seek the public's views. We will confirm the exact timing of this exercise after consulting the new Chief Executive.

It has been suggested that part of the investment income of the Exchange Fund should be transferred to the Government's revenue account to ease our deficit. In view of the unpredictability of the international monetary environment, we must maintain adequate levels of foreign reserves to ensure the stability of the Hong Kong Dollar and preserve both local and overseas confidence in our currency. Moreover, the investment income of the Exchange Fund is volatile and unpredictable and is therefore not a stable source of income. For example, the investment income in 2004 was only about half of that of 2003. In view of this, I consider it unnecessary to contemplate making such transfer arrangements at present.

Madam President, both in preparing for this year's Budget and following its announcement, I have heard the views of various sectors of the community through different channels, such as public forums, radio programmes, the Budget website and meetings of this Council. I am most grateful for their active participation.

In order to address the needs of different parts of the community, the Budget has to be a holistic document, balancing a series of conflicting demands and interests. As a result, some of the views expressed by Members have been incorporated into it, while others have not. I hope, however, that Members will

not reject the entire Budget and vote against it simply because they are not satisfied with one particular issue. Should they do so, it will be a case of "throwing the baby out with the bathwater".

Hong Kong's economy experienced a broader-based recovery last year, moving completely out of the doldrums that had beset us since the Asian financial crisis. Our country's economy is doing better and better, while the global political, economic and financial landscapes are undergoing rapid change. In the face of these opportunities and challenges, I firmly believe that, with the concerted efforts and perseverance of the people of Hong Kong, our economy can break new ground. I appeal to Members to support this Budget in order to lay a sturdier foundation for Hong Kong's development. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Appropriation Bill 2005 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

PRESIDENT (in Cantonese): Mr Albert CHAN has claimed a division. The division bell will ring for three minutes, after which the division will start.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries.....Dr LUI Ming-wah, what is your query?

DR LUI MING-WAH (in Cantonese): I pressed the wrong button.

PRESIDENT (in Cantonese): Can you change it? If not, can you tell me what your vote is?

DR LUI MING-WAH (in Cantonese): I pressed the "Yes" button.

PRESIDENT (in Cantonese): Has it been changed now?

DR LUI MING-WAH (in Cantonese): I still cannot change it.

PRESIDENT (in Cantonese): You still cannot change it?

DR LUI MING-WAH (in Cantonese): It is alright now.

PRESIDENT (in Cantonese): Are there any other Members having queries? If there are no queries, voting shall now stop and the result will be displayed.

Mr James TIEN, Mr Albert HO, Mr Martin LEE, Dr David LI, Mr Fred LI, Dr LUI Ming-wah, Ms Margaret NG, Mrs Selina CHOW, Mr CHEUNG Man-kwong, Miss CHAN Yuen-han, Mr Bernard CHAN, Mr CHAN Kam-lam, Mrs Sophie LEUNG, Mr SIN Chung-kai, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Dr YEUNG Sum, Mr LAU Kong-wah, Mr LAU Wong-fat, Ms Miriam LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Ms Audrey EU, Mr Vincent FANG, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr LI Kwok-ying, Dr Joseph LEE, Mr Daniel LAM, Mr Jeffrey LAM, Mr MA Lik, Mr Andrew LEUNG, Mr Alan LEONG, Dr KWOK Ka-ki, Mr CHEUNG Hok-ming, Mr WONG Ting-kwong, Mr Ronny TONG, Mr CHIM Pui-chung, Mr Patrick LAU, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the motion.

Dr Raymond HO, Mr LEE Cheuk-yan, Mr Albert CHAN, Mr Frederick FUNG, Mr LEUNG Kwok-hung and Dr Fernando CHEUNG voted against the motion.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that there were 53 Members present, 46 were in favour of the motion and six against it. Since the question was agreed by a majority of the Members present, she therefore declared that the motion was carried.

CLERK (in Cantonese): Appropriation Bill 2005.

Council went into Committee.

Committee Stage

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

APPROPRIATION BILL 2005

CHAIRMAN (in Cantonese): We are to consider the Schedule first, in accordance with Rule 68 of the Rules of Procedure.

I now propose the question to you and that is: That the sums for the following heads stand part of the Schedule.

CLERK (in Cantonese): Heads 21 to 28, 30, 31, 33, 35, 37, 39, 42, 44 to 49, 51, 53, 55, 59, 60, 62, 63, 70, 72, 74, 76, 78, 79, 80, 82, 90, 91, 92, 94, 95, 96, 100, 106, 112, 114, 116, 118, 120, 121, 136, 138, 142, 143, 145, 147, 148, 149, 151, 152, 155, 156, 158, 159, 160, 162, 163, 166, 168, 170, 173, 174, 180, 181, 184, 186, 188, 190 and 194.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the sums for the heads stated stand part of the Schedule. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

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

CLERK (in Cantonese): Head 122.

MR ALBERT HO (in Cantonese): Madam Chairman, I move that head 122 be reduced by \$45,530,000 in respect of subhead 000, as printed on the Agenda. On behalf of the Democratic Party, I move that this subhead be reduced.

The system for lodging complaints against police officers in Hong Kong has long been criticized. This is mainly because the Complaints Against Police Office (CAPO) of the Hong Kong Police Force is responsible for overseeing the important procedures of taking complaints, conducting investigations, making decisions and meting out punishments. This system of conducting self-conclusive investigations on one's own officers lacks credibility; it only gives an impression of police officers shielding one another. Public aspirations have all along been very clear — there is an outcry for the establishment of an independent complaints system.

This is the sixth year for the Democratic Party to propose the relevant amendment to the Appropriation Bill for scrapping the expenditure of the CAPO.

In the past, the Government opposed reduction of the expenditure of the CAPO, and its reason for insisting that the CAPO should handle the complaints against police officers is that the CAPO and the other divisions responsible for front-line work and action belong to different departments and are under the charge of different commanders. Moreover, the complaints will be reviewed by the Independent Police Complaints Council (IPCC).

This argument on the part of the Government is obviously not convincing. This is because the CAPO no doubt falls within the internal establishment of the Police Force, there is a possibility for its officers to be transferred to other posts within the Police Force establishment and the other police officers will also be posted to the CAPO now and then. Therefore, structurally speaking, the CAPO is by no means independent.

As for the IPCC, although it can review the cases investigated by the CAPO, it can neither receive complaints directly from the public, nor conduct independent investigations. In the past, there had been cases in which the IPCC and the CAPO came up with different findings: the former found the complaint substantiated while the latter disagreed, or the former found the punishment too light while the latter considered that a verbal or written warning already served the purpose.

Madam Chairman, in fact, in as early as 1993, the then Legislative Council passed a motion asking for the IPCC to be made independent of the Police Force. In 1997, the Legislative Council successfully amended a bill proposed by the Government turning the IPCC into a statutory body, enabling the IPCC to have the power to conduct proactive investigation while being a statutory body. In this way, the IPCC would be able to conduct independent investigation when it believed that there is something wrong with the CAPO's investigation. However, unfortunately, the Government retracted the bill because of its "head I win, tail you lose" attitude. Both the former and the present Secretary for Security once expressed that the bill for granting a statutory status to the IPCC would be re-submitted to the Legislative Council for approval. In particular, at the Legislative Council meeting held on 9 April 2003, the former Secretary for Security promised Members of the Legislative Council that the bill would be tabled within that year. Madam Chairman, from 1998 to date, we could only "hear the footsteps but see nobody coming". The Government's review and drafting have taken eight solid years. Even in the letter by the Secretary of Security this year to Members canvassing them to oppose this

amendment of mine, he just said that the authorities "plan" to launch a consultation shortly. Madam Chairman, it is because the Government has over and over again postponed the granting of a statutory status to the IPCC that the IPCC has remained up to now a body without an independent statutory status and no statutory power. How can we simply say that it can independently investigate cases of power abuse by police officers?

In fact, in the past, in replying to our questions, the argument which the Government relied on was that if the CAPO lacked credibility, why was it still receiving a substantial number of complaints each year? There is one question which the Government has not been able to answer, that is, structurally speaking, the CAPO really fails to give an impression that it is independent, and this has undermined public confidence in it. The public still lodge their complaints with the CAPO because this is the only channel for them to complain. They have no other alternative. For the other organizations, The Ombudsman for example, they will not take such complaints. So, this has nothing to do with whether they have confidence in the CAPO. The Government should not use the figures for the complaints received to assess or measure the credibility of the CAPO. We maintain that no matter how fair the procedure is, due to its structure, having the CAPO to investigate its own officers will always result in a lack of confidence in the CAPO on the part of the public. This explains why the findings are always not accepted. For those whose complaints have been refuted, they very often have the reason to worry or suspect that the people who conducted the investigations have withheld the details, or have even shielded their colleagues who were being investigated. Therefore, those who are not satisfied with the findings will mostly be much discontented. Madam Chairman, I wish to stress that we cannot say that the police officers who conduct the investigations are definitely partial, showing favour for or wanting to shield their colleagues. However, if we do not refine the system, it is really difficult to convince the users that it is fair and trustworthy.

Talking about figures, take 2003-04 as an example, I also note that there were 3 384 complaints against the police, of which 212 cases were substantiated; last year, that is, 2004-05, there were altogether 3 222 complaints against the police, of which only 193 cases were substantiated. We can see that the number of substantiated cases in these two years accounts for only about 6% of the total complaints. I note that when compared with the previous years, although the percentage of substantiated cases has gone up, generally speaking, I still feel that the percentage is on the low side — this of course is only a feeling. Does the

increase in figures anything to do with our continued efforts in querying the credibility of the CAPO in these years? If so, are we not forced to reduce the expenditure of the CAPO every year? We really do not want to do this.

I think the Government should conduct a survey on the degree of satisfaction of the users (that is, the complainants) with the CAPO, otherwise, there is no way for it to understand the extent to which the users accept the CAPO and believe in it. I have said many times that this system of investigating one's own officers, coupled with the internal culture within the Police Force whereby the colleagues mutually support and defend each other, have brought great pressure to the police officers responsible for conducting investigations. We have to realize that those officers conducting investigations are subject to transfer, that is, they will be posted back to the other departments. Thus, officers who are being investigated may in future turn out to be his colleagues. In view of this, how can the complainants believe that the officers will do their best to perform their duties impartially?

In fact, even if the Government maintains that the CAPO cannot be made independent of the Police Force, it can still consider the other measures proposed by us. For example, we have proposed that the CAPO be placed under the charge of someone who is independent of the Police Force, and more non-police officer members be included in the CAPO to take part in investigations, but none of these proposals have been accepted. The Government has all along undertaken to keep on reviewing and refining this system, but to me, it seems that up to this moment, no progress has been made to this so-called review and plan. The simplest thing is that on the issue of turning the IPCC into a statutory body, let me reiterate that there is absolutely no reason for the Government to drag it on.

Madam Chairman, due to its given drawback, there is no way for the public to believe that the CAPO is independent and impartial, but despite the fact that the Police Force has to deploy 100-odd officers annually and spend over \$50 million; it is only last year that the expenditure was reduced to \$52.93 million. As for this year, it may be because there has to be a general reduction that the expenditure is reduced to \$45.53 million. Still, this much money has to be spent. From the angle of public administration and the use of public money, we feel that this is not cost-effective, and it even gives people the feeling that this is a waste of manpower and resources, wasting the time of the Police Force and the complainants. If tens of millions of dollar is to be spent on

the operation of a complaint mechanism independent of the Police Force for handling public complaints against the police, we have all the reason to believe that cost-effectiveness will be greatly enhanced, efficiency will be doubled, and the credibility of this complaint channel will be substantially boosted.

The Democratic Party has over and over again stressed that under the present system, proposing this amendment to the Appropriation Bill 2005 is the only way for us to express our strong views. If the Government is not turning a deaf ear to the public's vehement demand, or neglecting Members' request for the establishment of an independent mechanism for complaints against the police, and thereafter insolently blocking Members' amendment to the bill granting investigation power to the IPCC to the disappointment and discontent of the public, there is absolutely no need for the Legislative Council to resort to this means, which is taken to press the Government to establish an independent complaint mechanism. I hope that Members can support my motion. Under the pressure of the Legislative Council and public outcry, if I can successfully reduce funding for this subhead today, the Government will have to face the consequence and take follow-up action to re-establish a mechanism for complaints against the police — one which is fair, impartial and independent.

In the spirit of perseverance, we will keep on proposing this amendment until our goal of establishing an independent mechanism for complaints against the police is achieved. I so submit.

Mr Albert HO moved the following motion:

"RESOLVED that head 122 be reduced by \$45,530,000 in respect of subhead 000."

MR LAU KONG-WAH (in Cantonese): Madam Chairman, every year, some Members will propose the same amendment and every year, we express our own opinions just as before: for or against the amendment.

This year, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) will again oppose this amendment. I do not intend to explain the reasons in detail. I only want to ask if the funding for the operation and expenditure of the Complaints Against Police Office (CAPO) should be totally scrapped in a broad-brush manner because every year, some Members are

not satisfied with the state of being independent or otherwise of the whole CAPO, or because they harbour doubt as to whether the CAPO can fulfil its functions? If the public find the need to complain, what can they do? To the public, it seems that this move would have deprived them of their right to complain.

Coming back to the information provided by the authorities, in the past few years, different measures have in fact been introduced to enhance credibility. They include the opening of some regular meetings of the Independent Police Complaints Council (IPCC) and the CAPO for the public to sit in, and the expansion of the lay observers scheme to allow lay members to observe in person the CAPO's investigation through making advance arrangements or paying surprise visits. These measures further improve the inadequacies of the system and strengthen the supervision and checks and balances of the entire system.

However, the DAB would like to take this opportunity to also urge the authorities to expedite the drafting of this legislation to grant the IPCC a statutory status as soon as possible, as well as to define clearly the work, functions and powers of the IPCC, and so on, in order to strengthen public confidence in the CAPO. Year after year, the Government expresses that the work is "in progress". We hope that the authorities can really speed up their pace and table the bill to the Legislative Council soon after consulting the IPCC.

I so submit in opposition of the amendment.

DR KWOK KA-KI (in Cantonese): Madam Chairman, I speak in support of Mr Albert HO's amendment.

I am a new Member of the Legislative Council. I have no burden, neither have I expressed any opinion in the past. However, I believe that the first thing which any investigation mechanism within the Government must cater for is that it should not just claim itself to be fair but should convince the public to regard it that way. At the top of our Legislative Council Building is the statue of a goddess. We can see that her eyes are blindfolded, which is intended to tell the people that by being fair, it means that each and every incident is treated impartially. I can see no reason why the police — an important department which affects so many people — should be an exception.

I am a professional man. In Hong Kong, any profession, including medical practitioners who are regulated by the Medical Council, is equipped with a complaint mechanism. The most important feature for a complaint mechanism is that it must be independent, free from the interference of the Government or the department concerned. This is not the practice of the mechanism of a complaint committee. On the contrary, it has to bring in some independent members so that there can be external participation in the stages of initial investigation and review. For example, there is also a Preliminary Investigation Committee in the Medical Council, no member of which comes from the medical sector. The most important members are all non-professionals, or lay members, as we call them. The Independent Police Complaints Council (IPCC) may say that this mechanism of the Complaints Against Police Office (CAPO) is in fact tantamount to the preliminary investigation committees of many complaint departments, why then should it be the only one to be vested with special powers?

I believe if the Government takes the reputation, image, and so on, of the police seriously, it should really help them address this problem. Officers at the CAPO may have been working very hard. Every year, they have to handle more than 3 000 complaints, and they have to be impartial as far as possible. Unfortunately, due to a blunder in government policy, no matter what they do, the public would doubt very much whether they are acting impartially, investigating their own people and even helping themselves. Why should such a phenomenon come up? Why has the Government not come to its senses yet?

Mr Albert HO said earlier that a few years ago, the then Secretary for Security in fact undertook to initiate concrete and practical reforms. However, all these years, the Government has not submitted any specific proposals to the Legislative Council. I find this very disappointing.

Of course, everybody knows that in this Chamber today, when it finally comes to voting, there may not be sufficient votes to support the scrapping of the total funding for the CAPO. However, I do not think that the Government should feel complacent because of this outcome. Any responsible government should have foresight, and would wish to implement certain policies to help enhance the credibility of the government and the different departments. If the Government still fails to come to its senses and continues to adopt the present mechanism for investigating police officers which lacks transparency and independence and which cannot draw on public confidence, this is a failure on the part of the Policy Bureau.

I agree we should not resort to proposing amendment to the Budget with the hope of changing some important policies, but as far as I understand, some colleagues have been talking about this subject for many years — for more than six years already, but the Government is still unmoved, just like a piece of stone. If colleagues do not employ such means to express their views, what other means are there to make the Government take heed of the views of the Legislative Council or the public? To me, this path of action of the colleagues is just natural.

Moreover, the Legislative Council should also exercise its power to enable the Government to understand that in this Chamber, many colleagues are not satisfied with the Government's present mechanism for handling complaints against the police. I do not hope that this amendment has to be proposed again when we discuss the Budget next year. I hope that within this year, the Security Bureau or the Government can submit concrete proposals and documents so that we do not have to repeat these arguments over and over again which, in return, is an indifferent response from the Government.

I so submit. I support Mr Albert HO's amendment. Thank you, Madam Chairman.

MR ANDREW LEUNG (in Cantonese): Madam Chairman, today, Mr Albert HO proposed to scrap the entire operating expenditure of \$45,530,000 of the Complaints Against Police Office (CAPO), that is, to do away with the entire CAPO. This motion in fact is the same as the one proposed by Mr James TO last year. Mr HO explained that this is because complaints against the police should be investigated by an independent body, and he also directly criticized the SAR Government for procrastinating over and over again the legislative procedure for upgrading the Independent Police Complaints Council (IPCC) to a statutory body.

However, Mr HO's amendment will bring about immediate demise for the CAPO. Does he know that this is tantamount to closing all complaint channels for the public, which runs counter to his original intention of demanding for an independent investigation mechanism?

The Liberal Party also agrees that the legislative procedure for the bill concerned has been dragged on for too long, but we also note that in the middle

of last October, Chief Secretary for Administration Donald TSANG stated clearly that the Government was prepared to table 30-odd bills to the Legislative Council during this Legislative Session, and the Independent Police Complaints Council Bill is exactly one of them. It is expected that through this legislation, the powers and functions of the IPCC will be clearly stated for it to become a statutory body. It can then join hands with the CAPO to handle the relevant complaints more effectively.

In fact, in the last few years, we have seen that the police have implemented various improvement measures, for example, opening some regular meetings of the CAPO and the IPCC for the public to sit in; the CAPO also has to submit monthly progress reports on specified serious complaints for any query that the Serious Complaints Committee under the IPCC for the Committee might have, and so on. These measures are all heading towards the direction of "aiming for better performance" which Members of the Democratic Party said last Thursday. Here, I would like to call on Members not to be strict to others but lenient to themselves. While they are talking about independent investigation, we do in fact have incidences whereby we are investigating our own people. On the other hand, I do not know if the Democratic Party understands that having ourselves investigate our own people would bring about great pressure? This is why they are taking so much time to release the findings of the investigations we conduct into our own people.

I so submit. Thank you, Madam Chairman.

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

MR LEE WING-TAT (in Cantonese): Madam Chairman, after listening to Mr Andrew LEUNG's speech, I find some very important information. He mentioned the legislative programme announced by the Chief Secretary for Administration last October. Mr Andrew LEUNG said the legislative programme includes a bill which will be tabled by the Government this year to transform the Independent Police Complaints Council (IPCC) into a statutory body. I think this information is very important and hope that Secretary Ambrose LEE will later respond to this. If it is just as what Mr Andrew LEUNG said, the Government is to table the relevant bill this year, this will of

course coincide with what the Democratic Party has been asking for all these years, that is, to let the IPCC become a statutory body. However, up till now, I have not heard of this. If by saying so can remove the doubts of Mr Andrew LEUNG or those of the Liberal Party or can make them feel at ease, thereby enabling them to continue to throw their support behind the Government for this funding and oppose the Democratic Party's amendment, there should be some grounds for saying so.

Nonetheless, if what Mr Andrew LEUNG said is not true, or his information is not comprehensive — I hope Mr Andrew LEUNG's information is comprehensive — I would appreciate if Mr Andrew LEUNG or the Liberal Party can consider further before casting their vote. They should not make their decision under the circumstances that they are misled by a piece of inaccurate information. Secretary Ambrose LEE has to explain clearly when he delivers his reply later on.

In fact, the Democratic Party is forced into proposing this amendment. Everybody knows that when the legislature is to supervise the work of the executive, there is very little we can do. Whether it is Mr Andrew LEUNG or the veteran Mr LAU Kong-wah, I believe they know that we have no power to introduce any Members' bill on government policies. If we are vested with this power, Mr Albert HO or Mr James TO would not have to resort to doing this. We all know that this is not the most direct way; the most direct way is for us to have power to introduce Members' bills, raising this proposal in the Legislative Council for discussion and voting. However, everybody knows that we do not have this power.

The Government has admitted, and the former Secretary for Security had solemnly promised the Legislative Council many years ago that the relevant bill would be put forward. We have waited for one year, two years and even longer, but the Government has not done anything. As colleagues of the legislature, what means do we have to force the Government to do that? What we can think of is only by doing this. We know that we will lose when it comes to voting, but we have to remind the Government every time during the debate on this topic that it is once and again putting off the realization of this solemn promise.

Thank you, Madam Chairman.

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

DR YEUNG SUM (in Cantonese): Madam Chairman, I am grateful when Mr Andrew LEUNG mentioned earlier that Mr Albert HO is proposing to reduce the expenditure of the Complaints Against Police Office (CAPO) on behalf of the Democratic Party, he asked if this is neglecting the right of the public to complain against the police, leaving them with no channel for complaints. I thank him for his concern, but we are in fact concerned about public complaints against the police. Madam Chairman, the major drawback of the CAPO is that it is accountable to the Commissioner of Police. Let us think about this. We lodge our complaints against the police, but the CAPO has to submit the reports to the Commissioner of Police because it is responsible and accountable to him, will the public consider the investigations independent?

Hong Kong has become a civil society. A few decades ago, or ten years ago, we might not have thought about this so much, but I firmly believe that it is because the Democratic Party does not have any alternatives that we have to take this action compulsorily every year, that is, resorting to this means to force the Government to make the CAPO independent. It is only through bringing this matter up persistently during this moment that we hope that the CAPO can one day become independent of the Police Force, and can formally handle public complaints against the police. We are not saying that the police are not doing a good job. They are impartial, but since this body is accountable to the Commissioner of Police, no matter how impartial the police officers are, the public will think that they have favouritism — sorry about that. Therefore, I consider the system very important. Thank you, Madam Chairman.

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

(No Member indicated a wish to speak)

SECRETARY FOR SECURITY (in Cantonese): Madam Chairman, the Administration strongly objects to Mr Albert HO's amendment about cancelling the provisions for the Complaints Against Police Office (CAPO).

In fact, during the scrutiny of the Appropriation Bill over the past few years, Mr James TO has also proposed the same amendment. We consider that not only would the amendment fail to improve the existing system, but it would also deprive the public of a channel to lodge complaints.

At present, complaints against police officers are handled by the CAPO. The CAPO and other divisions responsible for front-line work and operations are subordinated to different departments of the Police Force and supervised by different Commanders. The purpose is to ensure that complaints are fully and impartially investigated. After the investigation is completed, the CAPO will submit a detailed investigation report on each case to the Independent Police Complaints Council (IPCC) for scrutiny. The IPCC absolutely has the power to require the CAPO to submit any information and document relating to the complaint for scrutiny. Members of the IPCC may interview witnesses, members and observers — I would like to reiterate that, though it may not be known to Dr KWOK Ka-ki, we do also have lay observers — and they may personally observe the investigation of the CAPO. If the IPCC is not satisfied with any aspect of the investigation conducted by the CAPO, it can ask questions and require further explanation or re-investigation by the CAPO, or even refer the case together with the recommendations made by the CAPO to the Chief Executive.

A series of improvement measures have been introduced to the system over the past few years. As a response to Dr KWOK Ka-ki's comments, I would like to stress that we have not been doing nothing over the past few years. We have all along been working on the introduction of improvements, including opening up some of the regular meetings of the IPCC and the CAPO to the public, and setting up a dedicated team under the IPCC to monitor the Subcommittee investigating serious complaints. The CAPO is required to submit monthly progress reports on designated serious complaints, and the dedicated team can put forward views and raise questions in respect of the reports, as well as to interview witnesses when necessary.

Moreover, the Observers Scheme has also been further expanded since September 1999. Observers may personally observe the investigation of the CAPO by prior arrangements or on an ad hoc basis. They may interview witnesses, complainants and complainees, and they may collect evidence at the scene where the complaint arises. Now there are altogether 85 observers, including serving IPCC members. This has greatly enhanced the monitoring capacity of the IPCC, and the number of visits made by observers also increased from 26 in 1996 to 319 last year.

In 2004, the CAPO accepted the advice of the IPCC and revised the findings of the investigations of 89 cases. In reviewing the cases, the IPCC will

often raise questions and make suggestions. The CAPO will basically take on board its advice and will often provide satisfactory explanation or take follow-up actions in relation to the suggestions and questions. Cases over which a consensus cannot be reached is very few in numbers and very often, there is not even one such case in a year. This shows that the IPCC has exerted significant influence and effectively played its monitoring role in the overall complaint system.

Dr KWOK Ka-ki just now quoted the examples of malpractices found in the investigations conducted by the Medical Council of Hong Kong. I am not sure whether the existing system operated by the CAPO and IPCC is not as adequate as the medical complaints system. I think we should leave it for the public to make a fair judgement.

Madam Chairman, the existing police complaints system can fully utilize the expertise of police officers and their profound knowledge of police work in the investigation into complaints. On the other hand, an independent and effective system is also in place for monitoring and checking purposes, in order to ensure that the complaints are fully and impartially investigated. We consider that the current arrangement under which the CAPO is responsible for investigation while the IPCC is responsible for monitoring and review is appropriate and effective. However, to further enhance the existing system, we are drafting legislation to confer statutory status on the IPCC. This can more clearly delineate the terms of reference, functions and powers of the IPCC and further help to affirm the independence and transparency of the IPCC, thereby fostering public confidence in the police complaint system. We are finalizing the drafting and other relevant work of the legislation, and we intend to consult the IPCC shortly on the bill. After that, we will consult the Legislative Council Panel on Security.

Indeed, I and the former Secretary for Security, Mrs Regina IP did promise Members in this Chamber that we would draft legislation to confer statutory status on the IPCC. Our original plan was to table the bill to the Legislative Council within this legislative year. We are actively working on the final draft and the relevant work. However, as the serving Chairman, three vice-chairmen and four members only joined the IPCC in May 2004 and January 2005 respectively, the IPCC thus hopes that it can be given more time to scrutinize the bill before submission of the bill to the Legislative Council.

If Mr Albert HO's amendment is passed, the CAPO will no longer exist, and it will then be impossible for us to receive and handle complaints from the public. This is absolutely not in the public interest. I therefore urge Members to support us and vote against Mr Albert HO's amendment.

MR LEE WING-TAT (in Cantonese): Point of order. May I ask the Secretary for elucidation? I do not quite understand some parts of the Secretary's speech.

CHAIRMAN (in Cantonese): If you are seeking elucidation, you should have stood up while the Secretary was speaking to ask if the Secretary would allow you to speak, and I would ask the Secretary if he could listen to your question first. However, the Secretary has now finished speaking. Therefore, you cannot seek elucidation.

MR ALBERT HO (in Cantonese): Madam Chairman, like his predecessor, the Secretary has reeled off a litany of measures on improving the work of the Complaints Against Police Office (CAPO), on placing it under independent monitoring, and on increasing its transparency. But then, since so much has already been done, why is it impossible to take the final step of making it independent? What are the difficulties? Why do they still want to retain ultimate control? This is precisely the question, and the question is telling us that things can be very different.

Our demand is very simple. The Independent Commission Against Corruption (ICAC) is an independent organization, so everybody has faith in its credibility. And, why do we all have so much confidence in the Office of The Ombudsman? Not for any other reason, but just because of the fact it can conduct truly independent investigation in many cases. Why do we think so highly of the work of the Audit Commission? Because it can conduct independent monitoring. Very unfortunately, while CAPO staff may have worked very hard, some of them may even have worked with total dedication, the existing organizational framework may still render them unable to do what they should do. And, even if they are lucky enough to do so, the affected parties will not trust the investigation outcomes and accept them as fair. Really, how very unfair this is to CAPO staff! Why should the final step be refused? There is no need to dwell any further on all those reforms and technical details.

Just give the CAPO an independent identity, or an independent organizational framework. The police officers that have been working in it can continue to do so. Like the ICAC, the CAPO can function as an independent organization once it becomes one. What problems can there be? Its staff will still possess sufficient professional expertise and experience. But then, it can thus shake off one baggage, one poor image — its being an organization with staff always trying to harbour other people.

The Secretary frequently says that the CAPO is a separate department with its own head. But he has never explained whether there will still be any personnel transfer with such a separation of establishment. In other words, will CAPO staff be transferred to other departments of the Police Force, and *vice versa*? This is exactly where the problem lies. Members may still remember one example. Dick LEE, now the Commissioner of Police, once came under a complaint that during an assembly on 1 July 1997, he ordered the broadcasting of a symphony of BEETHOVEN. The Independent Police Complaints Council classified the complaint as partially substantiated. But the CAPO refused to accept this finding, and the complaint was referred to the Chief Executive for further handling. Later, Mr Dick LEE was transferred to head the CAPO, and he is now even the Commissioner of Police. This is exactly the problem, Madam Chairman. Can such a system command adequate credibility? The answer is very clear, even without my further explanation.

What will be the biggest difference? The gathering of evidence is of absolute importance. Legal practitioners like us all know that the gathering of initial evidence — witnesses, their evidence and tactics of taking statements — is of critical importance. Precisely for this reason, they are unwilling to entrust the task of investigation with outsiders, and they even refuse to accept the direct monitoring of others. Therefore, Madam Chairman, I believe that the police do not trust and accept any independent persons or organizations and will not let them conduct any investigation into complaints against police officers. This is very unfortunate. Actually, the situation in the early 1970s was similar. At that time, the anti-corruption branch of the police put forward all sorts of justifications, explaining why outsiders would not be able to tackle the corruption with the police. But then, it was subsequently proved that it was not workable to ask police officers to investigate the corruption cases of their own peers. It was for this reason that the ICAC was set up.

Madam Chairman, facts speak louder than words. No matter what they say today, neither the Secretary nor other Members can put forward any

convincing reasons to justify why the CAPO could not be turned into an organization outside the establishment of the Police Force. When the two Members belonging to the Liberal Party and the DAB spoke, the only thing they could say was that if we voted down this subhead today, we would be left with nothing at all. This is precisely the threat the Government is laying on us. The Government says, "I am prepared to give you only this. Are you going to take it? I will give you only this. Whatever motions the Legislative Council may pass, and regardless of what cogent reasons Members may put forward, I just tell you that I am not going to change anything. You may either take it or leave it." So, many of the Members can only swallow their discontent and accept the reality.

But I do not think that we should behave like this. In any case, if we succeed in deleting this subhead, we can still have, at the end, a small amount of confidence in the Government, feeling that the Government is still sensible enough to face this consequence; and that it will definitely take the necessary follow-up actions if such a situation arises. Since we still have such confidence in the Government, it should not dismiss our action as absurd either. I do not think that the Government will be so irrational as to say that once the subhead is deleted, it will simply stop doing anything if the subhead is really deleted. I do not think that society will accept anything like this, too.

Finally, I hope Members can remember that in the 1994-95 Session, we already passed a motion urging the Government to allow the CAPO to become an organization independent of the police. This motion represents our consensus. I think we should therefore intensify our efforts of implementing this motion. And, giving support to this amendment today is a powerful means of expression.

CHAIRMAN (in Cantonese): Honourable Members, during the Committee stage, we will not follow the usual debate procedure, whereby no other Members shall be permitted to speak after the mover of a motion has given his or her reply. When Mr Albert HO was speaking, Mr LEUNG Kwok-hung pressed the button to indicate his wish to speak. I wish to explain to Members that under the Rules of Procedure, there is no provision forbidding a Member to speak again during the Committee stage after the Member or government official moving an amendment had given his or her reply. For this reason, I shall now permit Mr LEUNG Kwok-hung to speak. I hope that Mr LEUNG Kwok-hung can speak

on the motion topic because I noticed that he was not present in the Chamber when the debate was in progress. However, I believe that even in other places, he could have been able to listen to the debate. Mr LEUNG Kwok-hung, you may speak now.

MR LEUNG KWOK-HUNG (in Cantonese): Thank you, Madam Chairman, for giving me an opportunity to speak. I do not think that you will let me finish my speech because my remarks can be considered both irrelevant and relevant. I think now that the Beijing overlord has already given an interpretation of the Basic Law

CHAIRMAN (in Cantonese): We are now debating head 122.

MR LEUNG KWOK-HUNG (in Cantonese): Yes, I know. It is head 122.

CHAIRMAN (in Cantonese): That is not related to the interpretation of the Basic Law. Please return to the debate topic.

MR LEUNG KWOK-HUNG (in Cantonese): Mrs FAN, the point is that, this time, I am staging a solemn protest. Should you later think that this is an insult to the Council, you may of course

CHAIRMAN (in Cantonese): Mr LEUNG Kwok-hung, I must remind you that this is neither the place nor the time for your protest.

MR LEUNG KWOK-HUNG (in Cantonese): I think, the interpretation of the Basic Law by the National People's Congress.

CHAIRMAN (in Cantonese): Will you please listen to me first?

MR LEUNG KWOK-HUNG (in Cantonese): Yes, please go ahead.

CHAIRMAN (in Cantonese): Thank you, Mr LEUNG Kwok-hung. I am advising you as Chairman that since we are debating Mr Albert HO's amendment, this is not the proper time for you to stage a protest. Therefore, if you insist on protesting, I shall treat it as a "grossly disorderly conduct" and ask you to withdraw from the meeting. Would you please think it over carefully first?

MR LEUNG KWOK-HUNG (in Cantonese): I now solemnly protest against the interpretation of the Basic Law by the National People's Congress. At this very moment

CHAIRMAN (in Cantonese): Very well, in that case, Mr LEUNG Kwok-hung, would you please withdraw from this meeting?

MR LEUNG KWOK-HUNG (in Cantonese): Therefore, I think that this is an insult to all people in Hong Kong. This is the Basic Law, a copy of which I have torn apart before.

CHAIRMAN (in Cantonese): Members, we have to suspend the meeting now, as I am unable to preside over it in this manner.

3.06 pm

Meeting suspended

3.12 pm

Committee then resumed.

CHAIRMAN (in Cantonese): Members and government officials, just now, Mr LEUNG Kwok-hung has consciously contravened the Rules of Procedure by improperly behaving, acting and speaking at an inappropriate time. So I requested him to stop and he was unwilling to do so. I then requested him to withdraw from the meeting and still he was unwilling to withdraw; instead he continued to persist and ignore the Rules of Procedure. At that time, I had considered asking the Clerk to the Council to escort him to leave the meeting, but this perhaps would not be a good thing for everybody here and the Legislative Council as a whole, so I decided to suspend the meeting.

Personally, I feel much regret over the incident that occurred today. What effect will be brought upon the reputation of the Legislative Council as a whole by a person who is a Legislative Council Member and consciously ignore the Rules of Procedure, insisting only to do what he has wanted? I only hope that members of the public will understand that this is the behaviour of an individual Member and has nothing to do with other Legislative Council Members. I wish to state this in no uncertain terms, and although Members and officials are all clear about this, I still wish to state it clearly that this is the threshold for the power of the Chairman. I can only ask a Member who does not comply with the Rules and who behaves in a grossly disorderly manner to withdraw from the meeting and not to return to the meeting today. For the next meeting, however, I cannot guarantee a non-recurrence of this kind of incident, for this is not within the scope of my control. I am very sorry to have wasted so much of everybody's time, but I want to state this clearly and to have this clearly written in our Official Record of Proceedings.

CHAIRMAN (in Cantonese): Does any other Member wish to speak? Mr SIN Chung-kai.

MR SIN CHUNG-KAI (in Cantonese): Madam Chairman, I wish to say a few words on the investigation mechanism. I think the Government must honour the promise it made to the Legislative Council. Why has the Democratic Party made so dogged efforts? We do have a reason for this. The Government should not break its promise of submitting a bill over and over again. It has been two years since the resignation of the last Secretary for Security, so this breaking of promise is by no means simple in nature. I hope that while seeking

to upgrade its ability of governance, the Government can also honour its promises. It should not seek to delay the matter simply repeat that it will submit a bill at a later time, making use of this means as a delaying measure, or else the Democratic Party will continue to ask for the deletion of this \$400 million appropriation item next year. I hope that the Secretary for Security can pay heed to the voices of the Legislative Council and do something concrete instead of paying mere lip service. I am sure that when the Government really submits a bill to the Legislative Council, the Secretary will certainly have the support of the Democratic Party. I hope that everybody can respect his own job, and that the Government can respect itself.

I so submit.

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

MR LEE WING-TAT (in Cantonese): Madam Chairman, I understand that under the provisions of the Rules of Procedure on handling bills during the Committee stage, Members are not forbidden to speak for the second time unless his or her remarks are repetitive. Am I correct?

CHAIRMAN (in Cantonese): Correct, you are right, absolutely right.

MR LEE WING-TAT (in Cantonese): Madam Chairman, I wish to speak for the second time.

CHAIRMAN (in Cantonese): You may do so.

MR LEE WING-TAT (in Cantonese): I must, Madam Chairman, first clarify whether I have misinterpreted the Rules of Procedure.

When responding to Mr Albert HO's remarks, the Secretary put forward one point. He said that he respected the views of the Legislative Council, and that a bill had already been drafted. If I have heard him correctly, all the steps

will be completed shortly, and the only problem now is that a bit more time is required due to personnel changes in the Independent Police Complaints Council (including changes in chairmanship and membership). However, the remarks of Mr Andrew LEUNG suggest that he might have misunderstood the Government's arrangements, for as I heard from his speech, the Government has told or implied to him that a bill will be submitted in this Legislative Session. But this does not seem to be the case in reality.

The Secretary will also have a chance to speak for the second time. I wonder if he can clarify to the Committee or the Legislative Council what "shortly" means. Does it mean the submission of a bill will be made to the Legislative Council in this Legislative Session or the next? Should "shortly" be interpreted in this way? Thank you, Madam Chairman.

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

(No other Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I still have to ask the Secretary for Security whether he wants to speak for the second time.

SECRETARY FOR SECURITY (in Cantonese): Madam Chairman, I would like to response briefly to the question raised by Mr LEE Wing-tat. The original intention of the Security Bureau was to table the bill in this Legislative Session. In respect of this intention, I have mentioned it with Mr James TO and also notified the Legislative Council. Given that there have been some establishment changes in the IPCC, including the appointment of its Chairman (the original Chairman has been appointed as Judge) and a few new vice-chairmen, and the fact that the bill has to be submitted for their detailed deliberation, I am not sure at this moment whether the consultation exercise can be completed in two months. If it is possible, I do hope that we can table the bill to the Legislative Council in this legislative year. I hope I have answered Mr LEE's question.

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

MR JAMES TIEN (in Cantonese): Madam Chairman, when Mr Andrew LEUNG spoke for the Liberal Party earlier on, he did mention the Government's reference to "recently" and this year. Our understanding is that the implication is this year. However, we are now confused by what the Government is talking about here. Does the Government now mean that the bill cannot be submitted in this Legislative Session? If it is talking about this year, then December should also be counted as it is still a month within 2005. Is the Government saying that it may be unable to submit the bill to the Legislative Council before July? But the several months starting from October after the summer recess are still within 2005. Is the Government saying that it dare not say for sure whether it can complete this or honour its commitment within this year?

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

(No other Member indicated a wish to speak)

CHAIRMAN (in Cantonese): If no, then, Secretary for Security, do you need to speak yet again?

SECRETARY FOR SECURITY (in Cantonese): As so many Members are concerned about this subject, I think I should take it a little further.

We also wish to table the bill by July. It has been our original plan. However, as I have just said, we have to conduct a consultation exercise with existing IPCC members who are our major targets for consultation. We hope the exercise can be expeditiously completed, desirably within this year. Nevertheless, the progress is not entirely within the control of the Government. We can only say that we will proceed as soon as possible.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr Albert HO be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Albert HO rose to claim a division.

CHAIRMAN (in Cantonese): Mr Albert HO has claimed a division. The division bell will ring for three minutes.

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Dr KWOK Ka-ki, Mr CHIM Pui-chung and Miss TAM Heung-man voted for the amendment.

Dr Raymond HO, Dr LUI Ming-wah, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Dr Joseph LEE, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr Patrick LAU and Mr KWONG Chi-kin voted against the amendment.

Geographical Constituencies:

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Dr YEUNG Sum, Mr Andrew CHENG and Mr LEE Wing-tat voted for the amendment.

Mr James TIEN, Mrs Selina CHOW, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr Frederick FUNG, Mr LI Kwok-ying, Mr MA Lik and Mr CHEUNG Hok-ming voted against the amendment.

THE CHAIRMAN, Mrs Rita FAN, did not cast any vote.

THE CHAIRMAN announced that among the Members returned by functional constituencies, 27 were present, five were in favour of the amendment and 22 against it; while among the Members returned by geographical constituencies through direct elections, 19 were present, six were in favour of the amendment and 12 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

MS MIRIAM LAU (in Cantonese): Madam Chairman, I move that in the event of further divisions being claimed in respect of the clauses, schedules or any amendments thereto, the Committee do proceed to each of such divisions immediately after the division bell has been rung for one minute.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU be passed.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the clauses, schedules or any amendments thereto, the Committee do proceed to each of such divisions immediately after the division bell has been rung for one minute.

MR ALBERT HO (in Cantonese): Madam Chairman, I move that head 122 be reduced by \$80,000,000 in respect of subhead 103, as printed on the Agenda.

This reduction mainly involves what the police call the "informer fee". In regard to this, the Government has all along refused to disclose any basic details, excerpt saying that this subhead caters for the expenditure on the manpower and procurement of equipment required for combating terrorism, serious crimes and narcotic offences, and on the covert operational activities of the police.

As far as I know, under the British Hong Kong colonial administration, the "informer fee" was once used to meet the expenditure of the then Special Branch on political surveillance. At present, this subhead is still being used to meet the expenditure of the "Technical Support Unit" within the Police Force, which is actually responsible for wiretapping activities. On many occasions in the past, especially at the Legislative Council meeting on 9 April 2003, the Government, or the former Secretary for Security, repeatedly stressed that as soon as the review of the Interception of Communications Ordinance was over, all

information concerning this subhead that could be released publicly will be disclosed to Members. This proves that subhead 103 is connected with the Government's interception of the communications among members of the public. However, surprisingly, at a recent special meeting of the Finance Committee, the Secretary for Security said that the police had no intention of disclosing any specific information about subhead 103. The Democratic Party deeply regrets that the Government has once again gone back on its words. And, we strongly suspect that the Government has just been employing a delaying tactic, instead of having any genuine intention of holding itself accountable to the Legislative Council and releasing the information it should disclose to the public.

Besides, the Security Bureau has repeatedly pledged to Legislative Council Members that the legislation on the interception of communications will be reviewed. At a special meeting on expenditure estimates held by the Finance Committee on 25 March 2002, the then Secretary for Security, when replying to Mr James TO's question, openly undertook to complete the relevant review before the end of that year, confirming at the same time that there would be sufficient resources for the task. However, in 2003 and 2004, the last Secretary for Security and her successor respectively stated that due to the presence of more important commitments with higher priority, the review would have to be deferred. However, in both cases, it was promised that the completion of the review would only be delayed until the end of the following year. Madam Chairman, year after year, the undertaking has never been honoured, and every year it is said that the review has to be deferred. But no reasonable and convincing explanation has been offered. Such a delaying tactic has inevitably led people to doubt whether the Government is really willing to adopt a policy of openness and accountability, and whether it is in fact implementing a vastly opposite policy.

Actually, the gravity of the situation has been reflected by a recent court case. As a result of the Government's attempt to indefinitely delay the review of the Interception of Communications Ordinance, it has now become illegal for law enforcement agencies to gather evidence by eavesdropping and covert surveillance. The District Court ruled last week that the ICAC's gathering of evidence by wiretapping and covert surveillance in the case involving the Kwong Hing International Holdings (Bermuda) Limited was illegal and against Article 30 of the Basic Law, which provides that the freedom and privacy of communication of Hong Kong residents shall be protected by law. It can be inferred from the court judgement that it shall be illegal for law enforcement

agencies to conduct wiretapping and covert surveillance purely by following their internal guidelines. In that case, can we say that by continuing to appropriate funds for this subhead every year, the Legislative Council is in fact providing funding to law enforcement agencies for the conduct of illegal activities? The Government may well reply that in view of the court judgement, it will issue directives to the relevant law enforcement agencies, forbidding them to conduct any more illegal activities such as wiretapping and covert surveillance. But even if the Government really says that it will issue directives, should we thus be satisfied and continue to appropriate funding for this subhead?

What was said just now shows that the Government can ill-afford any further delay in reviewing the Interception of Communications Ordinance. The Government should also enact a piece of legislation as soon as possible after the review, so that the Court can be empowered to authorize law enforcement agencies to conduct legal eavesdropping and covert surveillance for the purpose of collecting essential evidence about criminals and investigating criminal offences. At present, there is no independent monitoring whatsoever, whether in the case of the internal guidelines of law enforcement agencies or when the Chief Executive invokes the empty and vague excuse of "the public interest so requires" under section 33 of the Telecommunications Ordinance that empowers him to authorize the relevant law enforcement agencies to intercept communications. It is thus impossible for us to know how the power is exercised or whether there should be any reasonable monitoring. Actions as such caused us to worry that there may be frequent abuses of power.

Madam Chairman, the Government has all along refused to disclose any basic facts about subhead 103 on the ground that it "caters for expenditure on rewards and procurement of special services and equipment of a confidential nature" and in the name of "the public interest". But the fact is that the information requested by the Democratic Party does not involve any activities of a confidential nature. For instance, we only ask the Government to explain why the estimated sum for subhead 103 has far exceeded the actual expenditure in the past few years, by as much as 45% to 70%. Or, perhaps, we would also ask the Government whether the sum for subhead 103 will really be spent on meeting the actual and estimated expenditure on combating serious crimes and narcotic offences as well as on security matters. Besides, every year, we also request the police to release some basic information about the number of personnel with sole responsibility for intercepting communications, how many messages are intercepted every year and how many of these are intercepted with lawful authorization.

Madam Chairman, a certain degree of transparency is actually found with the intelligence organizations in European and American countries such as Canada and the United Kingdom. There, on the premise of maintaining national security, similar figures and statistics are released. The Canadian Security Intelligence Service will publish an annual report every year on its website, in which expenditure breakdowns on its manpower and equipment are listed alongside its organizational structure. Under the laws of Canada, government departments must obtain a warrant from the Court before conducting any wiretapping activities. The intelligence authorities of Canada will also release the relevant figures on their websites. For instance, in 2003-2004, 68 new warrants were issued by the Court and 130 warrants were renewed.

Madam Chairman, MI5 of the United Kingdom also announces and discloses on its website the percentage shares of various intelligence activities in its total expenditure: As at January 2005, the respective percentage shares for anti-terrorist activities in Ireland, combating international terrorism, anti-espionage operations and security installations were 23%, 44%, 10% and 13%. According to the report submitted by the Interception of Communications Commission to the Parliament in 2004, during the period from 1 January 2003 to 31 December 2003, the Home Secretary approved the issuing of 1 878 interception of communications warrants under the Regulation of Investigatory Powers Act 2000.

Meanwhile, on the website of the United Kingdom National Criminal Intelligence Service, apart from information about its manpower and basic expenditure, codes of practice on handling informers, wiretapping, shadowing and undercovers are also available for public information.

Even intelligence agencies responsible for national security are so willing to disclose the abovementioned information for public monitoring. The only reason is that they see a need to strike a proper balance between the respect for human rights and freedom on the one hand and the protection of national security on the other. And, they also want to ensure sufficient transparency and legitimacy for government agencies, so that they can be monitored by the public. The SAR Government frequently says that disclosing the breakdowns on manpower and equipment expenditure under subhead 103 will weaken the enforcement ability of the police, giving criminals opportunities to escape the sanction of the law. This is nothing but demagoguery, lame sophistry! Actually, the Government has been reviewing the disclosure of the information about this

subhead for eight years already. But as admitted by the Government in its letter to lobby Members, so far only information about rewards and bounties has been released and nothing else. Since we do not have any monitoring committee similar to the one set up in the United Kingdom by the elected Parliament for monitoring such activities and the use of funds, and also because the Government has all along refused to disclose any basic information to the Legislative Council and the public, how can the Government claim that it is able to strike a proper balance between accountability and confidentiality? Therefore, I hope that Members can support the amendment put forward by the Democratic Party.

I so submit.

Mr Albert HO moved the following motion:

"RESOLVED that head 122 be reduced by \$80,000,000 in respect of subhead 103."

MR FREDERICK FUNG (in Cantonese): Madam Chairman, as a matter of fact, every time when the same motion topic was moved in the past few years, I invariably spoke on it. I have said several times that this is a very difficult topic. On the one hand, I personally agree that it is necessary for the police to incur expenditure on both the Independent Police Complaints Council (IPCC) discussed a moment ago and also the informer fees. I think, and I accept to a certain extent, that some information will not be released. But on the other hand, I also note that in regard to the amendment involving the IPCC and also the present amendment, the Government has actually promised the Legislative Council that it will do something. The Secretary mentioned in his speech just now that he would at least forward one bill to the IPCC for consultation. And, although he is not sure whether he can submit the bill to the Legislative Council in July, he may still be able to do so at the end of this year. Hence, I notice that the Government has really been doing something over the past few years; the only problem is whether one can accept that we should still until the outcome of consultation with the IPCC. When I was listening to the Secretary, I agreed with him and accepted his explanation because he could show us that he had already done something.

As for informer fees, I must remind the Secretary that during a motion debate on the same topic in 2003, his predecessor already promised the

Legislative Council that the confidentiality of informer fees would be reviewed and reformed at the end of 2003. She even stated clearly the direction of increasing transparency, promising that even if the task could not be completed at the end of 2003, some information would still be released in early 2004, within the then Legislative Council session.

I could of course understand how Secretary Ambrose LEE had to take over in a great hurry following the resignation of his predecessor in 2004. That was why in the Budget debate last year (2004), I cast a vote of consent, on the conviction that I had to give him the benefit of doubt. What I mean is that at that time, I told myself that since the Secretary had only just assumed office, he might not know what his predecessor had said or done, so he must have to have some time to sort things out. In the previous year, I again cast a vote of consent, meaning that I supported the Government — or, precisely, I should say that I voted against Mr Albert HO's amendment last year. The reason was that I heard the Secretary say that the Government was moving towards a direction, and it was a direction I supported. I too hoped that the Secretary could eventually do something to enable us to know and grasp the detailed information about the expenditure concerned. I would think that both the Legislative Council and the public should know all such information.

Mr Albert HO referred to many intelligence agencies in Western countries, saying that they are even willing to disclose some expenditure statistics on their anti-terrorist operations. For a metropolis like Hong Kong (which have not even confronted any case related to anti-terrorism), I simply wonder what the biggest confidential issue can be. Unless the Secretary says otherwise in his reply a moment later, I would say that the biggest confidential issue will just be the maintenance of internal security. We are naturally concerned about this, and so are the people of Hong Kong, but when compared with the work of anti-terrorism in Canada and the United Kingdom, which involves intelligence required by complex political issues and even informer networking, what we deal with are far from those. What is more, and as admitted even by the Government itself, we are not aware of any anti-terrorist operations going on at the moment.

The Secretary has been in office for more than a year already, but he has never told us that the review and the work related to transparency will be discontinued. He has even told us that this direction will continue to be followed. However, having read the letter sent to us by the Secretary, I must

say that I cannot quite accept several of the points raised or when he said that statistics have been submitted to the Legislative Council. All these statistics were already submitted to us by the former Secretary for Security. I can therefore draw the conclusion that while the former Secretary for Security was unable to honour the promise she made to the Legislative Council in 2003 when she was still in office, her successor, Secretary Ambrose LEE, has likewise failed to do so. I am therefore very disappointed. I have supported the Government so many times before. This year, it is already the third time that this topic is discussed. But the situation now, when the topic is discussed for the third time, is exactly the same as that of 24 months ago. The Secretary has not said anything. Well, of course he is going to speak later on. I hope he could tell us that the situation is quite like the case of the IPCC — a bill has been prepared or drafted, only that it has been sent to the IPCC and so on.

If the Secretary fails to release any information that can tell us whether a paper has been prepared for the review, whether there is already a direction of review, whether it has progressed to a certain stage by being held up by the lack of something, whether the paper can be submitted to us for information within July, or whether the matter can be put before the Legislative Council in the run-up to December this year, in other words, if the Secretary still fails to submit all such information to the Legislative Council after the passage of 24 months, I do not think that I can continue to support the Government like what I did in the past two years. I hope that the Secretary can give a reply to my question later on.

Finally, in conclusion, I do agree that in some cases, it is really impossible to be so explicit or open when handling information concerning informer or sensitive security matters. I do agree to this point. But this does not mean that the current practice of withholding most of the information should be adopted. I think some information can be disclosed, and such a viewpoint was also supported by even the former Secretary for Security. I hope that when Secretary Ambrose LEE speaks later on, he can reply to my question, or else I will support Mr Albert HO's amendment.

Thank you, Madam Chairman.

MR LAU KONG-WAH (in Cantonese): Madam Chairman, the DAB is against the amendment of Mr Albert HO. The DAB is of the view that since the

funding mentioned in Mr HO's amendment involves the covert operations of the police, including the combating of serious crimes and narcotic offences, all of which are sensitive in nature, there is an actual need for a certain degree of confidentiality.

Admittedly, from the perspective of the public, the DAB agrees that the Government should increase its transparency in all aspects, including the operation and appropriation request of the police. It also agrees that the Legislative Council should enhance its monitoring role. However, from the perspective of maintaining law and order of society, we would think that we must at the same time consider the public interest and the effectiveness of combating crimes. Therefore, transparency must be subjected to some corresponding adjustments and restrictions. We simply cannot disclose all the information, accounting for every single dollar of expenditure, explaining how the entire sum for the subhead is used, and even disclosing the amount of informer fees and the number of informers.

Society expects the police to eradicate all crime syndicates. In order to do so, the police must have sufficient intelligence about criminals. Besides depending on undercover police officers who are prepared to risk their lives, the police must gather intelligence beforehand, so that the commission of crimes can be checked or stopped. If we seek to monitor the police just for the sake of monitoring, forcing them to disclose all information concerning their resources and intelligence, then it is tantamount to giving the same information to crime syndicates. In this way, they will know all the strategies and details of police operations, and they will thus be able to fight back. Is this what Members and the public wish to see?

In fact, the DAB thinks that the police have already put in place a series of measures to increase the transparency of appropriation in recent years. From the reply given by the police to the question asked by Mr James TO in the Finance Committee, we can see that in 2004-05, the number of reward payments was 1 222, and there were 40 cases of reward offers, amounting to a total of \$12.74 million. All such information can enable members of the public to know more about the uses and operation of the subhead "Rewards and Special Services". We must not adopt the extreme approach of deleting the entire sum for this subhead simply because of some Members' doubt or curiosity about its transparency. This will only severely weaken the ability of the police to maintain law and order, not the kind of attitude that should be adopted by anyone responsible for monitoring the appropriation of public fund.

In recent years, people are extremely concerned about the problems of illegal workers and prostitution. The police have been conducting incessant raids, but at the same time, the commission of these offences just never stop. If we want the police to continue to crack down on these crimes and arrest the criminals, reliable intelligence is imperative. Consequently, the DAB hopes that the police can continue to effectively utilize the funding for its covert operations, and ensure the proper use of public money while protecting the safety and property of the public.

With these remarks, Madam Chairman, I oppose Mr Albert HO's amendment.

MR HOWARD YOUNG (in Cantonese): Madam Chairman, almost every year since 1999, it has been a routine practice for the Democratic Party to put forward a resolution on deleting the \$80 million for "Rewards and Special Services", commonly called "informer fees". The only difference this year is that as Mr James TO is outside Hong Kong, this scheduled action is performed by Mr Albert HO. Actually, this does not matter, because it only proves that there must be political parties in the Legislative Council. With political parties, even when a Member responsible for a certain motion topic is not present, another Member belonging to the same political party can still put forward the motion on his or her behalf. Similarly, when the same motion topic was debated the year before last, Mrs Selina CHOW spoke for the Liberal Party, but this year, it is me who is going to do so. And, as for constitutional development, I spoke for my political party last year, but then, Mr James TIEN will speak on the topic later on. This is our mechanism. To sum up, the only important thing is the stance of the political party, and who is going to speak does not really matter so much, notwithstanding that this is just a scheduled action.

Over the past few years, the Democratic Party has been emphasizing in this Chamber that the resolution is meant to make the authorities give a clear account of the expenditure on informer fees, so as to prevent the Security Bureau from using the sum for reorganizing a Special Branch in the police or stepping up its gathering of intelligence on sedition and secession. Then, all of a sudden, at this moment in time, it seems that Hong Kong is just like one of those iron-curtain countries in the past, always prepared to use the money for persecuting dissidents.

Madam Chairman, I think informer fees are paid mainly to combat terrorism, organized and serious crimes and also activities posing security threats to Hong Kong. In this connection, not only do we support the payment of informer fees, but we also think that the payment of such fees is absolutely necessary. We must never say that Hong Kong is not a target of terrorist attacks. During our recent visit to the police headquarters, we saw that the police had been conducting frequent drills on dealing with terrorist attacks using chemical, radioactive and poisonous weapons. The main reason for such drills is that we must prevent such attacks and must not think that we will never come under any attacks. As an international financial centre, Hong Kong may well become the target venue of major financial crimes because criminals will not see much sense in carrying out money laundering in places that are not financial centres, where no channels of such activities are available. To combat crimes, we will need to pay informer fees. We agree to this entirely because we can thus make sure that Hong Kong can remain a safe place free from terrorist attacks and major criminal activities. I also hope that Members can look seriously at the integral judicial system in Hong Kong, under which the acts of law-enforcing personnel is strictly monitored. And, there is also a reviewing mechanism within the Police Force to ensure that there will be no abuses in spending. Members must not be frightened of their own shadows or always imagine that they are being persecuted. Such a mentality is of no benefit to anyone.

Madam Chairman, as a member of the Panel on Security, Mr Albert HO should know very well that the sum allocated to the payment of informer fees is connected with the covert operations of the police. The disclosure of all details is tantamount to giving criminals and crime syndicates clues on the internal information of the police, and by analysing the distribution of the sum and its increases or decreases every year, they will detect the operational strategies and plans of the police. This will not only seriously affect the safety of police officers but will also push Hong Kong to the verge of security crises. Therefore, we are of the view that we must always be pragmatic, concentrating only on the facts, instead of being over-sensitive, lest anxieties may result.

With these remarks, Madam Chairman, I oppose the amendment.

CHAIRMAN (in Cantonese): Mr Frederick FUNG, you have requested to speak again. Do you wish to speak now, or wait until the Secretary for Security has spoken?

MR FREDERICK FUNG (in Cantonese): Madam Chairman, I would like to speak now.

Madam Chairman, after delivering my speech, I have listened to the speeches of several Honourable colleagues. I feel that I have to make some responses so as to express some of my viewpoints.

Just now I said that I had all along supported the Government. This time I feel that I cannot support the Government anymore because I have seen the practices in other places. Let me quote an example. MI5 of the United Kingdom is more or less an intelligence agency. Even for such an agency, it has drawn up a table detailing how much money was spent on combating international terrorism; how much money was spent on combating Irish terrorism; how much on handling serious crimes and how much on enlisting outside support (as the support was from outside sources, so money had to be paid). There is really such a table, from which some data have been made available to us.

As far as I am concerned, I am not requesting the Government to divulge information such as how many informers are involved in arresting prostitutes, how many informers are involved in arresting "illegal workers", or even by way of a table to show us the allocation of such expenditures. I do not understand how it can turn out like what the Liberal Party or the DAB have said, maybe I am not so clever, that a set of figures will enable us or the triad societies to know at what time the police will conduct their arrest operations; at what time the Police Tactical Units will be deployed; how will the operations be conducted; whether a certain arrest operation will be launched from the left or the right; at which precise points the policemen will appear; whether the policemen will arrive at the scene by dropping down from the roof or by helicopter and so on. This is impossible. It is simply impossible for them to know "the operations, the strategies and the plans" of the police (the exact wording used by them) just by studying the percentage figures released. I really do not feel that this could be possible. Therefore, if someone really makes a request to such an extent, I will not agree to it either. But I have not seen anything like that, nor do I believe that this is what the Democratic Party is requesting.

Therefore, I still feel that the Government must demonstrate to me that its transparency in future will be greater than that now, and it must at least demonstrate to me that it is gradually and step by step progressing towards

greater transparency, thereby letting me know how that amount of \$80 million is spent. I feel that, this undertaking is not made today, but this had been agreed to in the Budget debate in 2003 by the former Secretary. I do not know whether the DAB and the Liberal Party are already satisfied with a rough lump-sum figure and feel that it is already sufficient for the Legislative Council to scrutinize this Budget, thinking that with this figure alone, it is already enough for us to give them our trust and then we can leave it all to them to allocate it at their own discretion. If we are taking such a stance of complete trust, then we may probably handle the entire \$220 billion Budget in the same manner — with complete trust — then we do not have to examine the Budget item by item. I just feel that there are certain areas which can be explained in greater details. As the monitoring body and the organization responsible for approving allocation of funds, we should at least have some cognitive understanding of the data involved. Thank you, Madam Chairman.

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

MR LAU KONG-WAH (in Cantonese): Madam Chairman, I would like to respond to the question raised by Mr Frederick FUNG. The question invariably asked is: How should that determination line be drawn? I very much applaud the moves made by Mr Frederick FUNG in the past, that is, he also disagreed that all the information must be disclosed. However, he mentioned one point, that is, the matter of distribution. Actually he agrees to making the information public. However, even such distribution were known, what does it indicate? In fact, as far as openness and transparency are concerned, everyone will have different standards. Mr Frederick FUNG may feel that information can be disclosed up to a certain point, and he may not necessarily agree to any disclosure of information beyond that point. However, this does not mean that all other Members are thinking in the same way. If this assumption should develop further, some of the information could fall into the hands of people of the criminal organizations. This is definitely something we do not wish to see.

Secondly, I hope Mr Frederick FUNG will not lose sight of this: What is the main purpose of this amendment proposed today? What will happen if we reject all the fund allocations simply because of a difference of opinion on this point? The consequences will be: No informer's fees will be available for any kind of arrest operations, regardless of the targets we want to crack down are

illegal workers, prostitutes, drug dealers or crime syndicates. Does Mr Frederick FUNG wish to see such occurrences?

Therefore, I very much hope that Mr Frederick FUNG can amend his course of action by recalling the arguments he presented during the past two years, so that he will continue to support the Government by approving the allocation of this amount of money. Otherwise, our society will be in trouble and our state of law and order will be in danger. We absolutely do not wish to see such an occurrence. Besides, some major international conferences will be held in Hong Kong at the end of this year. Therefore, I strongly believe that such expenditures are essential. Otherwise, would it be easy to maintain the stability of Hong Kong? Thank you, Madam Chairman.

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

(No Member indicated a wish to speak)

SECRETARY FOR SECURITY (in Cantonese): Madam Chairman, the Administration strongly opposes Mr Albert HO's amendment which proposes to delete the entire provision of \$80 million allocated to the Police Force for the estimated expenditure under the "Rewards and Special Services" (RSS) subhead.

The expenditure on RSS involves police operations of a confidential nature, including the fight against serious crimes and narcotics offences, as well as security matters. The argument of Mr Albert HO is that if we do not make public the information on all the subheads or how we spend the funding, it would be in violation with human rights and freedom. To this, I disagree absolutely.

Since the setting up of the SAR Government, in the past seven years or so, we have been committed to upholding freedom and human rights of the Hong Kong people. As such, the deletion of the provision and the upholding of freedom and human rights are absolutely two different matters. I do understand that Mr Albert HO's amendment seeks to improve transparency and accountability of the expenditure. I also agree fully that the executive must be accountable to the Legislative Council in the use of public money. On the other hand, given the nature of the expenditure, if we make public even with

information which, at a glance, should cause no harm, some criminals or syndicates that are well organized with plenty of resources can, through analysing the relevant expenditure, the distribution of resources each year and the trend of an increase or reduction in the provisions, decode action strategies of the police, thereby evading legal sanctions and even endangering the safety of police officers. This is totally unbecomable with public interest.

The Administration's monitoring of information relating to the RSS subhead is not lax in any way. To ensure the public money is well-spent and used in strict compliance with the relevant regulations, the RSS expenditures are controlled by a stringent monitoring mechanism. As far as internal monitoring is concerned, the Police Force has drawn up detailed internal guidelines on such expenditure for strict compliance by police officers. Under the internal monitoring mechanism of the Police Force, senior police officers will examine each item of expenditure and also conduct regular and surprise inspections to check the details of all such expenditure and accounts. In 2003-04 and 2004-05, senior police officers conducted more than 150 surprise inspections of expenditure under this subhead, and no irregularities were found. Moreover, the RSS subhead is also subject to regular and surprise inspections of the Internal Audit Division of the Police Force, as well as independent audit inspections by senior officers of the Audit Commission in accordance with the Audit Ordinance, in order to ensure strict compliance by responsible officers with government financial and accounting regulations.

The Government also endeavours to enhance the transparency of this subhead so long as the capability of the police in fighting crimes is not compromised. In fact, we have in recent years given far more explanation on the use of RSS expenditures than any time in the past. Apart from explaining the actual expenditure under this subhead in each financial year and providing an estimate of this subhead in the coming year, the police have provided to the Legislative Council information on the total number of cases of offers of rewards and the aggregate amount of rewards offered as well as the number of payments for rewards in the past few years. Starting from last year, the relevant statistics have been published in a user-friendly manner on the website of the Police Force.

Madam Chairman, I would like to take this opportunity to respond to Mr Albert HO's question in relation to the review of the Interception of

Communications Ordinance and its relationship with the RSS. As I have mentioned just now, the Administration has endeavoured in recent year to enhance the transparency of this subhead, which is the outcome of our ongoing reviews on this issue. Under certain circumstances, RSS expenditure may involve interception of communications and the findings of review of the interception of communications may therefore indirectly affect the RSS subhead. As such, we can only consider disclosing more information on the subhead after the review of the interception of communications has been completed. It is not in contradiction with what I have pointed out just now, that is, the review of the interception of communications at present does not include the disclosure of the RSS expenditure.

Some Members made reference to overseas experience just now. Generally speaking, when doing so, we have to take into account our local situation. For instance, in sovereign states such as the United Kingdom, Canada and Australia, they have their own organs to gather intelligence both domestically and internationally. I think it is inappropriate to compare the operation of such organs with that of the Hong Kong Police force.

As a matter of fact, a Member mentioned the approach adopted by the United Kingdom Security Service, commonly known as Military Intelligence 5 (MI5). The MI5 has provided the percentage of expenditure on a few categories, such as anti-terrorist activities, anti-spying activities and crimes combating. However, we should bear in mind that the MI5 has not publicized the total amount of expenditure, while our total expenditure on rewarding informer is known to the public. Even so, the Intelligence and Security Committee of the United Kingdom also pointed out in their annual report that they should not publish expenditure of each Agency annually as it would not be in the national interest. The wording of the Committee is quoted as follows: "The Committee would not wish to see the figures published annually as this would indicate the funding trends for the Agencies, which would not be in the national interest."

Madam Chairman, all in all, the achievements of the police in combating serious crime to make Hong Kong a stable and peaceful city are there for all to see. If the amendment moved by Mr Albert HO is passed, the police will have no money to spend on offering rewards, and will instantly cast very serious impact to our rule of law and security. I believe it is absolutely not the wish of Members and the public to see this happen. I therefore urge Members to oppose Mr Albert HO's amendment.

MR ALBERT HO (in Cantonese): Madam Chairman, first of all, if we pay attention to the underlying justifications of the speeches delivered by the two Honourable colleagues from the DAB and the Liberal Party, we shall be able to find out how they discharge their duties in monitoring the Government. However, their ways of thinking are very different from ours, or we may even describe our differences as poles apart.

Mr LAU Kong-wah has made his inference in a very simplistic manner, and he pointed out that for any government information involving confidential operations, we must believe that such information is top secret; that no matter how much the Government is going to divulge to us, we shall just accept it as it is; that the wisdom of the Government is absolutely correct; and that any leakage of such information may lead to serious consequences. Therefore, insofar as Mr LAU Kong-wah's viewpoint is concerned, all that a Member has to do is simply to sit back and relax to accept in toto whatever information, data and viewpoints provided by the Government, and he thinks that would be sufficient.

However, if we act in this way, how can we perform our monitoring duties? What we exactly want to point out is, even for confidential information, does the majority of it fall within the category of top secret? In fact, this is the critical point. All along, none of us is proposing that the Government must disclose all the sensitive information. All along, all we are requesting is just the disclosure of some breakdowns. In particular, we would like to know how much information has been intercepted. What is the annual expenditure used on intercepting communication? How many cases are involved? Why can such information not be disclosed? As a matter of fact, the former Secretary had said that such information could be disclosed. As the Secretary is really so scared, it is no wonder that the Secretary has mentioned the practice of the Intelligence and Security Committee just now. That Committee proposed that the overall fund allocation information should not be mentioned, and not even the funding trends. From this, it can be seen that Mr LAU Kong-wah or other DAB Members should apparently be criticizing the Government for leaking out confidential security information, asking why should we be indulgent to criminals in their detection of all the operations of the Government? Is this a vote of no-confidence to our security work?

Our Honourable colleague, Mr Howard YOUNG of the Liberal Party, said that we were over-suspicious, starting alarmist talk, creating unrest and even suffering from persecution paranoia. I feel that as I had just said, if I, as a

Member, just accept whatever provided by the Government without adopting a critical and questioning attitude in analysing the information, or even without making attempts to obtain the highest possible transparency in a reasonable manner, so as to ensure that the Government can become accountable to the people through this Council or any other channels, then why is there still a need for us to occupy the seats here? Why is there a need to spend so much time in holding meetings?

With regard to many different issues, if we intend to exercise our monitoring functions, then we must get hold of the basic information. This is not simply for satisfying our curiosity. If we do not even have access to the most basic information, then we may not even be able to ask the most basic questions. If we do not even know how to ask the most basic questions, then we will not be able to understand many basic operations of the Government. And these basic operations in effect have nothing to do with the actual operations or certain highly confidential plans, and they will not be sufficient for casting any impact. If we do not ask even the basic questions, then how can we, as Legislative Council Members receiving our remunerations from the public coffer, discharge the duties as expected by the people and accept the remuneration without embarrassment? No matter how substantial or otherwise this remuneration is (to many people, this remuneration may not be too substantial), but with such performance, how can we still have the face to go on discharging our duties as Legislative Council Members? We are not acting like what Mr LAU Kong-wah said, monitoring for monitoring's sake. He has even described us as soliciting information just for the sake of satisfying our own curiosity. I just feel that we are just doing this to discharge our basic responsibility.

The Secretary had just pointed out that we had been saying that if the Government did not disclose the information, then we would infer that the Government is hampering the human rights and freedom of the people. Therefore, he said we were making alarmist talk. I can tell you rightaway that, if the information is not disclosed today, or will continue not to be disclosed, the human rights of how many people will then be exploited. Although I do not have the data at hand now, I can still make a simple inference: If the Government is in control of abundant secret powers, it will then spend a lot of resources on such covert operations, or it will even proceed to do something prohibited by law, such as illegal eavesdropping. But at present, we have no way of monitoring such acts. As such, how would our human rights and freedom not be threatened and hampered?

In the speech delivered by the Secretary just now, he had not responded to a recent court judgement. The judgement said that the Independent Commission Against Corruption (ICAC)'s acts of unauthorized eavesdropping and videotaping without authorization were illegal. For the money incurred by the police, how much has been spent in this way? Will the Secretary promise or make an undertaking that this court judgement, so long as it is not overturned, it will continue to be respected; and that if this funding is passed by this Council, that he will not spend such money on some illegal acts?

In fact, the Secretary should make a solemn and frank speech to clarify how this funding will be used. If the Secretary does not make this clarification, we shall then absolutely have reasons to suspect that the Secretary would go on pursuing such operations, or even go on doing some illegal activities. Yet, there is no way for us to find out whether or not the Secretary would do such things. Today, many Honourable colleagues still go on turning a blind eye to the situation, accepting in toto whatever the Government says. They are simply closing their eyes, saying that they have 100%, complete and unconditional trust in the Government, and accepting everything presented by the Government. I think, if Members act in such a manner, they will be guilty of negligence of duty.

The Secretary had just proposed that overseas experience is not applicable to Hong Kong. Next, he mentioned that there were dedicated organizations in overseas countries. Of course, the problems faced by overseas countries are much tougher than ours. However, even if the work is related to combating terrorism (for example, the United Kingdom), and their situation is even more dangerous than ours, they still choose to disclose their information in a systematic manner. Up till now, I still cannot see why the categorization of problems or even the disclosure of figures relating to the interception of communication would affect the working efficiency and effectiveness of the law enforcement agencies in Hong Kong? How will such acts affect the lives and safety of our security officers? In what way can we bring about such consequences? Therefore, when the Secretary casually says that these are confidential information which must be kept in strict confidence, or else the lives of certain policemen or undercover officers will be endangered, can he provide his rationale and data to the Legislative Council? In fact, this is very simple, the issue has been debated for years. Let us forget what sorts of opinions people in overseas countries have been stating. But systematic disclosure of information has been in place for many years in both Canada and the United Kingdom. And up till now, we have still not heard of any convincing

arguments to tell us why, with regard to such standards and issues, we cannot be on a par with other civilized countries which are governed by the rule of law?

Lastly, what I want to say is, the Secretary said that, with the permanent deletion of this funding, no informers' fees or informers can be used, so the villains can always get away with it because no one will be able to tip off the police to crack them down. I would like to reiterate that even if we succeed in deleting this funding, the Secretary can always apply for the funding again as long as the information that should be provided is attached. We will be willing to support any new funding requests, so long as they are reasonable and are attached with the information that should be made known to us.

Thank you.

MR LAU KONG-WAH (in Cantonese): Madam Chairman, this item has been debated for many years, I had thought that there should not be any new points that were worth debating. But just now Mr Albert HO raised several new viewpoints, to which I must respond briefly because he has also mentioned my name.

Just now, Mr Albert HO accused the DAB of negligence of duty, of closing our eyes so as not to see anything, of losing face and so on. He was simply speaking off the top of his head. When a Member is delivering a speech, if he is backed by good reasons and is debating in a rational manner, he will not need to use phrases as such to attack other Members. However, it was exactly because he was running out of good justifications that he had to resort to such phrases. This is my view.

Mr Albert HO had brought up one point which is so correct: He said there were substantial differences between the Democratic Party and the DAB in their ways of thinking. Yes, I admit that there are very substantial differences. On this issue, we also have very substantial differences, and let me just name a few of them. Firstly, Mr Albert HO mentioned monitoring. He thought that if we did not agree to his opinions, then we were not fulfilling our monitoring duties. I am sorry, I do not agree.

Among the various businesses of the Legislative Council, we will not seek to blindly support them, neither will we seek to blindly oppose. Sometimes,

regarding some expenditures, we would also pursue the details until we get to the very bottom of it. Take transportation as an example. On the issue of the Eastern Harbour Crossing, which we had just discussed, we had even requested them to provide us with the relevant data to facilitate our research studies. This is what we should do. However, why do we think that we should stop at an appropriate juncture without pushing beyond the limits on the issue of informers' fees? It is simply because the DAB has been sensible enough to know how far our questions should go. What issues are sensitive, what are non-sensitive, what essential questions should we ask? We know perfectly well where we should draw the line, whereas the Democratic Party does not. There is nothing we can do about it.

Secondly, we know very well the relationship between the legislature and the executive, as well as the differences in their functions and roles. If Legislative Council Members often have to cross the line to do the work of the executive authorities — I am sorry, I do not think this is what we should do, especially when some operational information is involved. I can see that sometimes some Members are pretty enthusiastic, and very often, they would like to get personally involved in the operations of the executive authorities. For some of such operations, especially those related to law and order in Hong Kong, I think we should leave them to the executive authorities for proper handling, while we should just do the monitoring with an objective eye. It is not necessary for us to involve ourselves deeply in the operations. This is where the differences lie, and where our viewpoints differ.

Thirdly, character-wise, we are really different. We are more rational. Some Members are more radical. Wherever there is disagreement with them, they would propose to delete all the expenditures. This is a radical approach. We will never act like that.

The Chairman of the Democratic Party, Mr LEE Wing-tat, indicated that he would like to contest the election of the Chief Executive. Perhaps he could also speak on the issue, in case he really runs for the Chief Executive election, and express whether he will state in his platform that he is going to release all information pertaining to informers' fees. Perhaps he can speak on this subject today. But I would like to call on the 800 members of the Election Committee to give a serious consideration for this "Chief Executive-to-be" may disclose all information about informers' fees. This will cast a very serious impact on the state of law and order of Hong Kong. I ask the 800 members of the Election Committee to take this point into account when they are considering whether they should vote for him.

If this is the stance of the Democratic Party, then let it be so. But in the case of the DAB, our stance is very clear and rational. We are very clear about our role. We shall insist on our approach. Therefore, with regard to the several new viewpoints raised today, while we may further discuss them in future, we shall continue to oppose this amendment.

Thank you, Madam Chairman.

MR ALBERT HO (in Cantonese): Madam Chairman, whether a person is rational, it is not up to him to make the assessment. I believe people who have listened to today's debate will draw their own conclusion. Are we delivering our speeches totally without any justifications? Are we completely without any ground in making our request? I believe that everyone, having listened to the speeches for a period of time, can make his own judgement by what he has heard, while information has also been disclosed. Where does our difference only lie? That is, on a number of issues, are we to accept the Government's version very casually, and just stop at that without pursuing any further? This is where we differ basically. If someone accepts the Government's version very easily, and just stops there without asking any further questions because any further question may mean danger, and he does not try to find out the underlying justifications as well as the information supporting such a version, then this is where the greatest difference lies.

Of course, the DAB had raised some other questions, they certainly had. I did not say that Mr LAU Kong-wah had not asked some other questions. But, as a matter of fact, what we can see is, having asked the questions, he stopped at that. A review of the voting records would uncover the substantial differences. I feel that we need not say anymore. Our major difference lies in our consideration for the kind of actions we take to enable us to monitor the Government effectively, and for the kind of actions we take to enable us to strive to legally and effectively follow up the aspirations of the people or certain issues over which we think we should monitor the Government. Saying something without pursuing any further is one kind of approach, striving to do the best is another approach.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr Albert HO be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Albert HO rose to claim a division.

CHAIRMAN (in Cantonese): Mr Albert HO has claimed a division. The division bell will ring for one minute.

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Ms Margaret NG, Mr CHEUNG Man-kwong and Mr SIN Chung-kai voted for the amendment.

Dr Raymond HO, Dr LUI Ming-wah, Mr Bernard CHAN, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Dr Joseph LEE, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr Patrick LAU and Mr KWONG Chi-kin voted against the amendment.

Dr KWOK Ka-ki and Miss TAM Heung-man abstained.

Geographical Constituencies:

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat and Mr Ronny TONG voted for the amendment.

Mr James TIEN, Mrs Selina CHOW, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr LI Kwok-ying and Mr CHEUNG Hok-ming voted against the amendment.

THE CHAIRMAN, Mrs Rita FAN, did not cast any vote.

THE CHAIRMAN announced that among the Members returned by functional constituencies, 26 were present, three were in favour of the amendment, 21 against it and two abstained; while among the Members returned by geographical constituencies through direct elections, 20 were present, nine were in favour of the amendment and 10 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the sum for head 122 stand part of the Schedule.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the sum for head 122 stand part of the Schedule. Will those in favour please raise their hands?

(Some Members were unsure of which question to vote on)

CHAIRMAN (in Cantonese): We are now voting on the original motion: That the sum for head 122 stand part of the Schedule because the two amendments moved by Mr Albert HO have already been negated. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Head 144.

MR CHEUNG MAN-KWONG (in Cantonese): Madam Chairman, I move that head 144 be reduced by \$3,232,000 in respect of subhead 000, so as to abolish the post of the Secretary for Constitutional Affairs, as printed on the Agenda.

With regard to the issue of whether the Constitutional Affairs Bureau and the post of Secretary for Constitutional Affairs should be deleted or otherwise, the Democratic Party has gone through a process in which an understanding was acquired and developed.

When the accountability system was first introduced, from the perspectives of optimizing the use of resources and division of labour, we were of the opinion that the existence of the Constitutional Affairs Bureau was not necessary at all. Instead, the Bureau should come under the purview of the Chief Secretary for Administration and be directly managed by him.

Such an arrangement will not only save resources, but it will also put the constitutional development of the SAR, which will have such a significant impact

on Hong Kong, into the hands of a more senior government official, namely, the Chief Secretary for Administration. Under the Chief Secretary, the post of a Secretary-General should be created to handle matters related to the development of constitutional affairs. This arrangement is more direct without structural redundancy, and it can also save resources and reduce unnecessary spending of public funds. At that time, the Democratic Party did not have the least idea of who would be taking up the post of the Secretary for Constitutional Affairs. We were merely judging the case on its own merits in the context of our system. Our view remains unchanged to date. However, our proposal was then voted down by the pro-royalists in a voting conducted in this Council.

Life is always full of magical coincidences. When the SAR Government started working on the constitutional development of Hong Kong for 2007 and 2008, it was incidental that Chief Secretary Donald TSANG was really taking the lead in handling political issues, whereas Secretary for Justice Elsie LEUNG was responsible for the legal matters. As regards the "*de facto*" Secretary for Constitutional Affairs, Mr Stephen LAM, he seems to be only running errands all the time and pretending to be busy when in fact he has no business to handle. Every now and then he would parrot something somebody else has said, and the next moment he would suddenly become a courier for the SAR Government on a dispatch trip to Beijing. Not only is he dispensable, but what is more is that, the more he says, the more mistakes he makes.

Stephen LAM had said that the Government would put forward a timetable for political reforms, but his words turned out to be an unbankable cheque. He has said that the terms of office for the Chief Executive would be five years and there would be no exception, but in the end, it is two years, which is the remainder of the unexpired term of the outgoing Chief Executive. He had also said that the Chief Executive elected in the by-election subsequent to the Central Government's interpretation of the Basic Law could only serve the remainder of the unexpired term of the outgoing Chief Executive. But according to sources from the National People's Congress, this serving for the remainder of the unexpired term may only be valid for the case ending 2007, and it may not necessarily remain unchanged for 50 years. As regards whether the Chief Executive elected in the by-election could serve for seven years or 12 years the maximum, the instructions from the Central Government are unclear, and WANG Zhenmin, the so-called junior defender of the Basic Law, had even gone back on his words in the past, so Stephen LAM dared not even make a reply.

This is an act of parroting. More miserably still, episodes of farce and embarrassment have repeated so often that Stephen LAM has made a spectacle of himself during his term of office, leaving his spectators only to sigh at the sight of such horrendous acts. TUNG Chee-hwa rightly said: "It takes even greater courage for me to stay". That remark is applicable to both TUNG Chee-hwa as well as Stephen LAM.

Insofar as constitutional affairs are concerned, if one fails to get accurate information and fails to follow the trend promptly enough, one has only himself to blame for his being unable to master the skills thoroughly. Or maybe the trend changes so rapidly such that one is unable to make a U-turn in time, resulting in his making a spectacle of himself. In such a case, he is indeed most pitiable. However, when it comes to Taiwan affairs, it involves the major business of national unification. The Central Government has a clear policy on this issue, which is using the "one country, two systems" concept of the SAR Government as a shining example for achieving unification with Taiwan. This being the case, one should "stay alert and work smart" for China's united front work and act as a bridge of communication, so as to make some humble contribution for the unification of the country.

What Stephen LAM has achieved in the Taiwan relations business can be summed up in one sentence, "Staying aloof with hollowness, he has missed many golden opportunities and has become the subject of ridicule". To say that he is "staying aloof" means he has seen to have looked down upon Taiwanese organizations stationing in Hong Kong. Instead of treating Hong Kong and Taiwan as one family and building up friendship between the two, he has opened up trenches to separate the two and refused to communicate with the other party. To say that he is hollow means he is paranoid in his Taiwan policy, so much so that he shows great reluctance and does not dare to do anything. The only thing he did was to act like an ostrich. Keeping himself safe and staying alive is of paramount importance. "Having missed golden opportunities" means he is unwilling to "commit himself" and so he did not even dare to meet with scholars or politicians from Taiwan. A month ago, MA Ying-jeou was denied entry to Hong Kong. This is a major failure on his part insofar as the work of united front is concerned. His "becoming a subject of ridicule" is evident from the following fact: Since Kuomintang Chairman LIEN Chan visited mainland China and was received by Chairman HU Jintao, Stephen LAM rushed to greet Mr LIEN Chan at the airport, whereas Mr PAO Cheng-kang of Chung Hwa Travel Service Hong Kong, a Taiwan organization stationing in Hong Kong, was denied

access to the VIP lounge. Such snobbishness and discriminative attitude is bringing shame to Hong Kong. Taiwan must have found it ludicrous whereas the Central Government, embarrassing. So what else can we say about a person of such low calibre?

As regards the remaining duties of the Constitutional Affairs Bureau, the job of promoting the Basic Law could be assigned to the Education and Manpower Bureau and the Home Affairs Bureau, whereas the business of electoral affairs has in fact been managed by the Electoral Affairs Commission. Therefore, there is really no need for the Constitutional Affairs Bureau to exist. Madam Chairman, we do not even have the strength to hold Stephen LAM responsible for the inadequacy in supervising the electoral matters during the Legislative Council Election, such as the ridiculous blunder of using carton boxes as ballot boxes. After all, gross mistakes have been committed in the areas of constitutional development and Taiwan relations, which are sufficient to justify his removal from the post and to subject him to interrogation and dismissal. Therefore, I move the deletion of the post of the Secretary for Constitutional Affairs and the transfer of the duties of the Constitutional Affairs Bureau to the Chief Secretary for Administration's Office in a move to contain spending and to redress public grievance. We hope that Mr Donald TSANG, in his post as Acting Chief Executive, will work with a new style under his new leadership. We hope he can conduct clearance at his doorway, rectify past mistakes, disqualifying those with weaknesses while retaining those with strong abilities, reinstate accountability, improve the standard of governance, listen to public opinions and unite the people in a bid to strive for a better future.

With these remarks, Madam Chairman, I move this amendment.

Mr CHEUNG Man-kwong moved the following motion:

"RESOLVED that head 144 be reduced by \$3,232,000 in respect of subhead 000."

MR RONNY TONG (in Cantonese): Madam Chairman, over the past few years, people have been complaining that it is hard to get a good job in Hong Kong. It is particularly hard to find a job with a good salary, job security, high social status, no payment in arrears, no risk of company closure and dismissal as well as freedom from heavy workload, for such jobs exist only in dreams. Actually, a job like that should only be found in our dreams, and yet, such a job does

exist — in the accountability system for principal officials of the Government of the Hong Kong Special Administrative Region (SAR).

First of all, let me clarify that I am not making any personal attack against Secretary Stephen LAM. To me, he did commit some errors, but the major error is not his responsibility. The major error lies in our system. The accountability system is inherently inadequate in the first place. To make matters worse, the political environment over the past few years has changed very rapidly. Basically, there is no task for the Secretary for Constitutional Affairs to accomplish. The post of the Secretary for Constitutional Affairs has become a post of "trivial mix", the duties of which include monitoring the electoral affairs, strengthening the economic development of the "Nine plus Two" Pan-Pearl River Delta area, greeting Taiwanese officials at the airport and promoting the Basic Law. Paradoxically, the "proper business" of promoting the development of a democratic political system has been sidelined. As a result, I am sorry to say that Secretary Stephen LAM as a Policy Secretary has been reduced to one who is "only performing a mixture of trivial jobs without focusing on doing his proper business".

In fact, the duties of the Secretary should have been very important tasks. Implementing the Basic Law and the concept of "one country, two systems" should have kept him extremely busy. It is evident that the people of Hong Kong long for universal suffrage, but the Government is unwilling to provide impetus. Instead, it has chosen to be deaf and blind to their aspirations, and it has refused to reflect these aspirations to the Central Government. This stance of the Government has already deprived the Secretary of half of his capability.

Furthermore, since the decision made by the Central Government on 26 April last year had declined to make any substantive political reform to make way for democracy, that again deprived the Secretary of the remaining half of his functions.

What we found most baffling is the Government's insistence on keeping a "three-person team" to handle the remaining job. That is unnecessary wastage, is it not?

In fact, it is now up to the Central Government to make the final decisions on the constitutional development of Hong Kong. The execution of these decisions is the responsibility of the Acting Chief Executive-cum-Chief Secretary

for Administration Mr Donald TSANG; the legal justifications of such decisions are to be provided by the Secretary for Justice Ms Elsie LEUNG; and the detailed arrangements for the elections are the work of the Electoral Affairs Commission. As such, the entire "production line" for the constitutional development of Hong Kong is complete. An independent commission has also been appointed to study the issues relating to the remunerations and arrangements for the departure of the Chief Executive. Once the study is completed, the Chief Secretary or the Director of Administration could take the charge to co-ordinate the related issues. Besides, for operational routine work as such, does it really call for the service of a Policy Secretary?

Madam Chairman, last night as I was watching the television, I noticed that Secretary Stephen LAM was at the airport greeting Taiwan's Kuomintang Chairman Mr LIEN Chan for his historic visit to Hong Kong. Is it true that Secretary Stephen LAM has no other business to attend to, but to greet visitors at the airport? I later discovered that the Secretary for Constitutional Affairs is also responsible for the co-ordination of liaison between the SAR Government and Taiwanese organizations in Hong Kong. However, over the past three years, what kind of liaison has taken place between the Secretary and Taiwanese organizations, apart from rejecting the visit of Mr MA Ying-jeou to Hong Kong? Or is his main duty actually "severing" liaison?

Weird still, why is the Secretary for Constitutional Affairs also responsible for the liaison work for the development of "Nine plus Two" in the Pan-Pearl River Delta? The development of the Pan-Pearl River Delta falls within the area of trade and business, whereas trade and business is the responsibility of the Economic Development and Labour Bureau, or the Commerce, Industry and Technology Bureau, is it not? Is it because Secretary Stephen LAM has no other business to attend to, so that the Government has to assign him to take up whatever duty available?

As a matter of fact, Madam Chairman, according to an opinion poll conducted by a popular newspaper which is on good terms with the Central Government, of the 470-odd respondents, 66% of them agree that if the Acting Chief Executive Mr Donald TSANG is really elected as the Chief Executive in July, he should streamline the existing principal officials. 30% of the respondents agree that Secretary Stephen LAM should be removed from the post of the Secretary for Constitutional Affairs. When a newspaper friendly with the Central Government should even come up with an opinion poll like this, it shows

clearly members of the public believe that the post of Secretary for Constitutional Affairs is dispensable. As the SAR Government shall see a change in its leadership, shall we not take this opportunity to reconsider whether we should really spend more than \$3 million to employ a principal official who does not have any business to attend to? Shall we not consider whether the appointment is value for money? Regarding the various duties which I have just mentioned, they could in fact be taken up by other departments. At a time when the fiscal deficit of the SAR Government is yet to be solved thoroughly, we should seriously consider abolishing the post of the Secretary for Constitutional Affairs and deploy the resources to some other more worthy causes. Would that be more appropriate?

Thank you.

MR JAMES TIEN (in Cantonese): Madam Chairman, this motion moved by Mr CHEUNG Man-kwong is in connection with the post of the Secretary for Constitutional Affairs. In 2002, when the principal officials were appointed, the Liberal Party had queried, apart from the three Secretaries of Departments, whether it was necessary to have as many as 11 Directors of Bureaux; whether certain bureaux could be merged together; and whether a Deputy Secretary should be appointed to assist the Secretary who might not be able to handle all kinds of affairs under his purview all on his own. At that time, we did have those ideas on our minds. However, the Liberal Party feels that the motion moved today is just targeted at the annual remuneration of \$3.23 million of Mr Stephen LAM, the Secretary for Constitutional Affairs. We think that it is not appropriate to move this motion, especially on today, because the third SAR Government shall commence its administration in 2007, and until then, we could further discuss whether it is necessary to reconsolidate or restructure the overall working arrangements of three Secretaries of Departments and 11 Directors of Bureaux and whether the posts of Deputy Secretaries should be created.

Anyway, we feel that, in 2002, we had not expected the occurrence of so many events in recent months which included: The interpretation of the Basic Law last April, the resignation of Mr TUNG this year due to health reasons, and the arising of the vacancy of the Chief Executive and so on. All these had not taken place when we supported the establishment of this Constitutional Affairs Bureau in the past. From the perspective of workload, we can see in fact among so many panels in the Legislative Council, the meetings of the Panel on

Constitutional Affairs is especially frequent. We estimate that, from now to 2007, the workload of the Bureau will continue to increase because it has to formulate arrangements for the Chief Executive Election in 2007 and the Legislative Council Election in 2008. Although we know that, with no universal suffrage in sight, many people are disappointed. But even if our political system is only developed with the principle of gradual and orderly progress, there are still a lot of issues we have to study in relation to the elections of the Chief Executive and the Legislative Council in 2007 and 2008 respectively. For example, we need to study whether the membership of the Election Committee should be increased from 800 persons to over 1 000, and whether the 160 000 voters responsible for selecting the 800 members of the Election Committee should be further expanded to 300 000, as proposed by many political parties. All such tasks have to be handled by a Policy Bureau. Of course, the Chief Secretary for Administration has to handle these tasks. However, he is now also doubling up the full duties of the Chief Executive. In view of his present workload, I do not think he can also take care of duties related to the electoral arrangements. We are also aware that when the Legislative Council Election is held in 2008, it will also generate considerable workload. If the legislature cannot reach a consensus on the increase of seats in the Legislative Council, then the present system of 60 seats will have to be maintained. In that case, the work involved will be simpler. But if an increase of seats is to be implemented, then the seats in both the functional and geographical constituencies may have to be increased as well, as per the decision of the Standing Committee of the National People's Congress in its interpretation of the Basic Law. Should that happen, the need for conducting research studies on where the increase of seats should be imminent and the allocation of the seats increased will also generate very heavy workload.

Madam Chairman, the Liberal Party thinks that in general before we can attain universal suffrage, the pro-democracy camp will consider universal suffrage a very significant subject. In the eventuality that universal suffrage is attained, then of course it would mean the final step of the constitutional development in Hong Kong. When that happens, we may then consider whether we still need to retain the Constitutional Affairs Bureau or the Secretary for Constitutional Affairs. But, right now, when we are in the course of moving toward universal suffrage with the principle of gradual and orderly progress, the existence of the Constitutional Affairs Bureau and the retention of the post of Secretary for Constitutional Affairs will provide certain assistance to the gradual and orderly progress of the entire process. Therefore, the Liberal

Party thinks that, with regard to the request for our support of slashing \$3.23 million, being the remuneration of the Secretary for Constitutional Affairs, it is very difficult for us to lend our support.

In the question raised by Mr CHEUNG Man-kwong just now, it seemed that the comments were not targeted at the post of Secretary Stephen LAM. Instead, Mr CHEUNG simply disagreed with Secretary LAM in his way of handling certain issues. I believe we can discuss such a point in future panel meetings. Examples cited by Mr CHEUNG Man-kwong include Secretary LAM greeting and receiving VIPs at the airport, the incident of using paper carton boxes to hold votes in place of ballot boxes and so on. It seems that he had simply disliked Secretary LAM. However, if we are to slash the amount of \$3.23 million from the Budget, then the implication is not just restricted to the inability of Secretary LAM to assume this post, and as a matter of fact, this post will then be deleted entirely, so that no other person can assume this post anymore. This proposal put forward by Mr CHEUNG Man-kwong is in fact not just depriving Secretary LAM of his job. We wish the Democratic Party to note that, in our opinion, even if this Secretary post has to be removed, now is just not the right moment to do so. Thank you, Madam Chairman.

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

MR TAM YIU-CHUNG (in Cantonese): Madam Chairman, the amendment moved by Mr CHEUNG Man-kwong today is intended to reduce the operating cost of the Constitutional Affairs Bureau (the Bureau), with the amount slashed approximately equal to the annual remuneration for the Secretary for Constitutional Affairs (SCA). The Democratic Party has stated it very clearly that the significance of the proposal is to remove the post of the SCA. It is a pity that this move represents merely a kind of political gesture and a mere formality. Neither is it meaningful nor constructive.

To start with, the Legislative Council is fundamentally accorded with no power to remove the posts of principal officials. According to Article 48 of the Basic Law, the Chief Executive is empowered to nominate and to report to the Central People's Government the appointment of various Directors of Bureaux and to recommend to the Central People's Government the removal of their duties. The Legislative Council has no power to do so. As such, the

amendment essentially carries no legal effect to remove the post of a Director of Bureau by slashing the funding. Only if the comrade of Mr CHEUNG Man-kwong, that is, Mr LEE Wing-tat, Chairman of the Democratic Party, succeeds in being elected as the new Chief Executive, could the posts of all Secretaries of Departments, not only Secretary Stephen LAM, then be removed. Yet, whether Mr LEE could succeed probably depends on what happens on or before 10 July.

Furthermore, judging from the content of the Appropriation Bill, even if the amendment is carried, the amount of money under the subhead of operating cost would only be partially slashed in a sweeping manner. The amendment carries no legal effect in targeting a certain concrete expenditure breakdown. The empty talk about slashing the post of the SCA is therefore self-deceiving. However, I believe Members of this Council would not be fooled.

It is also unreasonable to request for the slashing of the operating cost of the Bureau. It is evident to Members that the workload of the Bureau has continued to rise over the past three years. What is more, the current financial year is an important year.

The Bureau has been playing the role of a hub connecting the Special Administrative Region Government and mainland departments and assisting in promoting communication between Hong Kong, the Mainland and Macao at the official level. Since the signing of the Pan-Pearl River Delta Regional Co-operation Frame Agreement in the middle of last year, the Bureau has assumed an even greater responsibility in assisting to strengthen liaison and co-operation between Hong Kong, the Mainland and Macao. We hope that the Bureau can assist other Policy Bureaux in promoting regional co-operation, perfecting the transport networks of Hong Kong and other regions, encouraging enterprises from all places to set up companies and go listing in Hong Kong, implementing CEPA, upgrading and strengthening our professional services, and so on, with a view to further propelling Hong Kong's economic recovery.

On constitutional development, the Bureau must give full support to the Constitutional Development Task Force in carrying out its work. During the past year, Hong Kong society has conducted numerous discussions on our future constitutional development. The Task Force has also published four reports one after another. Given the existence of diverse views in the community on constitutional development proposals, it is imperative for the Bureau to strengthen its work, take further steps in collecting the views of members of the

community, assisting various sectors of the community in narrowing their differences, and brushing aside their differences to seek common ground with a view to putting forward a electoral proposal which can gain wide support.

Upon the completion of the by-election of the Chief Executive, the Government must immediately embark on the preparatory work of the two elections to be held in 2007 and 2008. We must seek consensus on ways to increase the membership of the Election Committee and widen the voters' qualifications, increase the number of seats in the Legislative Council and the number of functional constituency voters, and broaden the scope of functional constituencies. As such, the work of the Bureau is not to be overlooked. It is imperative for the Bureau to collect the comprehensive views of Hong Kong society, actively respond to the aspirations of the public for institutional improvement, confirm the possible scope for amendment in respect of the two electoral methods, and to carry forward the amendment procedures in a prudent manner. For these reasons, slashing the operating costs of the Bureau will affect the further progressive development of Hong Kong's constitutional development.

With these remarks, I oppose the amendment.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): Secretary for Constitutional Affairs, do you wish to speak?

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam Chairman, it is not the first time that the request of cutting resources for the Constitutional Affairs Bureau (the Bureau) is being discussed in this Council. Over the past two years, Ms Emily LAU and Mr CHEUNG Man-kwong had moved similar amendments respectively. We have also debated on this issue several times.

Earlier on, during the Second Reading debate on this Bill, I have already given an account of the main duties of the Bureau in the coming year and the near

future. In responding to Mr CHEUNG's amendment, I would first like to tell Members some history.

In 2002 when we mapped out this accountability system, the Government of the Special Administrative Region (SAR) had made a decision, and that is, to retain the Bureau. It was because on the one hand, we were aware that the issue of constitutional development was very important, and on the other hand, we also saw that with the approaching of 2007, the pace of this duty would be accelerated while the workload concerned would be increased. Therefore, we decided to retain the Bureau and the position of the Secretary for the Bureau to handle these affairs. In fact, on a review over the past three years, no matter whether they are issues related to elections or other than elections, the items and workload handled by the Bureau have been increasing. Looking back at this issue of constitutional development, Madam Chairman, we see that in the coming two years, namely between 2005 and 2007, we will have a lot of significant milestones and a lot of substantial issues to deal with.

First of all, we have to make arrangements for the two Chief Executive Elections. We also have to conduct two very important policy and constitutional reviews. First, we have reviews on the constitutional development to be staged in 2007 and 2008. After that, we will conduct a review on the functions and duties of District Councils. We should make recommendations to Annex I and Annex II of the Basic Law for amendment purpose. And to be in line with the amendment to Annex I and Annex II of the Basic Law, we also have to deal with the amendments to the Chief Executive Election Ordinance and the Legislative Council Election Ordinance. Since Members in the Council understand the importance of constitutional affairs, there are some 50 Members participating in the Panel on Constitutional Affairs. In the Bills Committee that we recently formed, there are also some 50 Members participating in the discussion. As I can see, this is one or two records broken in the Legislative Council, which also shows that our Bureau has many issues to work on, while the views of Members need to be handled and dealt with.

When we talk about how the Government would handle, arrange for the review of, and promote these important issues, I found that the remarks of certain Members were quite surprising. At that time when Mrs Regina IP was working very hard in introducing legislation on Article 23 of the Basic Law, some Members said that she was fighting a lonely battle. Today, when two Secretaries of Departments and I are dealing with the issue of constitutional

development with team spirit, Members again query whether we are genuinely working with team spirit, and whether there is still a need for the Bureau to exist. In fact, these self-contradictory remarks show that the stance of Members is not consistent after all.

Mr CHEUNG Man-kwong has mentioned some points. He particularly mentioned the timetable concerning the procedures for the review of constitutional development discussed by us in 2003. In fact, although we did not mention a timetable in detail, we did figure out some sections of time and we are still working towards that direction. At that time, I said that we hoped to embark on public consultation work in 2004; in 2005, we could start dealing with the amendments to Annex I and Annex II; in 2006, we could switch to deal with the work of local legislation. Indeed, Members could see that since early 2004 when the Constitutional Development Task Force was established, our public consultation work was implemented true to the broad direction as envisaged. I also hope that after the Fifth Report is published in the second half of this year, we could list out the mainstream options and discuss the amendments to Annex I and Annex II of the Basic Law with Members. When I introduced Members to the guiding principles of our work earlier on, I also mentioned that I hope to start dealing with the amendments of local legislation in 2006.

Mr Ronny TONG has paid very close attention to my work, and said that this was almost his dream work. If that is so, there should have a lot of people queuing up to apply for this position. Is it a much-preferred job as such or is it otherwise? I think I have the clearest picture myself. However, when talking about other aspects of my work, briefly speaking, apart from elections, we took over a few aspects of work since 2002, which include "Nine plus Two" Pan-Pearl River Delta development work, co-operation between Beijing and Hong Kong, co-operation between Shanghai and Hong Kong, Taiwan affairs and so on. Mr TONG does not understand why the Bureau is responsible for the co-ordination work. Basically speaking, this is because over these years, the Bureau has been liaising with the central and provincial governments, including liaising with the Ministry of Foreign Affairs on foreign affairs. In the implementation of "one country, two systems", we have been liaising with the Hong Kong and Macao Affairs Office of the State Council. Therefore, we are providing a secretariat, while other bureaux will deal with other policy areas like finance and economy, education and health. We only provide daily administrative and secretarial services.

Despite the continual increase in our workload over the past three years, the permanent establishment of the Bureau in the same period of time is shrinking. In 2002-03, our permanent establishment was 48 posts. It will be reduced into 44 posts in 2005-06, with a rate of reduction over 8%. The posts deleted include directorate, Administrative Officer and other posts. Since there is reduction in our establishment, our recurrent expenditure is maintained at about \$35 million per year.

Madam Chairman, Mr CHEUNG Man-kwong particularly mentioned about Taiwan affairs. He was so concerned about this that we got the impression he was acting like the representative for Taiwan in Hong Kong. I want to explain clearly that since we took over the affairs relating to Taiwan, we actually have breakthroughs in a few aspects: firstly, the arrangement of the SAR Government in appointing high-ranking officials to deal with Taiwan affairs is more organized, systematic and positive than before. At present, we have directorate grade officials to liaise with non-official institutions of Taiwan in Hong Kong. If necessary, our Permanent Secretaries and even I as the Secretary for the Bureau will be concerned with these matters and deal with them in person. This fully reflects that the SAR Government attaches importance to the link between Hong Kong and Taiwan.

Secondly, in the past, the Hong Kong Government will normally not receive delegations from Taiwan. However, since we took over Taiwan affairs, we always receive delegations from Taiwan trade associations, media, professionals and academics. We also make arrangements for them to visit our different departments, inspect the infrastructural and other facilities of Hong Kong. This, in fact, fully reflects that we are proactive in dealing with Taiwan affairs. Indeed, some delegations are referred to us by the Chung Hwa Travel Service. They hope that we can make some arrangements, and we have been providing such service. For instance, in the past two years, there were delegations from Taiwan media visiting Hong Kong from time to time.

Thirdly, the liaison established with the Taiwan institutions in Hong Kong over the past few years does help when we dealt with certain emergencies. For instance, during the SARS period, through this communication channel, we could arrange for a charter flight to bring a Hong Kong touring group back from Taipei within a short period of time. Last year, after the car accident in Chiufen, we could, within a short period of time, appoint our medical staff and other colleagues to go over to Taiwan to take care of those Hong Kong people in

the incident. We have already expressed our thanks to the Taiwan authorities concerned for the support in these few aspects. We hope that these matters can be dealt with in an even better way with our accumulated experience of co-operation.

Apart from the liaison in these aspects, I would also like to talk about the overall development between Hong Kong and Taiwan. In 2004, the total turnover of trade between Hong Kong and Taiwan was more than \$200 billion, with a growth rate of more than 20% compared with 2003. Over the past three years, the average number of Taiwan visitors in Hong Kong has exceeded 2 million per year, which is higher than that in the early period after reunification, with a growth of more than 20%.

Therefore, be it in our linkage, or in the entire trading relations or the exchange of personnels, improvement is evident.

Madam Chairman, Mr CHEUNG Man-kwong mentioned our arrangement in receiving Mr LIEN Chan, Kuomintang Chairman. With your kind indulgence, I would also like to briefly respond to this.

The arrangement of receiving Chairman LIEN Chan and the delegation was made with the co-operation and full communication between the central authorities and the SAR Government. The reception itself was also responsible by the representatives of the central authorities and the SAR Government. In regard to this, I would like to reiterate the three facts in the hope that Members can understand the situation.

Firstly, the Managing Director of Chung Hwa Travel Service did propose to the SAR Government whether he could receive them at the airport. We clearly gave him the answer that we were unable to make such an arrangement. Mr PAO Cheng-kang also knew that personally. He told the media yesterday that he had received such a piece of information.

Secondly, in the past, when we received some overseas senior politicians coming to Hong Kong, apart from representatives for the SAR Government, there might be representatives for other governments, for example, representatives for central authorities stationing in Hong Kong or some consul generals posted to Hong Kong. However, Chung Hwa Travel Service is not an official institution in Hong Kong, and which has never obtained such an official status.

Thirdly, Mr PAO told the media that he went to the airport with a restricted zone permit, implying that he could have gone there to receive Chairman LIEN Chan. But the fact is that he applied for a restricted zone permit through an airline, and the reason for his application was to enhance his understanding of the airport operation, claiming that he wanted to make a familiarization visit. And he has never mentioned that he wanted to receive Chairman LIEN Chan.

Hence, simply speaking, Mr PAO was an "uninvited visitor". The information that he told others is also "not totally true".

Madam Chairman, I would now turn to the SAR Government's attitude towards Taiwan affairs. We have always been practical and assumed low profile in promoting the exchange with Taiwan. We will not deliberately draw media's attention to what we are doing. In the future, we will continue to work for the relationship between Hong Kong and Taiwan in a down-to-earth manner.

Madam Chairman, in concluding my speech, I would like to say that this is our third year in dealing with such amendments. Although these amendments are directing towards our appropriation arrangements in the Budget, I believe that underlying them, there is another set of views which reflect the aspiration, expectation and certain degree of disappointment of Members from the pan-democratic camp towards our constitutional development.

In fact, we respect very much the persistence and perseverance of Members from the pan-democratic camp towards constitutional development. At the same time, we also hope that they can understand a very important truth, and that is, Hong Kong has already been achieved reunification, and if our constitution has to be developed and to move forward, we need to build up communication and mutual trust with the Central Government.

If Members from the pan-democratic camp really want to do something for Hong Kong and to promote democratic development, they should focus on establishing a more positive relationship with the Central Government, instead of labouring year after year, on matters pertaining to the establishment of a certain Policy Bureau.

In regard to communication, Madam Chairman, I can make some efforts. For instance in December last year, when Deputy Secretary-General QIAO

Xiaoyang visited Hong Kong, I also invited Mr LEE Wing-tat and other Members from the pan-democratic camp, as well as representatives for other political parties to meet him, so that they have an opportunity to see each other and exchange views.

Earlier on, when representatives for the central authorities came to Shenzhen to meet some Hong Kong representatives for the legal profession and other professions on 12 and 21 April, I also suggested that we should invite representatives for different political parties, including representatives for the pan-democratic camp. I am also glad that these two exchanges have been accomplished.

Indeed, turning back to this Council, when Members took the Legislative Council Oath, they have already expressed their support to the Basic Law. Given that, they should clearly understand and accept our constitutional structure after reunification. On the one hand, we should try our best to create a consensus for constitutional development in Hong Kong, on the other, we should co-operate with the central authorities in progressively and gradually promoting democratic development in Hong Kong.

I believe that this amendment proposed today can help in letting off some steam for certain Members here, especially for Members from the pan-democratic camp. But actually, this move may not have significant and positive meaning. In the event that Mr CHEUNG Man-kwong and other Members find the need to move this kind of amendments in the future, we will, of course, respond to them. Nevertheless, if Members continue to move similar amendments, I am afraid that this will only bring more disappointment to them.

Anyway, I hope that we can come together to do something practical, to create a consensus for Hong Kong, and to promote constitutional development in Hong Kong according to the Basic Law.

With these remarks, Madam Chairman, I urge Members to oppose Mr CHEUNG Man-kwong's amendment.

MR CHEUNG MAN-KWONG (in Cantonese): Madam Chairman, the response given by Secretary Stephen LAM just now has actually responded to the speech delivered by Mr Ronny TONG that the Secretary's job is a lucrative one.

Frankly speaking, even a small department head manages more than 44 staff members. How much work would 44 persons handle? Just now, the Secretary mentioned his four major tasks. Of all the tasks mentioned by him, his greatest failure lies in his handling of constitutional development and Taiwan-related matters.

When it comes to Taiwan-related matters, Secretary Stephen LAM pointed out in his speech earlier that I acted like a representative of Taiwan in Hong Kong. How dare I? However, both Hong Kong people and Chinese people should be concerned about Taiwan as the island is crucial to China's unification undertaking. Everyone is justified to criticize if Taiwan-related matters are not handled properly and mistakes are made. Sometimes, criticisms were made by people out of their high expectations and their wishes in seeing that mistakes are not continued to be made, lest that would delay the opportunity for China and Taiwan to get united. In doing so, Hong Kong's relations with Taiwan will be damaged, and Hong Kong will thus be unable to act as a model of "one country, two systems" to Taiwan. Moreover, the territory will not be able to perform its role as a bridge of communication.

In handling Taiwan-related matters, Secretary Stephen LAM has, as I said earlier, committed mistakes after mistakes and ruined the reputation of the Government. Earlier, he tried to explain that PAO Cheng-kang actually did not have a formal document allowing him to meet with LIEN Chan. However, the crux of the problem is: Given the importance of Taiwan's united front work, why can PAO Cheng-kang not be invited? The Secretary should assist in meeting the request of PAO Cheng-kang to meet with LIEN Chan, whether PAO's intention was to fulfil his statutory responsibility as the top representative of the Taiwanese organ in Hong Kong or to demonstrate courtesy as a host. Yet, no action has been taken by the Secretary. Instead, PAO was forced to busily approaching airlines to fulfil his duties through various kinds of connection. Not only did he fail to feel ashamed, the Secretary has, on the contrary, acted in a complacent manner. He has handled the matter in such a mess. Instead of making every effort to fulfill his duties, he has teased PAO for failing to produce the required document. Will he not feel that there is negligence of duty on his part?

Second, it has come to my attention that, even though he has mentioned PAO Cheng-kang, he has not talked about MA Ying-jeou. Why did he evade the issue of MA Ying-jeou? Although LIEN Chan is still the incumbent

Chairman of the Kuomintang, he will soon retire. MA Ying-jeou will most probably become the new Chairman of the Kuomintang. Should he run in the election, he will stand a chance to be elected as the President of Taiwan. Given the way MA Ying-jeou was treated yesterday, what will people think, not to mention that, among all the politicians in Taiwan, he has the best knowledge of Taiwan's unification position? How will people look at Hong Kong and China? How will they look at China's unification policy? It is very easy to promptly step forward to gain advantage from the meeting between HU Jintao and LIEN Chan; however, it is really imperative to treat Taiwan affairs with far-sighted vision. For instance, it is very important too to think of ways to enable MA Ying-jeou to acquire a deeper feeling and understanding for Hong Kong and for unification. As such, the mistake made by the Secretary in handling the MA Ying-jeou incident represents a blunder beyond pardon in the united front work.

Furthermore, the Secretary has teased PAO Cheng-kang for coming without being invited. Should he repeat such words today, he would be making yet another mistake. Today, he should take remedial steps should he realize his adequacy in handling the issue of PAO Cheng-kang. He should have telephoned PAO Cheng-kang and confessed that he had failed to handle the matter properly. He should not have added salt to a wound by teasing PAO for coming uninvited. Perhaps one day he will have to meet with PAO Cheng-kang should the relationship between the Central Authorities and Taiwan further develop, or when Hong Kong is required to act as a bridge, who will then be coming uninvited? Insofar as this issue is concerned, the Secretary should be more far-sighted. He should not go too far with his remarks in respect of Taiwan-related matters. This is truly a national affair. As I pointed out earlier, what can be said if the level of the officials responsible for handling Taiwan-related matters is exceedingly low? Nothing can be said then.

When it comes to the constitutional system, the Secretary has even mentioned Mrs Regina IP. He teased Mrs IP for fighting a lonely battle when dealing with the enactment of legislation under Article 23 issue, whereas the three-member team set up for dealing with constitutional affairs is demonstrating team spirit. Has Mr LAM heard about the story of a man who pretended to be "Yu¹" player in order to make up the number for an orchestra? The orchestra also demonstrated team spirit. The one who did not know how to play was just hanging around in the orchestra, it was only when it came to solo performance

¹ "Yu" is a wind instrument.

that he could no longer pretend. But when would he be required to play solo? The answer is when a new emperor came to the throne. Because the new emperor preferred solo to ensemble, the one who did not know how to play had to sneak away. This is like the remark of Mr TUNG Chee-hwa quoted by me earlier: "To stay is not easy at all." It is not easy, too, for one to stay to make up the number.

Lastly, I would like to say a few words on the views expressed by Mr TAM Yiu-chung earlier in the meeting. He described the amendment as a political gesture and a mere formality devoid of meaning because the power is vested in the Chief Executive. I am aware of this too. This explains why in the last part of the debate, we invited the Acting Chief Executive, Donald TSANG, to clear his doorway. Otherwise, I need not include this part into the amendment. Yet, the remarks made by Mr TAM Yiu-chung just now remind me of an article written by Mr LU Xun about the "two eras for Chinese people". Mr LU has described the two eras in a very interesting manner. The first era referred to the period in which Chinese people were treated as slaves, while the second one referred to the period in which Chinese people were not treated as such, even though they had wanted to. Why was it that it was considered a good era when Chinese people were treated as slaves? This is because it was at least safe to be a slave — one remaining on all fours could do nothing wrong. However, during the period in which Chinese people were not treated as slaves, even though they had wanted to, Chinese people were massacred. Given the huge number of lessons, tragedies, slaughtering recorded in Chinese history, Chinese people have become so miserable that they are dying to be slaves. They dare not become a master. Today, he has been elected by people hoping that he can be a small master to represent them to express their opinion here in this Chamber. For instance, if he is not satisfied with a certain post because the post-holder is not performing satisfactorily, he may ask to have the post removed, as a small master would be expected to do. However, he described the wish of becoming a small master as self-deceiving. Then I can only say in return, "Those who are willing to be slaves are self-deceiving too." Nothing can be done if he is willing to act in this way.

My friends, I wonder if it is the case that, owing to the fear that I would raise the proposal of abolishing his post again, Secretary Stephen LAM earlier intentionally watered down the matter by making the following remarks. First, my proposal is nothing new because Ms Emily LAU proposed a similar motion last year. Second, a similar motion might still be proposed again in the future. As there is no harm for Honourable Members to be mollified, the matter should

not be taken too seriously. The establishment of the Secretary's post is not meant for anyone to let off steam. It would be too expensive if some \$3 million can only serve the purpose of allowing someone to let off steam. I only wish to say that every Member and every member of the public genuinely have expectations for the accountable officials, including their handling of democratization and Taiwan-related matters. The post would be utterly useless if it only serves the purpose of mollifying someone. The Secretary is unaware of the important responsibility assumed by his post — to be "accountable", as appeared in the expression "accountability system". Neither should he regard himself as a tool to mollify others — instead, he must work hard and do better. Although we may not be able to secure enough votes to enable this amendment be passed, I still hope the Secretary can do better, including his handling of the matters mentioned by me earlier.

Thank you, Madam Chairman.

MR CHIM PUI-CHUNG (in Cantonese): Madam Chairman, originally I have not intended to speak. However, after listening to the lengthy speech delivered by Mr CHEUNG Man-kwong, I got the impression that he had become the Chief Executive, even though the by-election would not be held until 10 July. Furthermore, I got another impression that the Central Government had sent him here. I have to emphasize that within the organization of the Government of the Hong Kong Special Administrative Region (SAR), particularly under the framework of the Executive Council, the commitment of a mistake by any government official should theoretically be treated as a problem with the framework. This is because the spirit of the Accountability System for Principal Officials is to be accountable to the public and the whole world boldly. Besides being accountable to the Chief Executive, government officials have to be accountable to the public and the representative council as well. However, it must be borne in mind that, no matter whether it is a Secretary of Departments or Director of Bureaux who has made a mistake, the one who has made the greatest mistake is the Chief Executive because of his failure to execute his power, thus making his Secretary of Departments or Director of Bureaux feeling at a loss as to what to do. Of the criticisms levelled by Mr CHEUNG Man-kwong at Secretary Stephen LAM earlier, some are indeed valid. There is no problem with abolishing his post because it is part of the government framework. The Secretary may, at the most, submit resignation, or be transferred to another Policy Bureau, or even take up the post of Secretary of Departments. What about that?

As for the relevant Taiwanese officials, they should be aware that Hong Kong is a highly sensitive place where political changes can take place quite rapidly. Before 1956, the Communist Party and the Kuomintang fought bitterly against each other; today, both of them have returned to the political arena. This explains why people taking part in politics should not take things too seriously. Most importantly, national identity must be stressed. We, Chinese people, must be patriotic at all times. This is of the greatest importance. I very much hope that the SAR Government can in the future, however reorganization would be carried out, listen to the words of Mr DENG Xiaoping, that is, to love the nation and Hong Kong truly without feeling obliged to accept the mess left behind by the British people.

I would like to take this opportunity to publicize politics. I have the right to do so — Madam Chairman, though you may not agree, we are given a time slot to express ourselves. I very much hope that the Government can boldly tell the public and the people who take part in politics that the Standing Committee of the National People's Congress has stressed once again on 26 April 2004 that dual elections by universal suffrage will not be conducted in 2007 and 2008. However, I can still hear from radio broadcast that the Government would like the public to express their views on elections to be held in 2007 and 2008. This is wrong. The Government should instead appeal to the public to express their views against the background that dual elections by universal suffrage will not be conducted in 2007 and 2008. Should the public be requested to put forward their opinions, they would definitely ask for dual elections by universal suffrage. It is my earnest hope that the Constitutional Affairs Bureau and the Constitutional Development Task Force can stop wasting public money and misleading the public and Members. I note that other Bureau Directors are not obliged to listen to the speech delivered by Mr CHEUNG Man-kwong, probably because of their terms of reference, but they have nevertheless stayed to do so. I would like to take this opportunity to appeal to Members to debate sensibly so as to better understand the views of different parties. Thank you.

MR ALBERT CHAN (in Cantonese): May I ask Mr CHIM Pui-chung to elucidate whether the remarks made by him are meant to be an advance notice that he will run in the Chief Executive election?

CHAIRMAN (in Cantonese): Mr CHIM, you may choose to answer or not to answer.

MR CHIM PUI-CHUNG (in Cantonese): Madam Chairman, I am not willing to answer. Moreover, it might not materialize. If it does, I would have made better decisions. (*Laughter*)

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): Secretary for Constitutional Affairs, do you need to speak again?

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): I would like to make a brief response.

Since Mr CHEUNG Man-kwong and a few other Members attach such importance to this debate and have spoken several times on it, I also want to speak a bit more.

The point emphasized by Mr CHEUNG Man-kwong is that we have to adopt a long-term point of view in dealing with the relations between China and Taiwan, and the unification of the country. I totally agree with this point. In handling political issues, there are never permanent friends or permanent enemies. Kuomintang Chairman's visit to the Mainland yesterday has opened up a new era in one day after 60 years' severance. Thus, in regard to the way we are dealing with Taiwanese affairs, we are working according to the existing policies. However, when dealing with issues relating to Chung Hwa Travel Service or other Taiwanese institutions in Hong Kong, we are following the seven principles of QIAN Qichen and policies endorsed by the central authorities. We will also continuously do something practical within our limited scope of administration. This has also been mentioned by me earlier on.

However, in regard to the long-term relations between China and Taiwan, the SAR Government has long been in support of "three links" and unification. We also hope that some day — in our lifetime — we can see such important development. Although between the 1980s and 1997, the public had some worries towards the future of Hong Kong, we have already implemented "one

country, two systems", while Hong Kong's prosperity and stability have also been maintained. Whenever we have a chance, we will explain to the Taiwanese that if they accept unification in the future, their arrangement will be different from that of Hong Kong. We understand very well why they will be worried about their future, as Hong Kong also had such an experience. Nevertheless, we believe that if Hong Kong can make it, Taiwan problems can also be addressed with our concerted efforts.

I would like to respond to Mr CHEUNG Man-kwong. It is natural and reasonable that Members have placed hopes on government officials. By the same token, we also place hopes on Mr CHEUNG Man-kwong and other Members here. Hence, I have to particularly point out that apart from letting off steam, I hope that we will create a consensus with our concerted efforts to promote the democratic development of Hong Kong.

Madam Chairman, these are my remarks.

MR ALBERT CHAN (in Cantonese):Just now, he said that he was acting according to the "QIAN's Seven-point Principles". Which of these principles falls within his terms of reference? Does a Bureau Director of Hong Kong have the power to execute China's diplomatic policies? Can he elucidate which one of the "QIAN's Seven-point Principles" in order to illustrate the key points and content of his remarks?

CHAIRMAN (in Cantonese): Mr Albert CHAN, I gave you permission earlier to seek Mr CHIM Pui-chung's elucidation of the content of his speech because your request was concerned with his entire speech. He can therefore choose whether or not to elucidate. If you wish to request the Secretary for Constitutional Affairs to elucidate the part of his speech concerning "QIAN's Seven-point Principles", you should stand up and seek his elucidation when he mentioned "QIAN's Seven-point Principles". This is laid down in our Rules of Procedure. Therefore, excuse me, I cannot accede to your request for elucidation. Actually, Mr LEE Wing-tat was confronted with a similar situation just now as well. Notwithstanding this, you may now speak. Do you wish to speak?

(Mr Albert CHAN shook his head to indicate his wish of not to speak)

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr CHEUNG Man-kwong be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr LEE Cheuk-yan rose to claim a division.

CHAIRMAN (in Cantonese): Mr LEE Cheuk-yan has claimed a division. This Council will proceed to division immediately after the division bell has been rung for one minute.

CHAIRMAN (in Cantonese): Will Members please proceed to vote.

CHAIRMAN (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr SIN Chung-kai and Miss TAM Heung-man voted for the amendment.

Dr Raymond HO, Dr LUI Ming-wah, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU

Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Dr Joseph LEE, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung and Mr KWONG Chi-kin voted against the amendment.

Dr David LI and Dr KWOK Ka-ki abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Dr YEUNG Sum, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG, Mr Ronny TONG and Mr Albert CHENG voted for the amendment.

Mr James TIEN, Mrs Selina CHOW, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr LI Kwok-ying, Mr MA Lik and Mr CHEUNG Hok-ming voted against the amendment.

THE CHAIRMAN, Mrs Rita FAN, did not cast any vote.

THE CHAIRMAN announced that among the Members returned by functional constituencies, 28 were present, four were in favour of the amendment, 22 against it and two abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, 13 were in favour of the amendment and 11 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the sum for head 144 stand part of the Schedule.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the sum for head 144 stand part of the Schedule. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

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

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the Schedule stand part of the Bill. According to Rule 68(4) of the Rules of Procedure, this question is neither amendable nor debatable.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

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

CHAIRMAN (in Cantonese): We are to consider the clauses of the Bill. I now propose the question to you and that is: That the following clauses stand part of the Bill.

CLERK (in Cantonese): Clauses 1 and 2.

CHAIRMAN (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

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

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bills

PRESIDENT (in Cantonese): Bill: Third Reading.

APPROPRIATION BILL 2005

FINANCIAL SECRETARY (in Cantonese): Madam President, the

Appropriation Bill 2005

has passed through Committee without amendment. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Appropriation Bill 2005 be read the Third time and do pass.

According to Rule 70 of the Rules of Procedure, this question shall be voted on without amendment or debate.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Albert CHENG rose to claim a division.

PRESIDENT (in Cantonese): Mr Albert CHENG has claimed a division. This Council will proceed to division immediately after the division bell has been rung for three minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Mr James TIEN, Mr Albert HO, Mr Martin LEE, Dr David LI, Mr Fred LI, Dr LUI Ming-wah, Ms Margaret NG, Mrs Selina CHOW, Mr CHEUNG Man-kwong, Miss CHAN Yuen-han, Mr Bernard CHAN, Mr CHAN Kam-lam, Mrs Sophie LEUNG, Mr SIN Chung-kai, Dr Philip WONG, Mr WONG Yung-kan, Mr Jasper TSANG, Mr Howard YOUNG, Dr YEUNG Sum, Mr LAU Kong-wah, Mr LAU Wong-fat, Ms Miriam LAU, Miss CHOY So-yuk,

Mr Andrew CHENG, Mr Timothy FOK, Mr TAM Yiu-chung, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Ms Audrey EU, Mr Vincent FANG, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr LI Kwok-ying, Dr Joseph LEE, Mr Daniel LAM, Mr Jeffrey LAM, Mr MA Lik, Mr Andrew LEUNG, Mr Alan LEONG, Dr KWOK Ka-ki, Mr CHEUNG Hok-ming, Mr WONG Ting-kwong, Mr Ronny TONG, Mr CHIM Pui-chung, Mr Patrick LAU, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the motion.

Dr Raymond HO, Mr LEE Cheuk-yan, Mr Albert CHAN, Mr Frederick FUNG, Dr Fernando CHEUNG and Mr Albert CHENG voted against the motion.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that there were 55 Members present, 48 were in favour of the motion and six against it. Since the question was agreed by a majority of the Members present, she therefore declared that the motion was carried.

CLERK (in Cantonese): Appropriation Bill 2005.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 3.00 pm tomorrow.

Adjourned accordingly at twenty-four minutes to Six o'clock.