

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 8 December 2004

The Council met at half-past Two 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

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

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 JAMES TO KUN-SUN

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 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 EMILY LAU WAI-HING, 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 LEE CHEUK-YAN

THE HONOURABLE WONG YUNG-KAN, J.P.

PUBLIC OFFICERS ATTENDING:

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

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

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

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

CLERKS IN ATTENDANCE:

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

MS PAULINE NG MAN-WAH, ASSISTANT 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>
Land Registration Fees (Amendment) Regulation 2004 ...	193/2004
Tax Reserve Certificates (Rate of Interest) (No. 7) Notice 2004.....	194/2004
Construction Workers Registration (Levy) Notice	195/2004
Construction Workers Registration Ordinance (Commencement) (No. 2) Notice 2004	196/2004
Land Registration (Amendment) Ordinance 2002 (20 of 2002) (Commencement) Notice 2004	197/2004

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. According to House Rules, question time normally does not exceed one and a half hours, that is, each question is allocated about 15 minutes on average. After a Member has asked a main question and the relevant official has given reply, the Member who asks a question has priority to ask the first supplementary. Other Members who wish to ask supplementary questions will please indicate their wish by pressing the "Request-to-speak" button and wait for his/her turn.

A supplementary should only contain one question and should be as concise as possible so that more supplementaries may be asked by Members. Members should not make statements when asking supplementaries, as this contravenes Rule 26(5) of the Rules of Procedure.

PRESIDENT (in Cantonese): First question.

Regulation of Debt-collection Agencies

1. **MR ALBERT CHAN** (in Cantonese): *Madam President, in reply to my question in February this year, the Administration advised that it had taken certain measures to monitor the practices used by debt-collection agencies (DCAs) in recovering debts. However, I have learnt that there is a deteriorating trend of harassment of members of the public by DCAs in recovering debts. While it has been a practice for banks, finance companies and telecommunications companies to engage DCAs to collect money owed by their customers, recently some beauty service companies and tutorial teachers have also hired such agencies, causing even more people to suffer harassment. In this connection, will the Government inform this Council:*

- (a) of the number of cases reported to the police since February this year about DCAs' harassment;*
- (b) of the progress of the study conducted by the Law Reform Commission (LRC) and the Government on legislation to regulate the activities and debt recovery practices of DCAs; and*
- (c) whether it will consider stepping up law enforcement actions to curb the harassing practices of DCAs; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Cantonese): Madam President,

- (a) From February to September 2004, there were 1 234 reports of criminal cases in relation to debt collection activities (including criminal damage, intimidation and wounding, and so forth); and 13 774 reports of non-criminal behaviour relating to debt collection (such as telephone nuisance and numerous dunning letters).
- (b) The LRC published its report on "The Regulation of Debt Collection Practices" in July 2002. The report's recommendations include the creation of a criminal offence of harassment of debtors and others, and the introduction of a licensing system for DCAs and individual debt collectors. Relevant bureaux and departments, including the Security Bureau, Financial Services and the Treasury Bureau, Hong

Kong Monetary Authority (HKMA) and the police have been studying the recommendations. The study is nearing completion. The Administration is drafting its response to the LRC Report, and plans to present the response to the general public and this Council in 2005.

- (c) The police take a serious view of abusive debt collection practices. Since 2000, the police have streamlined their procedures in handling reports of harassment relating to debt-collection agencies. The police conduct investigation into all harassment reports relating to debt collection activities. If there is evidence that criminal elements are involved, such cases will be referred to crime officers for further investigation. If after investigation it is revealed that crimes have been committed, the police will take arrest and prosecution actions.

As regards the regulation of DCAs employed by authorized institutions (AIs), the Code of Banking Practice (the Code) already requires AIs to prohibit DCAs from using harassment or other improper tactics in recovering debts. The HKMA monitors AIs' compliance with the Code as part of its ongoing supervision of AIs. In addition, since March 2002, all AIs have been required to submit a quarterly return on the number of complaints received against the DCAs that they employ. Since the introduction of the survey, the number of DCA-related complaints in relation to AIs has been significantly reduced, indicating that AIs have strengthened their supervision over DCA's conduct.

In addition, it has come to the attention of the Securities and Futures Commission (SFC) that some licensed corporations employ DCAs to recover overdue debts from their clients. The SFC is concerned that if the licensed corporations employ DCAs which use inappropriate means to recover debts, it would be damaging to the status and standing of the licensed corporations and the financial industry in general. In view of this, the SFC issued a set of debt collection guidelines in November 2001 to govern the debt collection practices of licensed corporations. The guidelines are applicable to all licensed corporations which engage DCAs. The guidelines include prohibition against adopting harassment or

improper conduct in collecting debts. Non-compliance may constitute misconduct and a cause for disciplinary action.

The Hong Kong Licensed Money Lenders Association has also issued a Code of Money Lending Practice to require its members to prohibit their DCAs from employing harassment or improper tactics in recovering debts.

In short, the Administration is concerned about cases involving abusive debt collection practices. We will continue to combat illegal practices employed by debt collection agencies.

MR ALBERT CHAN (in Cantonese): *Madam President, according to the Secretary's main reply about the number of reports received by the police, almost 100 cases of harassment acts are reported every day, which include criminal cases in relation to harassment. They are extensive acts of nuisance and they also seriously waste police strength. Before enacting legislation, will the Secretary advise relevant organizations, in particular the HKMA, that banks and finance or credit card companies should suspend or prohibit DCAs' harassment as much as possible and take the debtors to Court instead?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, we have discussed with the HKMA the abusive debt collection practices employed by DCAs. Nevertheless, at the present stage, we consider that it is not appropriate to prohibit all lending agencies to hire DCAs to recover debts for them, because a total ban or prohibition of debt recovering activities will seriously affect the lending activities of these lending agencies, which will subsequently affect normal lending and borrowing operations between borrowers and money lenders, resulting in a more stringent money-lending requirement in future.

MR ALBERT CHAN (in Cantonese): *Madam President, the Secretary has not answered my supplementary. I did not mean that debts should not be recovered, I just pointed out that DCAs should not be hired, and as a substitution, legal actions should be taken in the course of debt recovery process. These institutions can recover the debts by way of legal actions instead of employing DCAs.*

SECRETARY FOR SECURITY (in Cantonese): Madam President, we have requested the HKMA to issue guidelines to banks and finance companies from time to time to state that they should not engage DCAs which employ harassment or improper tactics to collect debts.

MR SIN CHUNG-KAI (in Cantonese): *Madam President, the Secretary explained in part (b) of the main reply that the LRC had published its report in July 2002, and the LRC had spent two years to study the issue and planned to present the response to the general public and this Council in 2005. What is the reason for that? Notwithstanding the Government went all out to promote the legislation on Article 23 of the Basic Law, why have the authorities spent so much time in respect of regulatory measures and the direction of study? What technical problems are there? Where do the problems lie? Why does it take so long to complete the report?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, a number of factors are involved in the regulation of improper debt recovering activities, and it also involves different Policy Bureaux and departments, so the Government must study meticulously the recommendations made in the report. The factors that need to be considered are quite complicated, such as the relationship between the debtor and creditor, the need for legislation, the practicability of enforcement in the future, and the immediate and future impact of the recommendations on the business of debt collectors. Several Policy Bureaux and departments have taken part in the studying process, besides the Security Bureau, there are also the Financial Services and the Treasury Bureau, Economic Development and Labour Bureau, Home Affairs Bureau, Commerce, Industry and Technology Bureau, Hong Kong Police Force, Social Welfare Department, Department of Justice, HKMA and the Companies Registry. We must prudently listen to opinions of all parties concerned and carefully consider all the factors in order to study the recommendations of the report in a more comprehensive manner.

Moreover, the information carried in the report was information only up to 2001. Since then, no matter in Hong Kong or foreign countries, there has been significant development in regulatory measures on debt recovery activities. For instance, one of the recommendations of the report was to review the practice of

sharing consumer credit data periodically. We know that upon the publication of the report, the Privacy Commissioner for Personal Data amended the Code of Practice on Consumer Credit Data to allow credit providers to share more positive consumer credit data. For that reason, when we consider the recommendations of the Report, we should give an appropriate amount of time and resources to examine the recommendations in the light of the latest information and development. I already explained in the main reply that the study was nearing completion and we were drafting a response to the Report and planned to present the response to the general public and the Legislative Council next year.

MR ALBERT HO (in Cantonese): *Madam President, the Secretary mentioned two supervisory authorities in the main reply, that is, the HKMA and SFC, which would exercise their regulatory power to monitor whether money lenders have engaged in proper acts. Nevertheless, one category of money lender does not come under the supervision of the two bodies, I believe this category of money lender should be regulated by the police since the licensee needs a license to operate. According to my experience, when a complaint is filed with the police, the police are usually reluctant to invoke its power to monitor the acts and conduct of these money lenders. Secretary, to the best of your knowledge, has the Commissioner of Police such power, or is he reluctant to exercise the power? According to the current policy, is it possible to impose certain conditions at issuance of licence to require the money lender to adopt proper means to recover debts and prohibit them to harass or intimidate others by exploiting the loopholes in the law?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, as far as I know, when the police receive these kind of complaints, that is, on receipt of certain reports about DCAs or money lenders using harassment or other improper tactics in recovering debts, the police will definitely deal with such cases seriously. These cases would be handled by crime officers instead of ordinary police officers. If they find that the debt collection practice has violated the law of Hong Kong after investigation, they will definitely follow up the case and conduct further investigation. Granting sufficient evidence, they will take arrest and prosecution actions.

MR ALBERT HO (in Cantonese): *Madam President, the Secretary has not answered my supplementary. My supplementary is: Will the Commissioner of Police exercise his licensing power to regulate the acts and conduct of money lenders instead of resorting to criminal laws? If any criminal element is involved, of course they should seek an indictment of the offenders. Nevertheless, will the police effect supervision as the other two supervisory authorities do instead of resorting to criminal laws?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have explained in the main reply that the LRC published its report in July 2002 and one of the recommendations was the introduction of a licensing system for DCAs and debt collectors. We are currently studying the LRC's Report and drafting our response to the Report. I can only provide Mr Albert HO a more definite answer after we have issued the response to the Report.

MR ALBERT HO (in Cantonese): *Does the Secretary mean that the police will not act as other supervisory authorities do, and it will not regulate money lenders by virtue of the licensing authority? This is all I wish to ask in my supplementary.*

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

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have nothing to add.

MRS SELINA CHOW (in Cantonese): *Madam President, the Secretary explained in part (c) of the main reply that AIs were required to prohibit DCAs from using harassment or other improper tactics in recovering debts. Nevertheless, the cases that we have received show that, despite these DCAs have not committed any criminal offence, very often, they would harass people close to the debtor instead of the debtor himself, such as his family members or his co-workers. Has the Secretary any measure which will confine the debt recovery action of DCAs to the debtor and prohibit them from harassing other people, including family members and co-workers of the debtor?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, under the existing legal system, we can only exercise our lawful power to investigate the practices employed by DCAs. If they adopt lawful means, such as constant telephone nuisance, then it will not constitute any infringement of the law, and we do not have any law to sanction such actions. Nevertheless, just as I explained earlier, we are now studying the LRC's 2002 Report, and we will definitely issue our response and proposals to the Report after we have studied it.

MRS SELINA CHOW (in Cantonese): *The Secretary has not answered my supplementary. I stated in the beginning of my supplementary that DCAs had been required not to use harassment or other improper tactics in recovering debts, but the Secretary seemed to argue that as long as they have not committed criminal offence, no other measures can be taken. His answer is totally irrelevant. May I ask the Secretary, when someone falls victim to these harassment or improper tactics, if it is true that you can do nothing at all?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, just now I already explained that a number of existing laws pinpoint illegal debt recovery actions and they include intimidation under the Crimes Ordinance, blackmail under the Theft Ordinance, and the sending of threatening letter under the Offences against the Person Ordinance. Provided that DCAs have not committed any offence under the Ordinances I have just mentioned, the police can exercise their power only if these harassment actions are criminalized. We cannot ask the police to make arrests simply because someone is subject to constant telephone nuisance, and we should act in accordance with the law. For that reason, in respect of Mrs Selina CHOW's supplementary, we have to wait until the response to the Report is completed, and if we consider that there is a genuine need to enhance the police's power in law enforcement, we will come back to the Legislative Council and discuss the enhancement of legislation on this.

PRESIDENT (in Cantonese): We have spent more than 17 minutes on this question. Last supplementary question.

MR ALBERT CHENG (in Cantonese): *Madam President, it is absolutely fair to pay one's debt. The problem is that DCAs are not only harassing the debtor, they do not only harass the person who owes money to others, but also other people close to him, including his family, co-workers and the organization he works for, and even a police station was harassed when some people spray-painted the wall of a police station. May I ask whether the Secretary is aware of the current situation, which is something far more complex than the saying that repaying one's debt is absolutely fair?*

On the other hand, the Secretary explained in the fourth paragraph of part (c) of the main reply that the Hong Kong Licensed Money Lenders Association had also issued a Code of Money Lending Practice to require its members to prohibit their DCAs from employing harassment or improper tactics in recovering debts. May I ask the Secretary if the Hong Kong Licensed Money Lenders Association is a statutory body that can take disciplinary actions? If disciplinary actions cannot be taken, will the Security Bureau still rely on this company or body to act as the gatekeeper?

PRESIDENT (in Cantonese): Mr Albert CHENG, you have asked two supplementaries.

MR ALBERT CHENG (in Cantonese): *Then I would like to ask the Secretary the latter part of my supplementary.*

PRESIDENT (in Cantonese): Fine.

MR ALBERT CHENG (in Cantonese): *Secretary, did you catch it?*

(The Secretary for Security indicated that he had heard the supplementary)

SECRETARY FOR SECURITY (in Cantonese): Madam President, of course we have received reports concerning harassment or other improper tactics of

DCAs. I have also cited the number of complaint cases received by the police every year, which include cases involving criminal elements and non-criminal elements. Secondly, as to the organization mentioned by Mr Albert CHENG, it is a trade association within the industry, which is not a government statutory body. Anyway, it is most desirable if the trade can be more self-disciplined by having its own regulatory body, that is, to draw up the guidelines concerning lending and debt collection tactics, then its members can act according to the guidelines in a fair, lawful and reasonable manner.

PRESIDENT (in Cantonese): Second question.

Public Housing Sites

2. **MR CHAN KAM-LAM** (in Cantonese): *Madam President, will the Government inform this Council:*

- (a) *of the respective numbers of public housing sites released by the Government to the Housing Department (HD) and surrendered by the HD to the Government in each of the past five years; please list out the locations of the sites concerned and the numbers of units that can be produced; and*
- (b) *of the respective numbers of public housing sites where piling works have been and will soon be carried out, those sites whose piling tenders will be invited and those that have been incorporated into the five-year and 10-year development plans of HD, and those without development plans yet; please list out the locations and sizes of the sites concerned, the numbers of units that can be produced and the anticipated completion dates?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, the Government's housing policy aims at providing public rental housing (PRH) to needy low-income families. To achieve this, the Government ensures sufficient supply of land for the provision of PRH flats to

meet the demand. The production of public housing has to take into account a number of factors and processes such as planning, construction and resource allocation. We have drawn up a rolling five-year Public Housing Construction Programme, which is updated annually in the light of latest demand for PRH so as to maintain the average waiting time at around three years. The details of and progress in implementing the Programme may require adjustments and fine-tuning with the passage of time and changes in actual circumstances. Hence, the information provided in this reply only reflects a snapshot of the current situation. The Government will closely monitor the demand for public rental housing and land supply, and will make timely adjustments to the Programme having regard to the latest situation.

My reply to the two-part question is as follows:

- (a) In the past five years, the new sites granted by the Government to the Housing Authority (HA) for provision of PRH are located at various districts. In total, these sites can provide about 46 000 PRH flats upon completion of projects. Details of these sites are set out at Annex A. The use of individual sites is subject to change from time to time in response to social developments and the changing demand for PRH. Accordingly, details of the HA's construction programme are constantly revised to reflect the latest situation. In the past five years, the HA has returned to the Government a total of 11 sites allocated or earmarked for PRH for the improvement of district facilities or infrastructure development. Of these, the site at Chai Wan Estate (Phase 4) has subsequently been earmarked again for PRH development to meet the demand. The PRH sites returned to the Government and reasons for the return are set out at Annex B.
- (b) The PRH sites where piling works are in progress will yield about 7 000 flats in 2006-07 and 2007-08. Sites for which tenders have been awarded but piling works have not yet commenced will yield about 4 600 flats in 2008-09. In addition, approximately 14 000 flats would be produced in 2008-09 from sites for which tenders for piling works will be invited shortly. Details are set out at Annex C.

The latest Public Housing Construction Programme shows that a total of 88 000 flats will be produced in the next five years. As regards public housing production beyond 2008-09, as mentioned above, the Public Housing Construction Programme rolls forward on a yearly basis, thus allowing flexibility for any necessary adjustment of planned production having regard to the latest demand forecast for PRH and mobility of public housing tenants. Our aim is to maintain the average waiting time at around three years. We will monitor the demand for PRH regularly. The Government has sufficient land for ready allocation to ensure that the public housing programme can cater for the need of the society in a timely manner.

Annex A

New public rental housing sites granted by the Government annually ^{Note}
to the Housing Authority in the past five years (2000-01 to 2004-05)
and the number of public rental flats to be produced

Year	<i>Number of new sites and public rental flats to be produced</i>							
	Urban Area		Extended Urban Area		New Territories		Total	
	<i>No. of sites</i>	<i>No. of flats</i>	<i>No. of sites</i>	<i>No. of flats</i>	<i>No. of sites</i>	<i>No. of flats</i>	<i>No. of sites</i>	<i>No. of flats</i>
2000-01	3	5 554	2	6 213	3	7 003	8	18 770
2001-02	2	2 219	4	5 878	0	0	6	8 097
2002-03	5	12 580	0	0	0	0	5	12 580
2003-04	0	0	0	0	0	0	0	0
2004-05 (As at November 2004)	0	0	0	0	3	6 393	3	6 393
Total	10	20 353	6	12 091	6	13 396	22	45 840

Note The figures cover only new public rental housing sites granted by the Government year on year to the Housing Authority. They do not include sites already in the Housing Authority's possession and sites which were originally designated for the Home Ownership Scheme but were subsequently converted to public rental housing sites.

Annex B

Public rental housing sites returned to the Government by the Housing Authority in the past five years (2000-01 to 2004-05)

<i>Year</i>	<i>Public rental housing site returned to the Government</i>	<i>No. of flats to be produced</i>	<i>Reason for the Return</i>
2000-01	-	-	-
2001-02	Cheung Sha Wan Estate	0	In exchange for Fortune Street Playground for public housing development
	Chai Wan Estate (Phase 3)	0	In exchange for Tsui Wan Estate for public housing development. Chai Wan Estate (Phase 4) was subsequently earmarked again for public housing development.
	Chai Wan Estate (Phase 4)	0	
	Shek Yam Estate (Phases 1 and 4)	0	In exchange for Shek Lei Estate Playground for public housing development.
	San Fat Estate	0	For development of the West Rail.
2002-03	Upper Wong Tai Sin Estate (Phase 2)	0	For use as district open space under Metroplan.
	Anderson Road Quarry Site D	4 050	Lack of necessary infrastructure and site has not yet been formed.
2003-04	Tai Hang Tung Estate (Phase 2)	0	In exchange for Tai Hang Tung Estate Playground for public housing development.
	Cha Kwo Ling	3 595	The relocation plan for the adjacent cargo handling area has not yet been finalized. The site is not suitable for public housing development at present.

<i>Year</i>	<i>Public rental housing site returned to the Government</i>	<i>No. of flats to be produced</i>	<i>Reason for the Return</i>
	Tseung Kwan O Area 65B (Phases 1 and 2)	4 990	According to the further feasibility study on the development of Tseung Kwan O, it is suggested that the site should be used for low-density residential development or as open space.
2004-05 (As at end November)	Homantin Estate (Phase 4)	0	Returned to the Government for school use according to the redevelopment plan.
Total	11 sites	12 635	

Annex C

Progress of construction works and the number of flats to be produced on public rental housing sites of the Housing Authority

(I) Sites with piling works in progress

<i>Location</i>	<i>Number of flats to be produced</i>	<i>Estimated completion date</i>
Urban Area	800	2006-07
Extended Urban Area	2 300	2007-08
New Territories	3 900	2007-08
Total	7 000	

(II) Sites for which tenders have been awarded but piling works have not yet commenced

<i>Location</i>	<i>Number of flats to be produced</i>	<i>Estimated completion date</i>
Urban Area	4 600	2008-09

(III) Sites for which tenders for piling works will be invited shortly

<i>Location</i>	<i>Number of flats to be produced</i>	<i>Estimated completion date</i>
Urban Area	9 500	2008-09
Extended Urban Area	2 000	2008-09
New Territories	2 500	2008-09
Total	14 000	

MR CHAN KAM-LAM (in Cantonese): *Madam President, when we discussed the Hunghom Peninsula incident recently, there were queries from the community as to whether some precious sites in the urban area should be returned to the Government rather than for PRH development. For quite a long time in the future, we will still have a lot of PRH sites in the urban area. May I ask the Secretary whether the Government will consider changing the existing policy?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): *Madam President, I think Members will realize from the main reply that we have sufficient land to maintain the average waiting time for PRH at around three years. This can be seen from the PRH production and the number of sites which are undergoing piling works. Among these sites, none is very precious. In the near future, as I have just said, we will keep a close eye on the latest development and the supply of other sites. Now we cannot rule out the possibility that some other sites which are more suitable for other purposes may be converted for PRH production if the supply is sufficient for us to do so. However, the main principle is to maintain the waiting time at not more than three years. Under this principle, consideration will certainly be given if we have the flexibility.*

MR LEE WING-TAT (in Cantonese): *Madam President, I do not know whether or not my supplementary question is irrelevant. In lines four to eight of the second paragraph of part (b) of the main reply, it is said that there will be necessary adjustment of planned production having regard to the latest demand forecast for PRH and mobility of public housing tenants. Madam President, let me give a brief explanation. According to the prevailing allocation formula of*

PRH units, the average living area for each resident is 100 sq ft if it is a new unit. As for the old style units, each resident is entitled to an area around 40 to 50 sq ft. In the reply, it says that data concerning "the latest demand forecast for PRH and mobility of public housing tenants" will be taken into account. In that case, has the new demand for new flats arising from the sitting tenants of the old flats due to over-crowded living condition been taken into account?

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

Madam President, of course, if new units are used for relieving the over-crowded living condition of some households, we will not be able to meet the demand of those on the Waiting List. So, in a nutshell, when we said that sufficient PRH units would be built in order to maintain the average waiting time at around three years, we have taken all demands into account. Of course, Mr LEE Wing-tat may ask: How long does it take to solve the problem of over-crowded households? We do have laid down certain criteria for this and will conduct a review annually to determine how far the criteria can be relaxed. If the criteria are too lax, the demand in this aspect will be very great, thus affecting the waiting time. By adopting a fair approach just like the present case, we will take into account the needs of various parties and make appropriate allocation after consideration in a holistic manner.

MR LEUNG KWOK-HUNG (in Cantonese): *Madam President, the number of sites for PRH production as shown in Annex A of the main reply provided by Secretary Michael SUEN is basically nil. This is a dramatic policy change. Meanwhile, the HA continues to lower the income limit of PRH applicants. In other words, a certain number of people will thus be knocked out of the Waiting List every year. This is equivalent to a transfer of benefits to the property developers because the Government has kept knocking some people out of the Waiting List while reducing the production of PRH flats. Can the Secretary inform this Council how many people will be excluded from the PRH eligibility net as a result of the downward adjustments of the income limit?*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please sit down. First of all, Mr LEUNG Kwok-hung should have put this question to Secretary Michael SUEN through the President. This is a due procedure of this Council.

Secondly, I have no idea of the relationship between Mr LEUNG Kwok-hung's supplementary question and the main question of Mr CHAN Kam-lam. Mr LEUNG, you asked a question about lowering the income limit for PRH applicants. Can you explain the relationship between this supplementary question and the main question?

MR LEUNG KWOK-HUNG (in Cantonese): *Fine. In the last sentence of his main reply, Secretary Michael SUEN said, "We will monitor the demand for PRH regularly. The Government has sufficient land for ready allocation to ensure that the public housing programme can cater for the need of society in a timely manner." With supreme powers, Secretary Michael SUEN totally suspended the sale of Home Ownership Scheme (HOS) flats and has kept lowering the income limit of PRH applicants. Let me cite an example. The previous income limit for PRH applicants was \$16,000 and the current income limit is \$14,000. As a result, people earning \$16,000 a month previously are no longer eligible and the number of applicants on the Waiting List has therefore been reduced. So even if PRH production has been ceased, supply may still be maintained. However, it is not because of a timely adjustment but because of an artificial reduction of the number of applicants on the Waiting List. From this, we can see that my point is relevant and related to the question of "timely".*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, first of all, I would like to give an explanation to the phenomenon raised by Mr LEUNG Kwok-hung. He said that some figures in Annex A were zero. This gives people a wrong impression that we have not granted any land. This phenomenon occurs because our reply is prepared in response to Mr CHAN Kam-lam's question. Mr CHAN Kam-lam asked about the number of sites "newly released" by the Government over the past five years. In fact, we have converted some sites previously earmarked for HOS construction into sites for building PRH flats over the past few years. That is why these figures cannot be reflected here. I do not want to see that Members get a wrong impression that no new sites have been released for the production of PRH flats.

As regards Mr LEUNG Kwok-hung's second supplementary question, I hope Members can understand that the formula for calculating the income limit was worked out on a consensus reached with Legislative Council Members. Over the past two years, we have explained to Members that this formula is applied when calculating the income limit.

Thirdly, we have to understand that the income limit of PRH applicants has been adjusted downward due to deflation over the past few years. However, Members have also said on different occasions that people's income has also decreased. So, the number of people with low income is still more or less the same because their income has also decreased. Although their income has decreased, it is still below our income limit. So, from our perspective, the difference between these figures is still not substantial. In other words, the absolute figure may be lower, but comparatively the number of people is roughly the same.

(Mr LEUNG Yiu-chung stood up indicating that he wished to seek elucidation)

PRESIDENT (in Cantonese): What is your point? Mr LEUNG Yiu-chung, it is not time for you to raise a supplementary question.

MR LEUNG YIU-CHUNG (in Cantonese): *I would like to ask the Secretary.....*

PRESIDENT (in Cantonese): Are you raising a point of order? Please tell me which Rule of Procedure allows you to seek elucidation now?

MR LEUNG YIU-CHUNG (in Cantonese): *No. I think the information just provided by the Secretary is not correct. So I hope he can clarify.*

PRESIDENT (in Cantonese): In that case, please wait for your turn. I will give you an opportunity to ask a question.

MR LEUNG YIU-CHUNG (in Cantonese): *No, Madam President. The information just provided by the Secretary in answering Mr LEUNG Kwok-hung's question is erroneous. I hope he can clarify whether he has said so. I am not going to ask a follow-up question. Rather, I found that there were some discrepancies between his remarks. So I hope he can clarify the fact.*

PRESIDENT (in Cantonese): You can request the Secretary to clarify the relevant fact only when you raise a question. Otherwise, due to our limited question time, other Members waiting for their turns to ask questions will not have any opportunity to do so if everybody acts like you, thinking that the official's reply is inconsistent with the fact, stands up and seeks elucidation after a Member has raised a supplementary question.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, I would like to make sure whether a correction should be made if a Secretary has made a wrong statement. What I am now referring to is not about asking a question.*

PRESIDENT (in Cantonese): I know. Mr LEUNG Yiu-chung, if an official, on behalf of the Government, has provided some incorrect, inaccurate or erroneous information, he himself should be accountable. Members, on other occasions, can also point out that the official has provided some incorrect information to this Council. So, I hope you will not seek clarification from the officials during the question time. Otherwise, we will not be able to allow most of the Members who are waiting for their turns to ask questions to have an opportunity to do so.

MR LEUNG YIU-CHUNG (in Cantonese): *Sorry, Madam President, because what he has just mentioned is related to the Legislative Council. So I think clarification is necessary.*

PRESIDENT (in Cantonese): I cannot permit your request. You can propose an amendment to the Rules of Procedures and that is your right. But now I really cannot give you the permission. If so, how can I explain this to other Members?

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, may I ask when the President will grant permission to a Member if he requests to seek elucidation?*

PRESIDENT (in Cantonese): Members, I have to suspend the meeting so that Mr LEUNG Yiu-chung can come to my office to tell me what he wants to say. Besides, I have to look up the Rules of Procedures to see whether there are such requirements. I now suspend the meeting.

3.09 pm

Meeting suspended.

3.18 pm

Council then resumed.

PRESIDENT (in Cantonese): Members, I have talked to Mr LEUNG Yiu-chung in the President's office. In fact, there is some confusion. During motion debates, Members can rise to make interruptions, requesting the Member or government official to elucidate some matter raised in the course of his speech. But during question time, there is no such practice. Having understood this point, Mr LEUNG Yiu-chung has decided to wait for his turn.

Next

(Mr LEUNG Kwok-hung indicated that he wished to raise a follow-up question)

MR LEUNG KWOK-HUNG (in Cantonese): *I would like to ask a follow-up question*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, is it a follow-up question? Please rise first. *(Laughter)*

MR LEUNG KWOK-HUNG (in Cantonese): *I would like to ask a follow-up question*

PRESIDENT (in Cantonese): Please say "Madam President" first.

MR LEUNG KWOK-HUNG (in Cantonese): *I would like to ask you, or I would like to ask you a supplementary question through the President*

PRESIDENT (in Cantonese): You have to face the President. Whatever you say, you have to face the President. That is very easy. *(Laughter)*

MR LEUNG KWOK-HUNG (in Cantonese): *The Secretary, in his reply, said that the number was roughly the same. But I consider his remark inaccurate because proportionally, those who are originally eligible will be*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, sorry, it seems that I have always interrupted you. What you have to do is to point out which part of your supplementary question has not been answered by the Secretary. If you waste your time in explaining it, our question time will relatively be reduced.

MR LEUNG KWOK-HUNG (in Cantonese): *All right, very simple. Many PRH residents will be excluded from the eligibility net as a result of the downward adjustment of the income limit. This is an indirect transfer of benefits to the property developers because this will boost the sale of their flats. Does the Secretary admit that?*

PRESIDENT (in Cantonese): Being the President, I am in fact unable to remember the supplementary question of Mr LEUNG Kwok-hung. *(Laughter)* When a Member has asked an excessively long supplementary question, I cannot remember all the details of his question unless my memory is as good as a recorder. In order to save time, let me see if the Secretary has anything to add.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, if I have heard it correctly, Mr LEUNG Kwok-hung mentioned the application of the PRH residents. As they are PRH residents, they need not apply.

(Mr LEUNG Kwok-hung raised a question while sitting)

PRESIDENT (in Cantonese): He meant those on the Waiting List.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): All right. Madam President, the problem is that some figures may increase and some figures may decrease. But if he said that the majority of those on the Waiting List would be affected, I disagree. I think not many people will be affected and the number of these people will not be great.

DR RAYMOND HO (in Cantonese): *Madam President, the Secretary said that a review would be conducted every year to see whether the total number of sites earmarked for PRH production should be adjusted. However, during the past five years from 2000 to 2005, the Government has granted 10 sites to the HA for PRH production. I remember that in May 2000, the Chief Executive made a public announcement that the housing production target of 85 000 had ceased to exist as early as the end of 1998. In that case, why did the Government continue to release 10 sites to the HA for PRH production after the announcement?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, insofar as I understand it, it might only mean that the production target of 85 000 had been abandoned. However, our PRH programme will continue. In formulating our policy, we will continue to cater for the needs of the low-income people. In fact, we confirmed this point in our new Statement on Housing Policy in 2002. So our current policy has confirmed the need to take care of these people and our housing production is not a target in terms of figure, rather, it is a policy target and that is to maintain the average waiting time at not more than three years.

MR WONG KWOK-HING (in Cantonese): *Madam President, the return of the Hung Hom Peninsula site to the Government by the HD has caused a lot of trouble. So through the President I would like to ask the Secretary: What are the principles in accordance with which sites are returned to the Government? Does the HD have any plan to return lands to the Government in the next five or 10 years and what are the reasons?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, perhaps Members can have a look at Annex B in which the number of sites returned to the Government by the HA over the past five years, the locations of these sites and the reasons for their return have been set out. I am not going to read them out.

As I have explained in the main reply, if the reasons as set out in Annex B emerge, we will consider returning the sites to the Government. These include the construction of infrastructure, a need of land by the Government or the exchange of premium sites for other sites with the Government. So if we have the needs as mentioned above in the future, we will act in accordance with similar criteria.

MR WONG KWOK-HING (in Cantonese): *Madam President, my follow-up question is: Is the HD required to return waterfront sites to the Government instead of using them for PRH production?*

PRESIDENT (in Cantonese): Mr WONG, this follow-up question is not part of your previous supplementary question. So you cannot raise it now. If you want to ask the question, you have to wait for your turn again.

We have spent more than 20 minutes on this question including the time spent on the exchange of views between Mr LEUNG Yiu-chung and me. So I will let Mr LEUNG Yiu-chung to ask the last supplementary question.

MR LEUNG YIU-CHUNG (in Cantonese): *Madam President, I would like to seek clarification from the Secretary. In answering Mr LEUNG Kwok-hung's*

question, the Secretary said that he had reached a consensus with the Legislative Council on the formula of calculating the income limit of PRH applicants. Can the Secretary explain to us how the consensus was reached? Does he have any evidence to show that Legislative Council Members have reached such a consensus with him? Would the Secretary please give details on this.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, perhaps let me check the records and respond in writing. (Appendix I)

PRESIDENT (in Cantonese): Third question.

Closure/Merger Exercise of Magistrates' Courts

3. **MS MARGARET NG:** *Madam President, to achieve efficiency savings, two Magistrates' Courts were merged into one in January this year, one other will soon be closed down, and two more will be merged next year. Upon the completion of the closure/merger exercise, only six of the original nine Magistrates' Courts will remain. The Judiciary has undertaken to keep the waiting time to below three months for cases to be heard at a Magistrate's Court. In this regard, will the Administration inform this Council whether it knows:*

- (a) the projected caseload for each of the remaining Magistrates' Courts upon the completion of the closure/merger exercise, and how the caseload of each Magistrates' Court will compare to that before such exercise;*
- (b) the present waiting time for cases to be heard at a Magistrates' Court, and if it exceeds three months, what is being done to shorten it; and*
- (c) the total amount of money which will be saved by the closure/merger exercise?*

CHIEF SECRETARY FOR ADMINISTRATION: Madam President, the question raised by the Honourable Margaret NG relates to the operation of the magistracies and the deployment of resources by the Judiciary. We have consulted the Judiciary which has provided certain information on the question Ms NG has asked.

Let me first clarify the relationship between the Judiciary and the Administration, which bears on the important principle of the independence of the Judiciary. First, there is a fine tradition of the Government of the Hong Kong SAR that the Judiciary is responsible for its internal policies, like those regarding its specific resource allocation and its operation. The executive authority is only responsible for certain housekeeping matters. Consequently, to answer the question of Ms NG, we must rely on the information provided to us by the Judiciary and nothing more. Second, I remain concerned that for those who do not have a strong legal background as Ms NG, when they see me, a representative of the executive authority, joining a discussion about an issue concerning the Judiciary at the Legislative Council, they may have a strong impression that we are interfering with the independence of the Judiciary. So, I have to be extra careful in handling any supplementary question, so as to avoid doing any injustice to the Legislative Council.

- (a) Coming to the specific parts of the question asked by Ms NG, at the end of 2003, nine magistracies were in operation, they were Eastern, Western, Kwun Tong, North Kowloon, Kowloon City, Tsuen Wan, Shatin, Fanling and Tuen Mun respectively.

The Judiciary's rationalization exercise seeks to consolidate the nine magistracies into six by 2006.

Specifically, since January 2004, when the Western Magistracy was closed, the Judiciary has set up in its place an extra court each at the Eastern, the Kwun Tong and the Kowloon City Magistracies to take on the cases displaced by the Western Magistracy. The overall number of courts in operation in the magistracies remains about the same as before the closure.

The North Kowloon Magistracy will cease operation in January 2005. Its caseload will be dealt with at three additional courts being established in the Kwun Tong and the Kowloon City Magistracies.

Similarly, when the Tsuen Wan Magistracy ceases operation in early 2006, the Judiciary has plans to handle the Tsuen Wan cases in extra courts in other New Territories magistracies at Sha Tin and Tuen Mun.

As the rationalization exercise has just started, the Judiciary considers it too early to make reliable projections on the estimated caseloads of individual magistracies before the exercise completes in 2006. It will monitor the situation closely, and ensure an even distribution of caseloads among the magistracies in operation.

- (b) As regards waiting time, in general, the waiting time for a case to be heard at a magistracy is about three months. The actual waiting time ranges from three and a half months at the Eastern, the North Kowloon and the Kowloon City Magistracies, which are constantly busy with more complex cases, to about two and a half months at the Kwun Tong and the Tsuen Wan Magistracies.

The Judiciary tracks the caseloads and their distribution among the magistracies very closely. Where necessary, the Judiciary will transfer cases from one magistracy to another, in order to even out the workload to maintain the overall waiting time of a case at about three months. To further optimize judicial resources and court time, the Judiciary has introduced Saturday sittings in all magistracies since May this year. It will also continue to make Deputy Magistrate appointments as required. For example, the Judiciary appointed two new Deputy Magistrates in October 2004, each for a period of nine months.

- (c) The total estimated savings arising from the closure of the Western Magistracy is about \$5.7 million a year. Closure of the North

Kowloon Magistracy will generate a saving of \$6.6 million and the closure of the Tsuen Wan Magistracy will generate a saving of \$5 million. The savings come mainly from the reduction of registry staff. With the courts and magistracies located more centrally in six magistracies eventually, the Judiciary believes that it will have a larger scope for optimizing the registry and support services and departmental expenses.

MS MARGARET NG (in Cantonese): *Madam President, the financial arrangement could influence the independence of administration of justice, whilst the closure and merger of Magistrates' Courts is the only alternative under the current "across-the-board" retrenchment exercise. My supplementary is: What cost will the Government pay in terms of the proper operation of the Magistrates' Courts, which include the increase in Magistrates' Courts workload and extended listing, in order to achieve a saving of \$17 million a year? Will the executive authorities assure this Council that adequate resources would be allocated to ensure fair administration of justice?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): The entire Government, including the executive authorities, the legislature and Judiciary have to face the problem of tight resources, but I believe the Judiciary's current deployment of resources is appropriate as I can see that it is allocating its resources with great flexibility. I trust these redeployment exercises will not affect the judicial quality, especially in the listing mentioned just now, as we can still keep the waiting time at the standard three months. Under these circumstances, we think the arrangement is acceptable.

Moreover, with regard to the handling of cases, since the Judiciary has the flexibility to appoint more Deputy Magistrates, I therefore believe they are capable of managing special occasions like the increase in caseload due to seasonal factors or other reasons. We understand the importance of judicial independence, and I believe judicial independence will not be affected as a result of the retrenchment exercise.

MR RONNY TONG (in Cantonese): *Madam President, upon listening to the reply of the Chief Secretary for Administration, in particular from parts (a) and (b) of the main reply, I have learnt that this rationalization exercise is conducted apparently not because the Judiciary considered that efficiency could be achieved through the rationalization exercise, as the Secretary explained in the main reply that "the Judiciary considers it too early to make reliable projections on the estimated caseloads of individual magistracies before the exercise completes in 2006", that is, the rationalization exercise is conducted despite the fact that whether there is room for rationalization is still unknown at present time. For that reason, I consider the reply of the Chief Secretary for Administration incomprehensible. If the quality of the rule of law is affected because the SAR Government wishes to cut expenses, I think this is the last outcome the people of Hong Kong wish to see. Will the Secretary inform this Council whether it is time to review the support given by the SAR Government to the Judiciary, in particular, if it is possible to establish a body which enables the Judiciary to be financially independent, so that the rule of law will not be affected due to financial pressure?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): With regard to the deployment of resources, the Judiciary enjoys great flexibility. Nevertheless, the financial allocation rests with the Financial Secretary's decision, which is made according to the economic condition of Hong Kong each year. All of these are open. I believe everybody, like Members, is concerned very much about it and hopes that the quality of the rule of law will not be affected due to resource constraints. Nevertheless, what we discuss here is that the resource retrenchment has not caused any deterioration in various aspects, such as the number of Courts and Magistrates' Courts, each year's manpower and waiting time of cases, I trust the operation will not be affected. As to the issue of resource constraints, it is not the only problem that the Legislative Council has to deal with, even the executive authorities and all government departments have to deal with it. I believe every sizeable organization has room for retrenchment of resources and the Judiciary is no exception.

PRESIDENT (in Cantonese): Mr Howard YOUNG, please wait for a moment. Mr Ronny TONG, has your supplementary not been answered?

MR RONNY TONG (in Cantonese): *Madam President, I consider that the Chief Secretary for Administration has not answered my supplementary. The supplementary I wish him to answer is that whether the Government should consider allowing the Judiciary to have financial independence to make it free from any financial pressure?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): *Madam President, the independence of the Judiciary is stipulated in the Basic Law, and it has very little to do with the finances directly.*

MR HOWARD YOUNG: *Madam President, the waiting time of three months has been mentioned both in the preamble of the main question and in part (b) of the Secretary's main reply. Could the Secretary tell us whether he knows that this so-called waiting time of three months is supposed to be a long-term target for long-term planning purposes, or is it only a reflection of the present situation? Could it be like the waiting time for a public rental housing unit whereby over the years, it is supposed to get shorter and shorter and shorter for long-term planning purposes?*

CHIEF SECRETARY FOR ADMINISTRATION: *That is the operating guideline of the Judiciary at present.*

MR ALBERT HO (in Cantonese): *Madam President, with regard to the merger of Magistrates' Courts, I presume that not a single Magistrate will be made redundant, and the waiting time for cases to be heard will not increase, but this will lead to some questions, and I do not know whether the Chief Secretary for Administration is aware of them.*

First, cases of seven Magistrates' Courts will be handled by the No. 1 Courts of the remaining four Magistrates' Courts. After a case is heard for the first time, if the defendant pleads guilty, the relevant Magistrate's Court will have to give the sentence, for that reason, the workload of the No.1 Court will increase significantly, while the time each Magistrate spends on each case will be forced to shorten.

Second, support groups will deploy a duty lawyer at each Magistrate's Court, whilst the Social Welfare Department and Correctional Services Department will also station their staff at each Magistrate's Court. It is difficult for them to co-ordinate with other Courts, because they have their own manning scale and work schedule. Does the Chief Secretary for Administration know that this will cause some chaos? The current plan is to close three Magistrates' Courts, but the savings will be less than \$20 million, is it worthwhile at all? Can the Chief Secretary for Administration give us a reply today?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): The fact that how much can be saved, in my opinion, should be determined by the Judiciary itself. Madam President, as far as I know, we can save and make better use of resources through pre-trial assessment, while classification of cases is the best measure as veteran Magistrates who are conversant in the specific category of cases are assigned to hear the cases. With regard to other issues of resources allocation or the deployment of personnel as complement, I believe the Judiciary can manage that with perfect efficiency.

MS MARGARET NG (in Cantonese): *Madam President, the Chief Secretary for Administration believes that the Judiciary can maintain its original efficiency, but he actually has given no assurance at all. Madam President, why did the Chief Secretary say that it has not affected the efficiency of the Courts? The question is, even if the waiting time for cases is limited to three months, it is far longer than before. According to the main reply given by the Chief Secretary, the actual waiting time at some Magistrates' Courts was three and a half months. Why did the Chief Secretary say that the quality of the rule of law has not been affected?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): The waiting time of three and a half months is only an average. This is the existing target adopted by the Judiciary. The waiting time of some cases will exceed three and a half months while others is as short as two and a half months, but the average is three and a half months. This is the information I know.

PRESIDENT (in Cantonese): Fourth question.

Default in Payment of Wages to Workers of Government Construction Projects

4. **MR TAM YIU-CHUNG** (in Cantonese): *Madam President, trade unions and I have received many complaints alleging that some contractors of government building and construction projects have defaulted on payment of wages to their workers. In this connection, will the Government inform this Council:*

- (a) *of the total number of cases handled by the authorities in the past three years involving allegations of default in payment of wages to construction workers, as well as the number of persons affected and the amount of defaulted wages involved and, among such cases, of the number of those involving government building and construction projects, as well as the number of workers and the amount of wages involved in these cases;*
- (b) *of the total number of contractors of government building and construction projects penalized for default in payment of wages to their workers in the past three years, together with a breakdown by the penalty imposed; and*
- (c) *whether it has any plan to eradicate non-payment of wages to workers in government building and construction projects, and to increase the penalties for contractors who default on payment of wages to their workers; if so, of the relevant details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS
(in Cantonese): Madam President,

- (a) From 2001 to 2003, the Labour Department (LD) handled 561 labour disputes, each involving more than 20 employees, over

alleged non-payment of wages to construction workers. A total of 24 512 employees were involved and the total amount claimed was over \$641 million.

Regarding cases involving not more than 20 employees each, the LD handled 7 812 claims relating to the vicarious liability of principal contractors and their sub-contractors to pay wages to construction workers from 2001 to 2003. A total of 30 806 employees were involved. The LD has no statistics on the amounts claimed in these cases.

In the first 11 months of 2004, the LD handled 127 labour disputes over non-payment of wages to construction workers and 2 706 claims relating to the vicarious liability of contractors to pay wages.

The LD does not keep a separate record of the number of cases involving government projects. This is because in the conciliation of labour disputes and claims, the LD will not ascertain whether a case involves government projects. In fact, whether or not a case involves government projects has no bearing on the statutory rights and liabilities of the parties concerned under the Employment Ordinance.

However, with effect from September 2002, all works departments under the Environment, Transport and Works Bureau (the Bureau) are required to submit to the Bureau monthly reports on cases of wage disputes in connection with public works contracts. For all of 2003, the Bureau recorded 59 cases of non-payment of wages involving public works contracts. The same number of cases were registered in the first 11 months of 2004. Since the works departments do not specialize in handling labour disputes, they could not provide strictly accurate data on these cases, such as the number of workers and the amount of wages involved. A rough estimate is that about 1 500 workers and \$25 million in claims were involved in 2003. All of the cases have been referred to the LD for follow-up action and assistance. The works departments have also rendered assistance to the workers concerned as far as practicable.

(b) and (c)

The Government takes a very serious view on the non-payment of wages by employers, including those cases involving government building and construction projects. The Bureau stipulates that if a contractor has been convicted of an offence under the Employment Ordinance (Cap. 57) for three times or more in a consecutive period of 12 months and each of the cases involves an independent incident and carries a maximum fine at Level 5 or above as specified in Schedule 8 of the Criminal Procedure Ordinance (Cap. 221), the contractor will be automatically barred from bidding for public works contracts for at least six months. In addition, according to the current General Conditions of Contracts for public works, if a worker employed by the principal contractor files a claim against the principal contractor in respect of wages payable to him and can prove to the satisfaction of the Commissioner for Labour that the claim is reasonable, the Government may deduct the amount claimed from the contract sum payable to the principal contractor so as to settle the claim.

The Construction Workers Registration Ordinance was passed in July this year. Upon the implementation of the new registration scheme, a card-reader will be used to verify the registration status of every worker entering or leaving a construction site. The data collected can serve as the attendance records of the workers. Not only can this arrangement help settle certain wage disputes between the contractors and the workers, but it can also help combat the employment of illegal workers at construction sites.

We are also working with the industry to tighten the control over sub-contractors. The Provisional Construction Industry Co-ordination Board (PCICB) launched the Voluntary Sub-Contractor Registration Scheme in November 2003. With effect from August this year, the Bureau has made it a contractual requirement for the contractors of public works contracts to engage sub-contractors registered under the scheme. According to the rules and procedures of the registration scheme, the PCICB may

take regulatory action, such as issuing written warning and suspending or withdrawing the registration status, against registered sub-contractors convicted of wage offences.

In September 2002, the LD set up an Employment Claims Investigation Division to thoroughly investigate cases of non-payment of wages in order to pursue prosecution action against the offenders more effectively. With stepped-up enforcement action, the LD secured convictions for 115 summonses on wage offences relating to the construction industry in 2003, representing a marked increase of 505% over the 19 summonses in 2002. The corresponding figure for the first 11 months of this year is 103 summonses. Acting on the information provided by the LD, the Bureau has taken regulatory action against two contractors on our List of Approved Contractors for Public Works. These two contractors have been temporarily disqualified from bidding for public works contracts.

We believe that the measures that I have just mentioned, such as the registration and disqualifying mechanisms, together with stepped-up enforcement action taken by the LD, can help prevent non-payment of wages to employees in the construction industry, including workers in government building and construction projects.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, "sweating without pay" is a vivid depiction of the present plight of construction workers, and even those working for contractors of government construction projects are no exception. According to the information provided by the Secretary, in the past 11 months, there were 59 cases of non-payment of wages involving government works contracts. It was stated near the end of the reply that 103 summonses had been issued, but only two contractors of public works had been disqualified from bidding for public works contracts. Does the Government consider that the regulatory measures imposed by the Government on contractors are not stringent enough, and that punishment passed by Courts is too lenient to be deterrent, causing the number of cases on non-payment of wages to remain high?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, first of all, I have to clarify that the 103 summonses issued on convictions on non-payment of wages relating to the construction industry is a figure for the entire industry, not confined to government projects only. Among these 103 summonses, two government public works contractors are involved and have been disqualified from bidding for government works contracts. It does not mean that there are 103 contractors of government works involved but only two have been punished. The series of measures I have just mentioned are directed at contractors of government works. Stringent punishment of contractors violating the Employment Ordinance has been stipulated, which we believe can achieve deterrent effect. Since efforts to initiate prosecution have been stepped up in the past two years, the number of prosecutions shows an increase. I believe, with more stringent enforcement action and regulation of public works contract, the number of cases in this respect will decrease gradually.

MR TAM YIU-CHUNG (in Cantonese): *Madam President, the Secretary has not yet explained the 59 cases of non-payment of wages relating to government works.*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, according to the information I read out earlier, among the hundreds of cases found in the entire industry, government works only accounted for a very small percentage. In the first 11 months of 2004, as Mr TAM said, there were 59 cases involving government works. However, the number of cases found in the entire industry was in fact 2 833, and that only 59 cases were related to government works. Though I will not say that such a figure is satisfactory, it is indeed small compared with the total number of cases industry-wide.

MR ANDREW LEUNG (in Cantonese): *Madam President, may I ask the Secretary, in addition to the track record of a contractor, the Government will consider that of the sub-contractor hired by a contractor in awarding contracts and tenders to it, and if the sub-contractor had committed violations in the past, if it will be blacklisted?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, in respect of sub-contractors, it is required in the government works contracts that sub-contractors should register. Though this is not a statutory requirement, it is a contractual requirement that sub-contractors should register, and so we do have the track records of sub-contractors. As I have mentioned in the main reply earlier, any sub-contractor contravening the Employment Ordinance will be delisted and barred from undertaking government works.

MS LI FUNG-YING (in Cantonese): *Madam President, the Secretary said that the Government took a very serious view on the default of payment of wages to workers. May I ask the Secretary, if the Government takes a very serious view on the issue, why should an employer be convicted for three times in 12 consecutive months before the Government will consider disqualifying the employer and barring the employer from bidding government works? Is the Government not being too lenient? Can it show that the Government is taking a very serious view on the issue? May I ask the Secretary whether she will consider disqualifying an employer from bidding for government works even if the employer has been convicted only once?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, we have been working in different aspects to prevent unscrupulous employers from violating the law. We also conduct constant reviews of the relevant requirement to reinforce the deterrent effect. We are now actively considering tightening the relevant regulatory law. Though the prosecution of wage offences does not fall in the purview of the Bureau, we will step up the relevant measures in the contractual context.

MS LI FUNG-YING (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. I asked her whether she would consider barring an employer from bidding for government works even if the employer had been convicted only once.*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, we will consider this in the context of tightening contractual requirements.

MR MA LIK (in Cantonese): *Madam President, in fact, I would like to follow up the supplementary question raised by Ms LI Fung-ying earlier. It is stipulated by the Environment, Transport and Works Bureau that contractors convicted for three times or more in a consecutive period of 12 months are liable to a fine at Level 5. My impression is that a driver will be deducted eight points for jumping the lights the first time and his driving licence will be suspended on the second conviction. Given that, why is the Government so lenient to contractors? Will the Secretary explain this, and when will the relevant requirement be tightened?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, I think jumping the red light is somehow different from the said violations relating to works. In the former case, public safety, human lives and innocent victims are being jeopardized. Moreover, those drivers, though having been deducted eight points, are given a second chance by receiving training, and will be able to get back three points after training. It does not mean a "game over" for them. Certainly, the requirements in the works contract are not drawn up unilaterally by us, and discussions were held with the trade before those measures are implemented. This is the first step we take. We undertake to review the relevant requirements in the course, taking into account both the stances of employees and employers, to achieve deterrent effect. If these requirements prove to be inadequate in acting as a deterrent in reality, we will step up our work in this respect.

DR KWOK KA-KI (in Cantonese): *Madam President, we can note from the main reply of the Secretary that the problem is very serious. From 2001 to 2003, 24 000 employees are involved. As we all know, more often than not, the problem is caused by sub-contractors. In parts (b) and (c) of the Secretary's main reply, it is mentioned that sub-contractors are bound by a registration*

scheme, and that the Bureau may issue written warning and suspend or withdraw the registration status of sub-contractors if they violate the contract, including non-payment of wages. May I ask about the number of cases of non-payment of wages and the number of employees involved that warrant the issue of a warning to a sub-contractor; the number of cases of non-payment of wages that warrants the suspension of its registration status, and, finally, the number of people injured that warrants the withdrawal of its registration? Is the scheme much too lax, thus failing to oblige sub-contractors to act in accordance with the contract?

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Madam President, the figure mentioned by Dr KWOK earlier reflects the situation of the entire industry, which includes cases with government works projects and private sector projects. In respect of the registration scheme of sub-contractors, it is voluntary in nature and not legally binding. The requirement for registration of sub-contractors is a proposal made by the PCICB which has the full support of the Government. It is not a statutory requirement, but a mandatory requirement imposed by the PCICB on sub-contractors. Under the scheme, all the requirements are laid down with the consent and co-operation of contractors and other sub-contractors. The scheme has been implemented for two years and in phases. In the first phase, a main registry of sub-contractors was compiled. In the second phase, more stringent registration conditions will be imposed with a view to classifying sub-contractors into different grades, developing a more convenient, simplified and rational approach in regulation. In addition to imposing punishment, we will also review how best the industry can be regulated effectively.

PRESIDENT (in Cantonese): We have spent more than 18 minutes on this question. Though several Members are still waiting for their turn to raise questions, I can only allow one more supplementary question.

MR LEUNG KWOK-HUNG (in Cantonese): *Madam President, in the fourth paragraph of part (a) of the main reply, the Secretary said no separate record for different types of non-payment of wages cases was kept. She said that "in fact, whether or not a case involves government projects has no bearing on the*

statutory rights and liabilities of the parties concerned under the Employment Ordinance." I think this is right. However, by the same token, it is not justified that only contractors and sub-contractors of government works are subject to regulation. May I ask the Secretary whether she considers the present approach adopted by the Government in monitoring the principal contractors should not be applicable to the Government only, but should be applied across the board? If all contractors are required to meet the same requirement, more workers will be spared incessant recovery of wages in arrears and enduring difficulty and distress under the unreasonable contractor system.

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Madam President, Mr LEUNG is right. Under the Employment Ordinance, every worker enjoys the same statutory rights and is subject to the same liabilities, and the Employment Ordinance is applicable to all works contracts. As for the series of measures currently implemented by the Bureau, they are introduced by means of contract, contracts executed between the Government and contractors. The Government may set the conditions, and anyone bidding for the government works must satisfy the requirements prescribed by the Government, which has no relation with the ordinance. Certainly, the PCICB has presented this proposal to all contractors and building constructors hoping that they will follow the approach, so that workers' right to receive wages can be protected. Private developers, of course, may adopt a different approach, and some of the approaches may be even better than that of the Government, for the developer will pay wages to sub-contractors on behalf of the contractor. However, there are difficulties in adopting the approach in the government structure. The approach involves a question of legal liability, for example, which company should be appointed and who should be held responsible for wage claims. Different approaches are adopted in this respect. I consider the approach adopted by the Government in handling public works contracts has its merits, and we will recommend it to developers.

(Mr LEUNG Kwok-hung remained seated while raising his supplementary question)

PRESIDENT (in Cantonese): Mr LEUNG, please stand up.

MR LEUNG KWOK-HUNG (in Cantonese): *Madam President, my supplementary question is: Does the Secretary consider it necessary to amend the ordinance to require all principal contractors to strictly comply with the regulation, undertaking all the liabilities of its sub-contractors? In fact, I raised this supplementary question because I have handled several labour disputes, and I found the difficulty faced by workers at present is that a contractor is only held responsible for the first two months of outstanding wages defaulted by a sub-contractor and a subordinate sub-contractor*

PRESIDENT (in Cantonese): Mr LEUNG, you may take up the matter at the relevant panel. Now, please let the Secretary answer your follow-up question first.

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, we support the contract terms drawn up by the Government, so nearly all public organizations are required to follow suit now. For example, the Hong Kong Airport Authority, the Housing Authority, the Kowloon-Canton Railway Corporation and the MTR Corporation Limited are required to do so. I hope that the bill related to the Construction Industry Co-ordination Board will be passed by the Legislative Council, conferring the power of drawing up requirements on the Board. I also hope that the Board will draw up a set of reasonable requirements, so that works in the territory will be carried out in this mode.

PRESIDENT (in Cantonese): Fifth question.

Relaxation of Mainland Measures Governing Moving of Assets Overseas

5. **MR BERNARD CHAN** (in Cantonese): *Madam President, it has been reported that the People's Bank of China will implement on 1 December this year the Provisional Measures for Management of Transfer, Sales and Payment of Foreign Exchange Relating to Personal Assets, which allow persons in the Mainland emigrating overseas or moving to Hong Kong or Macao to realize their lawful assets in the Mainland which they owned before obtaining their migrant*

status, to purchase foreign currencies and to remit them out of the Mainland. In this connection, will the Government inform this Council:

- (a) whether it has assessed the impact of the Measures on Hong Kong, particularly on the investment immigrant scheme which has been launched recently;*
- (b) of the corresponding measures it will take to enable Hong Kong to benefit from such Measures; and*
- (c) whether it will liaise with the relevant departments in the Mainland to understand these Measures in order to conduct a detailed review of the related existing policy of Hong Kong?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, the People's Bank of China announced in November 2004 the Provisional Measures for Management of Transfer, Sales and Payment of Foreign Exchange Relating to Personal Assets (the Provisional Measures) which was launched on 1 December 2004. We understand that the Provisional Measures are intended to facilitate and regulate the outward transfer of the following two types of personal assets:

- (i) transfer of emigrant's assets: Mainland residents who have emigrated to foreign countries, Hong Kong Special Administrative Region (HKSAR) or Macao Special Administrative Region (MSAR) may apply for realizing the assets they lawfully owned before obtaining migrant status, and for the purchase and remittance of foreign exchange; and
- (ii) transfer of inherited assets: Foreign nationals and residents of HKSAR or MSAR may apply for realizing their assets inherited lawfully in the Mainland, and for the purchase and remittance of foreign exchange.

Under the Provisional Measures, an applicant who is a mainland resident emigrated to a foreign country is required to submit proof of the cancellation of his household registration issued by the public security authorities and proof of

overseas residency when submitting an application. As regards applicants who have settled in Hong Kong or Macao, he is required to submit proof of the cancellation of his household registration, his SAR Identity Card and Home Visit Permit or SAR Passport when submitting an application. In other words, the Provisional Measures are only applicable to mainland residents who have migrated to other places (including Hong Kong). Other mainland residents cannot apply for transfer of their lawful assets to Hong Kong for investment under the Provisional Measures.

We expect that the implementation of the Provisional Measures would have little impact on Hong Kong's economy. These new measures are intended to facilitate and regulate the outward transfer of assets by mainland residents who have successfully emigrated to foreign countries, Hong Kong or Macao. The implementation of the Provisional Measures does not imply that mainland residents can apply to reside in Hong Kong under the Capital Investment Entrant Scheme (CIES), nor would it result in an increase in the number of mainland immigrants entering Hong Kong.

On the other hand, as the Provisional Measures would enable mainland residents who have obtained foreign nationality or have emigrated abroad to transfer their personal assets overseas through legal channels, this may enable more people falling under this category to join the CIES. Nevertheless, further observation is required concerning whether the number of CIES applications would be indirectly increased by the introduction of the Provisional Measures.

Currently, most of the mainland immigrants settled in Hong Kong came here for family reunion. They can apply to transfer their assets to Hong Kong under the Provisional Measures. As regards mainland residents who have migrated to other places, it is possible that they may transfer part of their assets to their place of domicile and subsequently to Hong Kong. Nevertheless, we do not have statistics on and are unable to estimate how many assets these people own in the Mainland. But we believe that the amount of these assets should not be overwhelming. Furthermore, we have no means to estimate how many assets Hong Kong people have inherited in the Mainland, but we believe the amount should not be very significant.

Based on the above analysis, our preliminary assessment is that the impact of the implementation of the Provisional Measures on Hong Kong would be positive, but should not be too significant.

Hong Kong is one of the freest and most open economies in the world. There is no restriction on capital flowing in and out. We welcome anyone to transfer their assets to Hong Kong through lawful means and to make investments, which would contribute to Hong Kong's economic development.

Upon the Mainland's gradual opening up of the capital account and development in foreign exchange management, the Government will continue to communicate actively with relevant agencies of the Central People's Government and encourage mainland capital to use Hong Kong as a platform for investment. As a renowned international financial centre, Hong Kong possesses well-established financial infrastructure, advanced facilities, world-class regulatory regime, mature financial markets, abundant supply of financial professionals, and long-standing economic co-operation with the Mainland. I trust that these strengths will continue to attract capital from foreign places and the Mainland. We will continue to strengthen and enhance Hong Kong's advantages as an international financial centre, with a view to attracting international and mainland investors to use Hong Kong as a platform for global investment.

MR BERNARD CHAN (in Cantonese): *Madam President, the Secretary has basically answered parts (a) and (b) of the main question. However, the Secretary has not actually answered part (c) of the question in the eighth paragraph of his reply. My main concern is that, the Hong Kong Monetary Authority (HKMA) does not impose any restrictions on remittances from anywhere in the world except those from the Mainland, on which there are many restrictions. According to the Secretary's main reply, since 1 December, mainland residents who have emigrated to Hong Kong can basically remit foreign exchange direct to Hong Kong. I do not know whether the Secretary has made any arrangement with the HKMA to receive the remittances. Certainly, many restrictions were imposed in the past, for example, by setting an upper limit on the amount to be remitted and requiring every transaction of remittance to be declared. Has the authorities put in place any other arrangement since 1 December?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, in reply to Mr CHAN's supplementary,

according to the information given to me by the HKMA, the demand was only for the banks to submit the relevant information once a month, for the purpose of statistics only, and not for restricting the amount of money to be remitted to Hong Kong. The HKMA has adopted this measure so as to understand the development of personal banking in Renminbi, and not, as Mr CHAN said, to restrict inflow of capital from the Mainland into Hong Kong.

DR DAVID LI: *Madam President, are the existing Hong Kong residents, who were formerly residents of the Mainland, eligible to apply for the transfer of their remaining mainland assets, if any, under this scheme?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY:

Madam President, I think Dr the Honourable David LI's question is, whether someone, who is currently a Hong Kong resident, can receive money from the Mainland, if I understand the Honourable Member's question correctly. If that is the case, as I mentioned in my written reply, basically you can only receive the money if you are a Hong Kong resident under this scheme. Because if you were a mainlander, you would not be eligible under the scheme. Thus, if you have already migrated to Hong Kong, and then it happens that you are going to get a rather large sum of money which belongs to you or is your own assets, say you sold your house in Dongguan, then under the scheme, you will be eligible to apply for the conversion of the assets into money and then remit the sum of money to Hong Kong, and that is our understanding. The question asked by the Honourable Bernard CHAN is that how does this affect our Capital Investment Entrant Scheme (CIES). In that regard, it does not affect the CIES. The Secretary for Security can explain that you need to remit the money to Hong Kong prior to your application, so it does not affect the CIES. But for the provisional measures, you must be a Hong Kong resident first, before you can remit the money. I hope I can answer Dr the Honourable David LI's question.

MR SIN CHUNG-KAI (in Cantonese): *Madam President, I understand that the plan should not have great impact on the local immigrant scheme. May I ask the Government whether it will consider discussing with the Mainland to connect the Provisional Measures with Hong Kong's scheme to attract investor migrants,*

so that the people concerned can apply to migrate and transfer their assets at the same time? Will the Government take the initiative to make such a proposal?

SECRETARY FOR SECURITY (in Cantonese): Madam President, when we introduced the CIES last year, we had considered whether to extend it so as to include mainland residents and had discussed the matter with related ministries and commissions. However, the reply we received was that since foreign exchange control was still in force in the Mainland, mainland residents would not be permitted to take part in the CIES for the time being. After the Provisional Measures had come into force in the Mainland this year, we made enquiries with the mainland authorities concerned to see whether the Provisional Measures would facilitate mainland residents in participating in the CIES. The reply we received was that the Provisional Measures were only applicable to mainland residents who had already emigrated overseas or moved to Hong Kong or Macao and hence would not facilitate mainland residents in participating in the CIES. Therefore, the Provisional Measures and the CIES have not been linked.

MR SIN CHUNG-KAI (in Cantonese): *My supplementary was: Given the two have not been connected, will the Government take the initiative to make this proposal to the Central Authorities.*

SECRETARY FOR SECURITY (in Cantonese): Madam President, we do raise the matter with the Central Government from time to time, but to date, the Central People's Government has indicated that foreign exchange control has to be implemented and will not be relaxed for the time being. Under the circumstances, we cannot make the CIES available to mainland residents for the time being, so as to keep in line with the policy of the Central Authorities.

MR BERNARD CHAN (in Cantonese): *Madam President, I am still unclear about Secretary MA's reply just now. However, I am not asking him to reply now. I hope he can provide a written reply on the arrangements of local banks for telegraphic transfers of Renminbi into Hong Kong. The Secretary mentioned the requirement on banks to supply information on a monthly basis for statistical purposes only, but insofar as I am aware, the information is not used*

simply for statistical purposes. Actually there are other regulations. Can the Secretary provide a written reply?

PRESIDENT (in Cantonese): Secretary, will you provide a written reply?

(The Secretary for Financial Services and the Treasury nodded to indicate his consent) (Appendix II)

PRESIDENT (in Cantonese): Last oral question.

Eligibility Requirement for CSSA

6. **MR RONNY TONG** (in Cantonese): *Madam President, the Government tightened the eligibility requirement for Comprehensive Social Security Assistance (CSSA) on 1 January this year, with the period of residence in Hong Kong required of adult CSSA applicants increased from one year to seven years. I know a widow who came to settle in Hong Kong not long ago. She cannot go out to work to earn a living as she has to stay home to take care of her young son, and is not eligible for CSSA as she does not meet the seven-year residence requirement. As a result, she and her son have to live on the latter's monthly CSSA payment of some \$1,900. The widow has asked the Social Welfare Department (SWD) for discretionary approval of her application for CSSA, but her request was turned down on grounds that she had received donations of about \$10,000 from some warm-hearted people. In this connection, will the Government inform this Council:*

- (a) *among the current CSSA cases of single-parent families, of the number of cases in which the single father/mother has been denied CSSA due to his/her failure to meet the residence requirement;*
- (b) *of the number of relevant CSSA applications rejected by the SWD since the implementation of the new residence requirement early this year; the criteria and procedure adopted by the SWD in granting discretionary approval to CSSA applicants who do not meet the*

residence requirement, and among such criteria, the restrictions on acceptance of donations; and

- (c) *given that the new residence requirement has been implemented for almost a year, whether the Government will review that requirement, in particular its impact on families who are ineligible for CSSA?*

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

Madam President, first of all, I wish to point out that, although under the new residence requirement, CSSA applicants are required to meet the "seven-year residence rule", we have, at the same time, exempted children aged below 18 from any prior residence requirement. In addition, the "seven-year residence rule" is waived for applicants who have been a Hong Kong resident before the implementation of the new policy on 1 January 2004.

My reply to Mr TONG's question is as follows:

- (a) According to the record of the SWD, CSSA single-parent family caseloads amounted to 39 000 as at the end of October 2004. Since the implementation of the new residence requirement on 1 January 2004, there has been only one rejected case involving a single-parent family applying for CSSA due to failure to meet the "seven-year residence rule".
- (b) Since the implementation of the new residence requirement, nine applications (including the single-parent family case mentioned in part (a) of this answer) have been rejected, 85 applications have been granted discretionary exemption, among which 54 are cases involving single-parent family.

In determining whether discretion should be exercised to exempt a new arrival from the residence requirement, the SWD will take into account all relevant factors to establish whether there is genuine hardship. The factors to be considered include: all income and asset of the applicant; the means of the applicant after arrival; the

cause of the present hardship; other resources available and possible sources of assistance in Hong Kong; and the possibility of the applicant returning to his place of origin.

In cases where a CSSA family receives donations, the SWD will usually count them as the applicant's assets for they form part of the recipient's total assets. In order to allow recipients sufficient time to manage their family finances, the SWD will exempt the donations from inclusion as the recipient's assets for one to two months where appropriate.

As for the single-parent family cited in this question by Mr TONG, we have separately explained the details of the case to him. The SWD has handled the case according to existing policy and criteria. Since the mother in question has other assets on top of the donations, she is not eligible for CSSA or discretionary exemption for the time being. The case is now being followed up by an integrated family service centre to facilitate the arrangement of compassionate rehousing and other welfare services for the family.

- (c) Changing the residence requirement for CSSA from one year to seven years is in line with the recommendation of the Task Force on Population Policy Report published in February 2003 that a person should have been a Hong Kong resident for at least seven years before being eligible for publicly-funded non-contributory social welfare benefits. The main purpose is to ensure that heavily subsidized social services are provided on a sound basis. Currently, the "seven-year residence rule" also applies to application for public housing.

The new policy was approved by the Executive Council in June 2003 and endorsed by the Finance Committee of the Legislative Council in June 2003. A Subcommittee was also set up under the Panel on Welfare Services of the Legislative Council in January 2004 during the last Legislative Session to conduct an in-depth study on issues relating to the new residence requirement. A report was subsequently submitted to the Panel in July.

The new residence requirement is part of our population policy. Its formulation and implementation have gone through thorough discussions. We have no plan at this stage to review the requirement.

MR RONNY TONG (in Cantonese): *Madam President, I trust the Secretary knows very well that new arrivals are mostly in need of assistance in the first few years after arrival. Why do I say so? For I heard from the Secretary's reply that exemptions had been granted to almost every ineligible case, meaning that he has granted discretionary exemption to nearly all ineligible applicants. If so, what is the point of upholding such a requirement? How much savings has the Government made in rejecting those nine cases? Though it seems that the Secretary has exercised his discretionary power to provide assistance in all relevant cases, I have to ask the Secretary anyway to explain clearly the relevant criteria and procedures, for we have to let applicants know clearly when and how to apply for assistance after all. In this connection, how much in donations can an applicant receive at most without affecting his eligibility for CSSA according to the criteria laid down? Moreover, usually, how long will the processing of their applications take? Could they appeal against the decision? The Secretary said earlier that the case cited by me was rejected because the applicant had accepted donations from others. Then, in the SWD's opinion, when will the applicant use up the donations and when can she submit an application again? I would like the Secretary to give a reply on the relevant procedures and criteria.*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Insofar as I understand it, the SWD has drawn up the criteria stating the maximum amount of assets an applicant can possess. The case in question involves assets other than the donations mentioned, and I believe we have given a detailed account of the case to Mr TONG. Therefore, we will provide assistance to the applicant when her assets reach the specified level. At the same time, we will exercise our discretion on compassionate grounds to assist her to apply for public rental housing. Since her residence in Hong Kong is less than seven years, she is actually not eligible for public rental housing. We must follow this criterion in making decision. It is our primary objective that no one in Hong Kong will be denied access to basic necessity of life and assistance. In

my main reply earlier, I have mentioned the several considerations for upholding this principle, such as the possession of other assets by the applicant, the availability of other means of living and the possibility of returning to his place of origin. During the past year, the issue had been reviewed by the Welfare Panel five times. I have a pamphlet here that explains clearly to CSSA applicants the major factors for consideration. These include the means of the applicant after arrival, the cause of the present hardship, the asset owned by the applicant in Hong Kong, assistance available to the applicant, the availability of other source of assistance, as well as the possibility of the applicant returning to his place of origin. These can serve as guidelines for CSSA applicants.

MR RONNY TONG (in Cantonese): *Perhaps I had not put my supplementary question properly, and thus the Secretary misunderstood it. I am not referring to that particular case but cases in general. What is the maximum amount of donations an applicant may accept without affecting his eligibility for application or chances of getting discretionary exemption granted by the SWD? What is the maximum amount of donations an applicant may accept without jeopardizing his chances of getting CSSA? Besides, donations are not a monthly income of the applicant. In other words, will the SWD recommend the applicant concerned to submit his or her application two or three months after the acceptance of donations? What are the procedures required?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, as far as I understand it, the SWD will decide when to provide assistance to the applicant as the value of assets held by the applicant diminishes. Regarding the case in question, our staff have explained to her when she would be eligible for assistance.

DR FERNANDO CHEUNG (in Cantonese): *Madam President, I am afraid the truth is not like what the Secretary said. That means there are more than one case involving single-parent family's application for CSSA being rejected on the ground of the "seven-year residence rule" since 1 January this year. Though the Secretary said that there was only one case, I have actually handled two cases that involved single-parent families arriving at Hong Kong after 1 January, in which abused women are involved. Moreover, I know that another*

community organization, the Kwan Fook Women's Concern Group, has also handled two such cases.

As far as I know, among these single-parent family cases with a residence period of less than seven years, four applications for CSSA have been rejected despite the applicants are abused women. Why does the Secretary's reply include only one case, which is in fact the case raised by Mr Ronny TONG? The Secretary may indeed say that there are nearly no such cases. May I ask the Secretary to give the source of these figures?

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): As far as I know, applicants have to submit their applications to a division of the SWD responsible for CSSA applications. When an application is filed, staff of the SWD will explain the relevant criteria and ordinances to the applicant. According to some of our figures, 1 200 applications of this type have been processed by the SWD. Subsequently, 787 cases have been withdrawn by the applicants, and another 329 cases are still being processed.

DR YEUNG SUM (in Cantonese): *Madam President, it is a basic human right for new arrivals to reunite with their families, a point which I believe both the Government and the Secretary will acknowledge. In February 2003, the Task Force on Population Policy announced these policies, suggesting the implementation of the seven-year residence requirement. The harsh system was established amid high unemployment rate, severe economic recession and huge fiscal deficit faced by the Government at the time. Now, the economy is improving and the unemployment rate is coming down. Taking the present situation in account, will the Government set a time for reviewing the relevant policy?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Dr YEUNG Sum, this is not only an issue involving the CSSA; it is a matter of population policy. This policy has only been implemented for less than a year, the "seven-year residence rule" in particular, so the effect cannot be seen so soon. We will consider conducting a review after the policy has been

implemented for some time. However, even if a review is conducted immediately, I think a clear conclusion can hardly be drawn.

MS MARGARET NG (in Cantonese): *Madam President, can the Secretary clarify the 700-odd cases mentioned by him in the information he provided earlier which the applicants have withdrawn their applications voluntarily. Did those applicants withdraw their applications because they had not been told of the discretionary power the Director may exercise?*

PRESIDENT (in Cantonese): Secretary, you may give a written reply.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): I do not have detailed information on each of the withdrawals. The information I have includes only statistical figures.

MS MARGARET NG (in Cantonese): *Is it mentioned in the information that applicants have been informed of the discretionary power vested with the Director?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, each applicant is given a pamphlet, in which the discretionary power is mentioned.

MR LAU CHIN-SHEK (in Cantonese): *Madam President, I know the SWD does give a pamphlet to each applicant, but may I ask whether the staff concerned have explained the discretionary power clearly to applicants, and whether applicants know that the Director has such discretionary power?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, it is not possible for me to tell how each of our colleagues

delivers the message. However, the pamphlet states clearly how to apply for CSSA, and that the SWD may, under special circumstances, consider exercising its discretionary power to grant exemption from the "seven-year residence rule" for CSSA application. Madam President, I have listed the relevant factors for considerations earlier. Certainly, I cannot be sure that each of our colleagues will read out the pamphlet to each applicant, but I believe applicants do have the responsibility to read the pamphlet in detail themselves.

PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Energy Conservation Measures

7. **MR MARTIN LEE** (in Chinese): *Madam President, regarding the energy conservation measures and lighting installations in various government departments and public organizations, will the Government inform this Council:*

- (a) *of the measures, in addition to using energy-saving lighting installations, adopted by various government departments and public organizations to conserve energy, and whether it has assessed the effectiveness of such measures; if it has, of the assessment results, if not, the reasons for that;*
- (b) *whether various government departments and public organizations have fully switched to the use of the above installations; if not, the reasons for that, and the departments and organizations involved;*
- (c) *whether it has worked out the costs incurred by the government departments and public organizations in switching to the use of such installations, their annual savings in energy expenditures and respective cost recovery periods; if not, the reasons for that; and*
- (d) *whether any government departments and public organizations still have non-energy-saving lighting installations in stock or outstanding procurement contracts with suppliers of such installations?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS
(in Chinese): Madam President,

- (a) The energy conservation measures adopted by government departments and public organizations fall into the following two main categories:
- (i) Housekeeping measures – such as setting the thermostats of air-conditioning systems at 25.5°C, curtailing the operating hours of such systems and switching off electrical appliances when leaving an office.
 - (ii) Energy-saving equipment installation – including T5 or T8 fluorescent tubes, electronic ballasts, variable speed drives for air-conditioning systems, occupancy sensors that automatically turn off air-conditioning when the room is empty, and energy-efficient office equipment.

Over the past few years, these energy conservation measures have been gradually adopted by government departments and the amount of electricity saved has been increasing from year to year. The new measures and installations adopted last year by government departments can save approximately 29 GWh of electricity annually. As a result of these measures and those implemented over the past few years, a total of about 82 GWh of electricity was saved by government departments last year.

- (b) Measures that prove to be effective will be promoted to all government departments and public organizations. All new installations in government departments and public organizations are energy-saving ones. Regarding the existing installations, replacing them in one go will be very costly since a lot of installations are involved. In addition, replacing them when they are still functioning means wastage, and carrying out the replacement works at the same time will inevitably disrupt the operation of the departments concerned. Therefore, the existing installations will usually be replaced at the end of their useful lives or when the premises are renovated.

- (c) The installation costs of energy-saving installations vary greatly with the physical setting. Moreover, they are often installed when other works are being carried out, making it difficult to break down the costs incurred. In general, the cost-recovery period of an energy-saving installation is about three to five years.
- (d) At present, most government premises already use energy-saving lighting installations, such as T5 or T8 fluorescent tubes. We do not have any older and more energy-consuming lighting installations in stock or any outstanding procurement contracts with suppliers of such installations.

Nursing Manpower Resources

8. **DR JOSEPH LEE** (in Chinese): *Madam President, at present the nursing manpower resources in Hong Kong are seriously imbalanced. According to the information provided by the Government, the turnover figure of nursing staff in the Hospital Authority (HA) in the year 2003-04 was 862, representing a major upsurge of about 2.5 times over that of 2002-03. However, the number of nursing graduates in 2003-04 was around 340 only. In this connection, will the Government inform this Council :*

- (a) *whether it knows the up-to-date "nurse to patient ratios" in the general consultation, various specialist consultation and psychiatric units of public hospitals;*
- (b) *of the details of the nursing manpower resource plans of the authorities concerned for the coming five years;*
- (c) *of the number of places of subsidized degree course in nursing planned to be offered in the coming five years; and*
- (d) *whether concrete measures have been drawn up to reduce the turnover rate of nursing staff in the HA?*

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

- (a) The overall nursing manpower strength in the HA as at end October 2004 is 19 365 of which 17 348 are general nurses and 1 871 are psychiatric nurses. Individual hospital unit based nursing manpower varies from time to time depending on the patient load and service needs. A simple ratio of staff to patient is considered not an appropriate indicator of the manpower position given that there are different types of patients, including in-patients, out-patients and other persons cared for in the community, each of whom receives different modes and levels of care. The total patient days for the period between November 2003 and October 2004 for general (including infirmary) and psychiatric (including mentally handicapped) services are 6 001 777 and 1 558 956 respectively.
- (b) The long-term requirement for additional nurses, including the requirement of the public medical sector, private medical sector and welfare sector, is estimated at about 600 a year. The HA has planned to recruit up to 450 nurses each year between 2005 and 2010 for meeting service needs and replenishment of staff turnover.
- (c) The Government's policy objective is to upgrade basic nursing education to degree level in order to enhance the quality of health care services. To achieve this, we have requested a progressive increase in the number of nursing degree places and a gradual phasing out of nursing sub-degree places. In the academic year 2004-05, 450 first-year first-degree places (in full-time-equivalent term) and 138 first-year sub-degree places (in full-time-equivalent term) in nursing education are provided by the University Grants Committee (UGC)-funded institutions.

To meet the long-term requirement for nurses, we have proposed that the number of first-year first-degree places in nursing should be further increased starting from 2005-06 academic year. We have conveyed this advice to the UGC in the context of recurrent funding exercise for the UGC-funded institutions in the 2005-06 to 2007-08

triennium. Student number targets (including nursing education) are subject to the approval of the recurrent funding recommendations for the UGC sector by the Finance Committee (FC) of the Legislative Council shortly. It is expected that the planned student places for nursing education in that triennium will be made known to the UGC-funded institutions by the UGC in early 2005.

- (d) The increase in turnover of nurses in the HA in the 2003-04 financial year was due to the implementation of the Government and the HA's voluntary early retirement schemes. As these were one-off exercises, this level of staff turnover is not expected to continue.

The estimated overall supply of new nursing graduates will increase from 340 in 2004 to about 530 in 2005 and around 600 in subsequent years, which will ease the overall nursing manpower pressure.

In addition to the anticipated increase in supply of new nursing graduates in the coming years, the HA will continue to explore ways of alleviating the workload of front-line nursing staff. For example, this year, the HA has retained over 200 undergraduate nursing students on temporary employment to provide workload relief for nursing staff. The temporary employment of undergraduate nursing students will continue as and when necessary. Besides, the HA will also deploy more supporting staff to assist the front-line nurses to carry out simple patient care duties that do not require professional nursing knowledge. Examples of these duties are bed baths, oral health care, giving out bedpans and urinals, and feeding patients.

Insufficient Intake of Primary and Secondary Students

9. **MR CHEUNG MAN-KWONG** (in Chinese): *Madam President, will the Government inform this Council of the following in respect of the 2002-03 school year and the two succeeding school years:*

- (a) *the respective reduction of primary and secondary classes due to an insufficient student intake each year, and the respective amounts of public money thus saved each year; and*
- (b) *the respective numbers of primary and secondary schools which ceased operation due to an insufficient student intake each year, and the respective amounts of public money thus saved each year?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): Madam President, in the 2002-03 to 2004-05 school years,

- (a) the respective reduction of primary and secondary classes due to an insufficient student intake each year, and the savings realized each year are estimated as follows:

<i>School year</i>	<i>Number of classes reduced</i>		<i>Estimated Savings^(Note 1) (\$m)</i>		<i>Estimated Total Savings^(Note 1) (\$m)</i>
	<i>Primary</i>	<i>Secondary</i>	<i>Primary</i>	<i>Secondary</i>	
2002-03	261	14	81	7	88
2003-04	393	49	124	26	150
2004-05	620	70	193	36	229

- (b) the respective numbers of primary and secondary schools which ceased operation due to an insufficient student intake each year, and the respective amounts of public money thus saved each year are estimated as follows:

<i>School year</i>	<i>Number of schools which ceased operation</i>		<i>Estimated Savings^(Note 2) (\$m)</i>	
	<i>Primary</i>	<i>Secondary</i>	<i>Primary</i>	<i>Secondary</i>
2002-03	4	0	13	0
2003-04	6	0	12	0
2004-05	12	0	23	0

Notes:

The figures represent year-on-year estimated savings. The actual savings arising from reduction of classes and schools which ceased operation have to be worked out on a school by school basis as there are significant variations between schools. The process is very laborious as, for example, there was reduction of classes in some 400 schools in 2004-05 school year. Therefore, estimates by using the following procedures have been made instead:

1. In estimating the savings arising from reduction of classes, the actual savings through reduction of classes in 10 schools were calculated. It was found that the savings range from around 20% to 80% of the territory-wide average subvention per class while most savings fall within 30% to 50% of the average subvention. The variation is due to the fact that savings from class reduction depend on a number of factors such as the number of classes a school is running, the operation overheads and maintenance cost, and so on. The actual savings per class are usually much less than the average subvention per class. Unless a school is closed, there cannot be proportionate reduction in the overheads due to class reduction. A discount factor of 60% is therefore applied to the territory-wide average subvention per class in the calculation of the estimated savings.
2. In estimating the savings arising from school closure, it was found that generally the number of classes a school would have if it were to continue operation would be about two thirds of the number of classes it had in its last year of operation. Therefore, the actual savings are around two thirds of the actual subvention the schools received in the school year immediately before they were closed. A discount factor of one third is therefore used in the calculation of the estimated savings.

Employees Insurance

10. **MR KWONG CHI-KIN** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the gross premium, net premium, the amount of claims and the number of employees covered under the insurance taken out by employers as required by section 40 of the Employees' Compensation Ordinance (ECO) (Cap. 282) in each of the past five years; and*
- (b) *given that the Permanent Secretary for Economic Development and Labour has advised that the Labour Department (LD) officers visited Australia, Canada and the United States to collect information about the implementation of the centralized employees' compensation systems there, whether the LD has made a written report on the information collected; if it has, of the details of the report?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Chinese): Madam President,

- (a) According to the Office of the Commissioner of Insurance, the gross premiums, net premiums and net claims incurred, of the direct

business of employees' compensation insurance (ECI) in the past five years were as follows:

	<i>Gross Premiums</i> (\$ million)	<i>Net Premiums</i> (\$ million)	<i>Net Claims Incurred*</i> (\$ million)
1999	2,129.5	1,579.4	2,195.0
2000	2,464.3	1,895.3	1,928.1
2001	2,703.3	1,962.5	1,874.4
2002	4,280.7	3,117.5	1,917.3
2003	4,415.8	3,119.5	2,177.4

* The amount of claims incurred after deduction of recoveries from reinsurers and other parties

The ECO requires all employers to take out insurance policies to cover their liabilities both under the ECO and at common law for injuries at work in respect of all employees. The Government has not collected statistics on the number of employees covered by ECI policies.

- (b) In October this year, the LD provided an information paper to the Labour Advisory Board on the legal status and functions of the ECI management authorities, insurance premium setting mechanisms, scheme coverage, interface with private insurance companies and financial position of the existing central ECI schemes in Australia and Canada. The paper also presented the "residual market" mechanism set up in the United States to ensure that employers could secure ECI in the private insurance market. Furthermore, the paper analysed the positive features and risk factors of these central ECI schemes. The paper also mentioned the possible adverse impact of replacing the private ECI market by a central scheme on the local general insurance industry. The insurance industry will submit substantive proposals to the Government on how to improve the existing ECI system, after which the Government will consult the Labour Advisory Board and the Legislative Council on the matter.

Training for Interns

11. **DR KWOK KA-KI** (in Chinese): *Madam President, it is learnt that in the report of the panel which investigated an incompatible blood transfusion incident at Prince of Wales Hospital (PWH), published by the Hospital Authority (HA) on 6 October this year, an intern who had taken up his post in PWH for less than three months was held responsible for the incident. Nevertheless, the report did not concurrently examine the problems faced by interns, especially those relating to their training, supervision and workload. In this connection, will the Government inform this Council:*

- (a) *whether it is aware if the HA has assessed whether other experienced staff, the departments and the people in charge of the hospital concerned should also be held responsible for the incident, and whether there are any inadequacies; if the HA has, of the assessment results;*
- (b) *whether the HA and the government departments concerned have measures to tackle immediately the difficulties currently faced by interns after the occurrence of the incompatible blood transfusion incident, and whether they will put forward proposals to improve the situation; if they will, of the details; and*
- (c) *whether the HA and the government departments concerned will work out the training objectives, methods of assessment, a supervision system and the appropriate workload for interns; if they will, of the details?*

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

- (a) Apart from the responsibility of the concerned intern in the incident, the Investigation Panel commissioned by the HA has examined other factors which might have contributed to the incident, including the training provided before and during internship on blood transfusion procedure, the actions taken by other clinical staff in response to the

patient's reaction to the incompatible blood transfusion, and the relevant risk management system put in place by the hospital for blood transfusion.

After a thorough review of all the relevant facts, the Investigation Panel found that the intern concerned had made an error in the cross matching procedure and mistaken the blood specimen of another patient, who were staying in the same cubicle as the incident patient, as the blood specimen of the incident patient. The Panel concluded that this was the key factor leading to the incompatible blood transfusion incident. As for the other hospital staff involved in the incident, the Panel was also of the view that the clinical assessment of the patient and the subsequent interventions were reasonable and that the hospital has put in place a sound risk management system for blood transfusion. In addition, it found that the hospital has communicated with the family of the patient about the incident in a timely manner.

The Investigation Panel has made a number of recommendations, which are aimed at further enhancing the safety of blood transfusion in public hospitals. To implement these recommendations, the HA has already promulgated updated guidelines on blood transfusion and organized a briefing workshop to promote greater awareness among its staff of issues relating to the risks and safety in blood transfusion. In addition, the HA would review the results of its two trial programmes on using information technology (for example, the use of a Bar Code system and scanning devices) to improve the accuracy of patient identification. If the results confirm that the new system is effective in reducing the chance of human errors by medical staff (including interns) in the cross matching procedure, then the HA would explore the feasibility of introducing the new system in all public hospitals. Furthermore, the HA would focus on risk management and risk reduction as far as possible to improve patient care systems and processes. The HA would also continue with its efforts in preventing and reducing errors through staff education and experience sharing.

(b) and (c)

All matters relating to internship training are overseen by the Central Internship Committee (CIC) set up by the HA. The membership of the Committee comprises the Chairman of the Internship Sub-committee of the Licentiate Committee of the Medical Council of Hong Kong, representatives of the medical school of the two universities, the HA executives and senior doctors in public hospitals.

One of the major responsibilities of the CIC is to monitor and improve the quality of internship training. To meet the evolving needs of the community and to ensure that the standards of medical training are met, the CIC appraises the working and training arrangements of interns on a regular basis and advises the HA and the two medical schools on changes that need to be made to those arrangements. In addition, the CIC is responsible for drawing up the eligibility criteria for intern training sites. These criteria form the basis on which all hospitals and hospital departments are assessed for the purpose of training post accreditation. The CIC also maintains close communication with training hospitals and collects feedback from the interns regularly, so as to ensure the compliance of the standards and requirements of internship training.

As regards the workload of interns, the CIC has established standards on the frequency of on-call duties and compensated time-offs. In general, interns should not be scheduled for on-call duties more than once every three days. In addition, it is a mandatory practice at the HA hospitals that doctors, who have worked for seven consecutive days, should be given a day off. Furthermore, the HA provides interns with 24 days of full-pay leave during their 12-month internship.

The CIC would continue to monitor and review the training arrangements for interns with a view to striking an appropriate balance between the benefits of clinical exposure and the risk of excessive workload.

Implementation of Legislation Concerning Wearing Safety Belts on Public Light Buses

12. **MR CHEUNG HOK-MING** (in Chinese): *Madam President, with the commencement of the legislation concerning seat belts on public light buses (PLBs) on 1 August this year, rear seats of newly registered PLBs are required to be fitted with seat belts and passengers of PLBs must wear the seat belts. In this connection, will the Government inform this Council:*

- (a) of the position in the implementation of the above legislation, and whether it has encountered any difficulties in enforcing the legislation; and*
- (b) whether it has assessed if, upon the implementation of the above legislation, the statistics on passenger casualties in traffic accidents involving PLBs indicate that the use of seat belts is effective in protecting passengers against injuries or reducing the severity of injuries sustained in traffic accidents; if the assessment result is in the affirmative, whether it will consider adopting measures to expedite the introduction of seat belts for PLBs?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): Madam President, since the legislation concerning seat belts on PLBs took effect on 1 August this year, 392 PLBs have been installed with seat belts. During the same period, the police have issued about 180 verbal warnings to remind PLB passengers to fasten their seat belts. They will step up enforcement actions in this respect.

We do not have sufficient data at the moment for assessment because the above legislation has just come into effect for a few months. For other vehicle types, experience showed that the number of casualties in traffic accidents involving those types of vehicles has reduced significantly after the implementation of the seat belt legislation. We therefore believe that fitting of seat belts on PLBs can reduce the number of fatalities and the severity of injuries in case of traffic accidents.

We believe that the incentive scheme which encourages PLB owners to replace their diesel PLBs with liquefied petroleum gas PLBs will speed up the replacement of new models fitted with seat belts.

Manpower Development Committee

13. **MR JASPER TSANG** (in Chinese): *Madam President, concerning the work of the Manpower Development Committee (MDC), will the Government inform this Council:*

- (a) *of the number of meetings held by the MDC and the total meeting hours since its establishment in October 2002;*
- (b) *of the topics discussed by the MDC and the policies it has proposed for the Government's implementation as well as the specific contents of these proposals; and*
- (c) *whether it will increase the transparency of the MDC's work, including reporting to this Council regularly?*

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

- (a) Since its establishment in October 2002, the MDC has held eight meetings which altogether took about 24 hours.
- (b) In the past two years, the MDC discussed topics relating to manpower projection, vocational training and retraining, post-secondary education and continuing education, and the establishment of a Qualifications Framework (QF) and its associated quality assurance mechanism.

Manpower projection

The MDC discussed and advised on the scope and methodology of the Manpower Projection to 2007. At a subsequent meeting, the

Committee discussed the draft Report on Manpower Projection to 2007 and advised on measures to address the problem of mismatches between manpower requirement and supply in Hong Kong's labour market.

Vocational Training and Retraining, Post-secondary Education and Continuing Education

The MDC discussed the work of the Employees Retraining Board and its operating model. The Committee also discussed the findings of a review of the Skills Upgrading Scheme. As regards post-secondary education and continuing education, the MDC discussed the University Grants Committee's recommendations on the development of sub-degree programmes, the progress of Project Yi Jin (PYJ), and the proposed Yi Jin/Secondary Schools Collaboration Project.

Establishment of a QF and its associated Quality Assurance mechanism

The MDC reviewed the feedback from the public consultation exercise on the proposed establishment of a QF and advised on the setting up of the framework. The Committee endorsed the establishment of a seven-level cross-sectoral QF and its associated quality assurance mechanism. The Committee also discussed the quality assurance services to be provided by the Hong Kong Council for Academic Accreditation to underpin the QF. The progress of the initial implementation of the QF was reported to the MDC.

- (c) In formulating proposals for developing Hong Kong's human resources to meet the changing needs of our economy, we attach great importance to the views of the Legislative Council, the MDC and the relevant stakeholders. We consult the Legislative Council from time to time on important issues and proposals that may affect our manpower development and very often such proposals would have incorporated the MDC's advice. In other words, the Legislative Council is also kept informed of the MDC's deliberations.

Medical Examinations for Recovered SARS Patients

14. **MISS CHAN YUEN-HAN** (in Chinese): *Madam President, it has been reported that some days ago the Hospital Authority (HA) conducted a medical examination which included tests on lung function and bones for recovered Severe Acute Respiratory Syndrome (SARS) patients in order to decide whether they could continue to receive subsidy from the SARS Trust Fund. On the other hand, some recovered SARS patients held that they were not arranged to receive such medical examination service as a result of their failure in their applications for the Fund. In this connection, will the Government inform this Council whether it knows:*

- (a) *the frequency of medical examinations for recovered SARS patients conducted by the HA, and whether such examinations were only targeted at functional capacities or physical constitutions in which problems have been inflicted as a result of SARS treatments;*
- (b) *if such medical examinations were only provided for recovered SARS patients whose applications for the SARS Trust Fund had been approved; if so, whether the HA will consider providing such service for recovered SARS patients who have failed in their applications for the Fund; if not, the reasons for that; and*
- (c) *if the HA will consider establishing a mechanism to conduct regular medical assessments for all recovered SARS patients in order to facilitate the review of the impact and effectiveness of the relevant treatments and medications on patients?*

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

- (a) The HA asked all post-SARS patients to return for medical examinations at six-month intervals. A total of 12 designated post-SARS clinics have been set up in various acute public hospitals to conduct these examinations. At present, the third round of medical examinations (that is, 18 months after recovery) is being

conducted. These examinations assess the respiratory dysfunction, orthopedic dysfunction as well as the overall physical and psychological conditions of the patients. Where necessary, the patients may be referred to the relevant specialists for further follow-up assessment and/or treatment.

- (b) The medical examinations described above are offered to all post-SARS patients. They are not limited to those who are applying or have applied for assistance under the Trust Fund for SARS.

Financial assistance under the Trust Fund for SARS is only given to those applicants who have been verified by the HA to suffer or continue to suffer from the relevant dysfunction(s) arising from SARS. For this purpose, applicants for the Trust Fund for SARS are required to undergo some objective medical tests, such as lung function test and physiotherapy/occupational therapy tests, periodically to verify their eligibility for assistance. This does not mean that the same medical tests are not available to post-SARS patients who are not applying to the Trust Fund for SARS. The question is whether there is a medical need to conduct those tests for these other post-SARS patients. If the medical staff judges that there is such a need based on the relevant screening parameters and expert opinion when the patients return to the post-SARS clinics for the six-monthly medical examinations, then they would also request the patients to undergo further medical tests so as to more accurately assess their conditions. It is therefore important for post-SARS patients, who have not applied for assistance under the Trust Fund for SARS, to attend the periodic medical examinations at the post-SARS clinics.

- (c) The HA has already established a mechanism to conduct regular medical assessments for all post-SARS patients, as described in part (a) above. In addition, the HA has set up a SARS Collaborative Group comprising experts in respiratory medicine and relevant clinical specialties since the beginning of the SARS outbreak in 2003 to evaluate and discuss the future clinical management of SARS, and

to regularly review the clinical conditions and management plans for post-SARS patients.

Application Procedure for Road Excavation Permits

15. **MR ABRAHAM SHEK:** *Madam President, it has been reported that since 1997, the application procedure for road excavation permits (XPs) has become increasingly complex and lengthy. In this connection, will the Government inform this Council of:*

- (a) the average time required for processing an XP application in each year from 1997 to 2004;*
- (b) the number of forms an applicant for an XP needed to submit each year from 1997 to 2004, and the justifications for introducing any additional form; and*
- (c) the measures it will take to streamline the application process?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS:

Madam President,

- (a) Owing to the congested environment in Hong Kong, road opening works inevitably affect traffic and buried utility services and cause inconvenience to the public. To manage road opening activities properly, road works proponents are required to have an XP before commencement of works since the '70s. Furthermore, some of these works may on occasions have to be carried out concurrently and in the vicinity of each other. Under these circumstances, the road works proponents are also required to suitably plan and co-ordinate these works before applying for XPs from the Highways Department (HyD) in order to minimize any inconvenience caused to the public.

Therefore, the road works proponents need to obtain utility record plans along the excavation route, co-ordinate their works with other

applicants and submit their temporary traffic management measures to the Traffic Police and the Transport Department for agreement where necessary. The time required to complete these planning and co-ordination activities varies according to the class of road to be affected. The applicants can then submit their XP applications to the HyD once these activities are completed.

In 1997, the HyD introduced a computerized "Utility Management System" (UMS) to facilitate the co-ordination process among the parties. Since 1999, the HyD has shortened its pledged time for processing XP applications from utility undertakers from 14 working days to 12 working days as at present. Between 1997 and 2003, the HyD has largely met this pledge with an achievement rate of 99.7%.

With the implementation of the amended Land (Miscellaneous Provisions) Ordinance on 1 April 2004, an additional processing step is required for collecting charging fees for the issuance of XPs. For frequent applicants, such as the utility undertakers and government departments, who have deposit accounts with the HyD and who make use of the UMS to apply for XPs electronically, XPs can generally be issued within five working days. For those few infrequent applicants (such as private developers) who apply for XPs on paper, the HyD can complete the processing of their applications and issue demand notes for XP fees within 14 working days. The HyD can issue the XPs within four working days upon settlement of the respective fees.

- (b) All along, XP applicants are required to fill in one single application form numbered HYD14. With the implementation of the amended Land (Miscellaneous Provisions) Ordinance, an XP applicant could elect to appoint his contractor as a nominated permittee taking up the liability of certain permit conditions specified by the HyD. Under such circumstances, the applicant needs to fill in a separate form numbered HYD83 (entitled "Form for Consent of Nomination"). These forms can either be filled out electronically through the UMS or downloaded from the HyD's homepage for submitting paper applications.

- (c) The HyD put in place a streamlined procedure for processing excavation proposals in May 2003. The procedure requires concerned government departments, such as the Transport Department and the police to comment on the proposed temporary traffic management measures within one month of receiving the excavation proposals. Road works proponents can thus normally commence works once they have applied for XPs and obtained them subsequently.

The HyD has also set up a Standing Committee which meets regularly to monitor and review the streamlined procedures and issues on the implementation of the amended Land (Miscellaneous Provisions) Ordinance. The Standing Committee is chaired by an Assistant Director of the HyD, with members from the utility undertakers, government departments and construction associations.

On the technical side, the HyD has set up since 1997 the UMS to process XP applications. With advancement in Internet technology, the HyD has developed an Internet interface for the UMS, which was commissioned in September 2002. Registered users can access the UMS through the Internet for XP applications.

Public Policy and Industry Development Researches on Individual Industries

16. **MR SIN CHUNG-KAI** (in Chinese): *Madam President, regarding the public policy researches and industry development researches on individual industries, will the Government inform this Council:*

- (a) *of the respective numbers of such researches conducted in the past three years; the number of those related to information technology (IT) and telecommunications industries; and the titles, scopes, responsible departments and expenses of such researches conducted in each of past three years, as well as the criteria adopted for selecting the themes and determining the priority of the researches;*
- (b) *of the measures to encourage IT and telecommunications personnel to take part in public policy researches or industry development*

researches conducted by the Government in these fields, with a view to facilitating the Government in formulating policies which can better support the development of the industries from macroscopic and long-term perspectives; and

- (c) *whether it will consider setting up an assistance scheme to encourage associations of the IT and telecommunications industries to conduct public policy researches or industry development researches on their respective sectors; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese): Madam President,

- (a) A total of 65 public policy researches and industry development researches on individual industries have been conducted in the past three years (from January 2002 to December 2004). Of these researches, 34 projects are related to IT and telecommunications. Details of the IT and telecommunications projects are at the Annex.

In deciding whether a specific research project should be conducted, the bureau or department concerned will normally take into account the value the research can add to its understanding of the industry or the technology concerned, and the contribution the research can make towards the formulation of policy/measures in support of the development of the industry or the broader economy. Insofar as the IT and telecommunications research projects are concerned, priority will be given to topics that are directly relevant to the focus areas identified in policy documents, such as the Digital 21 Strategy. The reasons for conducting the research projects are set out in the Annex.

- (b) From time to time, we invite the IT and telecommunications industry and professional bodies, industry support organizations and academia to take part in the researches conducted by the Government. Some of the research projects mentioned in the

Annex were, indeed, conducted and/or supported by the IT industry/professional bodies, such as the Hong Kong Computer Society, the Information and Software Industry Association, the Wireless Technology Industry Association, industry support organizations such as the Hong Kong Productivity Council, and academia. Industry bodies are also welcomed to apply to the Small and Medium Enterprises (SME) Development Fund for funding to conduct research aiming at enhancing the competitiveness of the SMEs in Hong Kong.

To enable the industry to provide input during the policy formulation process, the Government consults the relevant industry organizations on policy proposals that may affect their long-term development or are of general interest to them. This can be done through the issue of public consultation papers to solicit the industry's views and/or the organization of focus groups to enable the industry representatives to convey their views to the bureau/department direct. We also consult the government statutory and advisory bodies, such as the Trade and Industry Advisory Board, the SME Committee and the Digital 21 Strategy Advisory Committee, which comprise members from different sectors, including the IT and telecommunications industries.

- (c) The SME Development Fund, set up in December 2001, provides funding to eligible non-profit-distributing organizations to carry out research projects aiming to enhance the competitiveness of Hong Kong's SMEs in general or in specific sectors, including the IT and telecommunications sector. Of the 74 projects approved by the Fund so far, 16 contain a research dimension with a bearing on industry development, and four of them are related to the IT&T industries.

Funding is also available under the General Support Programme (GSP) of the Innovation and Technology Fund to support projects that contribute to fostering an innovation and technology culture in Hong Kong and benefit the future development of Hong Kong's industries.

Annex

Public policy/industry development researches on the IT and telecommunications industries
conducted in January 2002 to December 2004

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
1.	Commerce, Industry and Technology Bureau (CITB)/Office of the Telecommunications Authority (OFTA)	Consultancy study for the OFTA on compatibility and interoperability between DMB-T standard and DVB-T standard	To conduct a study on compatibility and interoperability between DMB-T standard and DVB-T standard.	To enable the OFTA to make informed decision on the standards to be adopted for digital terrestrial television broadcasting.	2002	\$1.3M
2.	CITB	Hong Kong Software Industry Survey 2002	To collect data on the profile of local independent software vendors.	To help the Bureau formulate promotion strategies for the local software industry.	2002-03	\$0.28M

¹ "Not Applicable (N.A.)" if study was conducted in house.

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
3.	Innovation and Technology Commission (ITC)	An IT and Economic Study on the Future of Hong Kong Air Cargo Industry: Long-term Impact of WTO Accession and Direct Links ²	To examine (a) the long-term economic impact of China's accession to the WTO and direct links between the Mainland and Taiwan on the air cargo industry in Hong Kong; and (b) the logistics and IT infrastructure needs within the same context to help the local industry to become more competitive.	To help the industry gear up to meet the challenges arising from China's accession to the WTO and future development of direct links between the Mainland and Taiwan; to identify areas that are losing competitiveness in the air cargo industry, and investigate plausible efforts that can be initiated to support and strengthen its competitiveness.	2002-03	\$0.87M

² This study was funded under the GSP of the Innovation and Technology Fund.

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
4.	CITB	Annual Survey on Information Technology Usage and Penetration in the Business Sector 2002	To assess the extent of usage and penetration of IT in the business sector.	To update the Bureau on the current usage of IT in the business sector and help it formulate programmes/initiatives to promote further IT adoption among local companies.	2002	\$1.6M
5.	CITB/OFTA	Economic consultancy on pricing flexibility	To develop guidelines for assessing whether tariff proposals by PCCW-HKT are likely to have anti-competitive effects in the context of an assessment of the appropriate tariff regime, given the competition in Hong Kong telecom market.	To help the OFTA assess the tariff regime of the local telecommunications industry, and assess tariff proposals from operators.	2002	\$0.8M

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
6.	CITB	Survey on Information Technology Usage and Penetration in the Household Sector 2002	To assess the extent of usage and penetration of IT among local households.	To update the Bureau on the current usage of IT among local households and help it formulate programmes/initiatives to raise IT literacy of the community.	2002	\$1.25M
7.	Central Policy Unit (CPU)	Hong Kong's Creative Industries	To conduct the first baseline study on Hong Kong's creative industries, which include IT-related industries like digital entertainment, software and computing.	To map out the existing position of the creative industries in Hong Kong and assess their potential for growth.	2002-03	\$1.3M

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
8.	CITB/OFTA	Consultancy study on international comparison of Hong Kong's telecommunications market development and effectiveness of liberalization policy and regulation	To conduct a comparative study on the state of development of the telecommunications markets in Hong Kong and other regions, and the effectiveness of liberalization policy in promoting their growth.	To ensure that Hong Kong maintains its competitiveness internationally.	2002-03	\$1.2M

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
9.	CITB/OFTA	Consultancy study on the comparison of the technical capacity, performance and capability of local fixed and mobile networks in Hong Kong with the international best practices under emergency and severe weather condition.	To conduct a study on the network quality and capacity in terms of Grade of Service, network availability and loading, call handling capability, blocking probability, spare network capacity to handle traffic upsurge, and so on, of fixed and mobile networks in Hong Kong in comparison with the widely adopted best practices in other developed economies/countries.	To help CITB/OFTA formulate measures to improve the quality and capacity of the local fixed and mobile networks to better cope with telecommunications usage requirement under emergency and severe weather condition.	2002	\$0.6M

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
10.	CITB/OFTA	Consultancy study on competition guidelines for merger and acquisitions	To conduct a study on the guidelines adopted in the market for merger and acquisitions.	To obtain inputs for compiling the OFTA guidelines.	2002-03	\$1.2M
11.	OFTA	Review of Plug and Socket System for Connection of Single-Line Customer Premises Equipment to Direct Exchange Lines	To conduct a study on the plug and socket systems available in the market for connection of single-line customer premises equipment to direct exchange lines.	To enable the OFTA to make recommendations on the adoption of the RJ system as the plug and socket standard in Hong Kong.	2002-03	N.A.
12.	Trade and Industry Department (TID)	Developing a business support program for Hong Kong software developers ³	To compile a business guidebook on various business operational matters.	To enhance the competitiveness of SMEs in the IT industry.	2002-03	\$0.41M

³ This project was funded by the SME Development Fund.

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
13.	OFTA	Review of Certification and Labelling Arrangements for Telecommunications Apparatus	To conduct a study on existing and potential certification and labelling arrangements for telecommunications apparatus.	To enable the OFTA to review the certification and labelling arrangements in the light of the commencement of the new Exemption Order.	2003	N.A.
14.	CITB/OFTA	Consultancy study in relation to accounting separation for third generation (3G) mobile services	To identify and define components, nature and drivers of the costs and revenues of the 3G mobile services for accounting separation.	To help CITB/OFTA to formulate policy and regulations on accounting separation for 3G mobile services.	2003-04	\$1.1M
15.	OFTA	Technical Standard for Fixed Line Short Message Service (FLSMS)	To give an overview of available FLSMS technologies.	To facilitate standards setting for FLSMS in Hong Kong.	2003-04	N.A.

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
16.	CITB	Survey on Information Technology Usage and Penetration in the Household Sector 2003	To assess the extent of usage and penetration of IT among local households.	To update the Bureau on the current usage of IT among local households and help it formulate programmes/initiatives to raise IT literacy of the community.	2003	\$1.2M
17.	CITB	Annual Survey on Information Technology Usage and Penetration in the Business Sector 2003	To assess the extent of usage and penetration of IT in the business sector.	To update the Bureau on the current usage of IT in the business sector and help it formulate programmes/initiatives to promote further IT adoption among local companies.	2003	\$1.4M

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
18.	CITB	Hong Kong Software Industry Survey 2003	To collect data on the profile of local independent software vendors.	To help the Bureau formulate promotion strategies for the local software industry.	2003-04	\$0.28M
19.	CITB/OFTA	Consultancy study on review of the regulatory policy for Type II interconnection	To conduct a study on the effect of the regulatory policy on Type II interconnection on the development of telecommunications market in Hong Kong.	To provide inputs for the review of the regulatory policy on Type II interconnection.	2003-04	\$0.9M
20.	CITB	Survey on Open Source Software (OSS) Adoption in Hong Kong	To monitor the extent of OSS adoption among companies in Hong Kong.	To provide information for formulating OSS promotion strategies.	2003-04	\$0.36M

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
21.	Office of Government Chief Information Officer (OGCIO)	Pilot Sound Portal of Government Websites	To study the feasibility of providing interactive text-to-speech service for selective information on government websites and set up a pilot sound portal for four government websites that have information of public interest.	To enhance the access of disadvantaged groups, in particular the visually impaired and senior citizens, to online information disseminated through government websites (the portal delivers web content in Cantonese, Putonghua and English).	2003-04	\$1.74M
22.	CITB/OFTA	Regulation of Internet Protocol (IP) Telephony — Consultation Paper issued on 4 October 2004	To collect public views on the regulation of IP telephony in Hong Kong.	To help the CITB/OFTA formulate regulatory policy that keeps pace with the international development on emerging IP telephony.	2003-05	N.A.

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
23.	ITC	Consultation on the New Strategy of Innovation and Technology Development	To collect public views on the new strategic framework for innovation and technology development.	To further promote the development of innovation and technology in Hong Kong and improve the relevance of applied R&D to the needs of the industry.	2004	N.A.
24.	CITB/OFTA	Consultancy study in relation to the application for a declaration of non-dominance by PCCW-HKT Telephone Ltd for business direct exchange line and residential direct exchange line	To conduct a market analysis, including the design of customer surveys, and prepare expert reports on the analysis of the dominance of PCCW-HKT Telephone Limited for business direct exchange line and residential direct exchange line.	To help the CITB/OFTA assess the application from PCCW-HKT Telephone Limited.	2004	\$1.6M

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost⁴</i>
25.	OGCIO	Digital Entertainment Industry Specific Profile Research	To examine the current development of the local digital entertainment industry.	To help the OGCIO better understand the latest state of development of the local digital entertainment industry and formulate promotion strategies.	2004	\$0.28M
26.	TID	Linux Patch Management System Linux ⁴	To develop an online information system on open source patch information of common business IT applications.	To enhance the competitiveness of Hong Kong's SMEs in general, including the IT industry.	2004-05	\$0.6M
27.	CITB/OFTA	Consultancy study on the prospect of issuing a new licence for the provision of mobile telecommunications services in Hong Kong	To conduct a study on the potential impact of issuing a new licence on the local mobile telecommunications market.	To help the CITB/OFTA review its policy in licensing of mobile telecommunications services in Hong Kong.	2004	\$1.2M

⁴ This project was funded by the SME Development Fund.

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
28.	CITB	Survey on Information Technology Usage and Penetration in the Household Sector 2004	To assess the extent of usage and penetration of IT among local households.	To update the Bureau on the current usage of IT among local households and help it formulate programmes/initiatives to raise IT literacy of the community.	2004	\$1.1M
29.	CITB	Annual Survey on Information Technology Usage and Penetration in the Business Sector 2004	To assess the extent of usage and penetration of IT in the business sector.	To update the Bureau on the current usage of IT in the business sector and help it formulate programmes/initiatives to promote further IT adoption among local companies.	2004	\$1.5M

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
30.	CITB/OFTA	Proposals to contain the problem of unsolicited electronic messages	To solicit industry and public views on what measures should be adopted to combat the rising problem of unsolicited electronic messages.	To help the CITB/OFTA formulate regulatory policy that takes account of public opinions and keeps pace with latest international developments in relation to spamming control.	2004	N.A.
31.	OGCIO	Pilot Test of Text-To-Speech Short Message Service (SMS)	To study the feasibility of converting the text-based SMS to voice.	To provide an alternative voice output to the text-based SMS for the vision impaired and the elderly, and so on.	2004	N.A.

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
32.	TID	An assessment of software export readiness and competency for Hong Kong IT industry SMEs ⁵	(a) To conduct study on the current export situation and capability of local IT SMEs. (b) To compile a self-help "software export capability and readiness" assessment package.	To enhance the export competitiveness of SMEs in the IT industry in order to penetrate the Asia Pacific market.	2004-05	\$1.69M
33.	TID	CMM in Action (Phase 1): CMM Fast-track Programme ⁶	To develop a CMM Fast-track toolkit applicable for SMEs in the IT industry.	To enhance the competitiveness of SMEs in the IT industry.	2004-06	\$2M

⁵ This study is funded by the SME Development Fund.

⁶ This project is funded by the SME Development Fund.

	<i>Responsible bureau/ department</i>	<i>Title of research</i>	<i>Scope</i>	<i>Reason for conducting the research</i>	<i>Year of study</i>	<i>Cost¹</i>
34.	CPU	Relationship between Hong Kong's creative industries and Pearl River Delta (PRD)	To study the relationship between the creative industries in Hong Kong and in the PRD.	To examine the opportunities and challenges that the PRD could provide local creative industries, and how local creative industries may support and facilitate the development of creative industries in its hinterland, to the mutual benefit of Hong Kong and the PRD.	2004-05 (estimated)	\$1.3M

Membership of and Meeting Arrangements for Statutory and Advisory Bodies

17. **MR LEE WING-TAT** (in Chinese): *Madam President, regarding the membership of and meeting arrangements for statutory and advisory bodies, will the Government inform this Council:*

- (a) *of the present percentage of members with political affiliations in the membership of some 500 statutory and advisory bodies, together with a breakdown by percentage of these members by their political affiliations;*
- (b) *of the number of statutory and advisory bodies which hold their meetings in public and upload their meeting agenda and minutes onto the Internet; and*
- (c) *whether it plans to appoint more members of political parties or groups as well as persons in the middle class to statutory and advisory bodies?*

SECRETARY FOR HOME AFFAIRS (in Chinese): Madam President,

(a) and (c)

In making appointments to public sector advisory and statutory bodies (ASBs), we aim to secure the services of the best available persons to meet the requirements of the board or committee concerned. Each appointment is made on the basis of the merits of the individual concerned, taking into account their ability, expertise, experience, integrity and commitment to public service. In making the appointment, we have also to give due regard to the functions of the ASB, the type of business that it deals with and for some statutory bodies, the relevant statutory requirements pertaining to composition or appointment criteria. For instance, for ASBs that advise on specialized matters, we tend to appoint more professionals with the necessary expertise.

Appointments to ASBs are made on the basis of merit. We have not appointed and do not have plans to appoint ASB members solely on the ground of their political affiliations. We also do not have readily available comprehensive information on the political affiliations of ASB members as they are not required to declare or indicate their political affiliations to us. Based on rather incomplete information that is available to us, we estimate that about 10% of the non-official members appointed to our ASBs have political affiliations.

We attach great importance to the middle class and appreciate their values and beliefs, as well as their aspiration to participate in politics. We will, where appropriate, appoint more middle-class managers and professionals into our ASBs.

- (b) At present, there are 508 ASBs, of which 51 are regulatory boards and bodies, 59 are appeal boards and 78 are advisory and management boards of trusts, funds and funding schemes. Whether meetings of ASBs are open to the public, and whether agenda and minutes of meetings can be made available to the public have to depend on the nature of business of the ASB concerned and the sensitivity of the issues discussed. As a rule, ASBs would not open their meetings to the public if the discussions involve confidential/sensitive issues.

At present, 55 ASBs open their meetings to the public, and upload meeting agenda and minutes onto the Internet. Another 86 ASBs hold open meetings but do not upload meeting agenda and minutes onto the Internet. While 16 ASBs do not open meetings to the public, they upload meeting agenda and minutes, or minutes alone onto the Internet.

PRH Households Receiving CSSA Payments

18. **MR FREDERICK FUNG** (in Chinese): *Madam President, will the Government inform this Council of the number of public rental housing (PRH) households which are recipients of Comprehensive Social Security Assistance*

(CSSA) payments and their percentage in the total number of PRH households, together with a breakdown of such households in each PRH estate by the CSSA category they belong?

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Chinese):
Madam President, according to the record of the Social Welfare Department, there are over 157 000 CSSA households living in PRH. The breakdown of these households according to each PRH estate and the CSSA categories to which they belong is listed at the Annex.

Since some of the PRH household tenant may include more than one CSSA case, it is inappropriate to work out the percentage of CSSA households to the total number of PRH households.

Annex

Name of Estate	No. of Caseload (as at end of October 2004)							Total
	Old age	Permanent disability	Temporary disability/ill health	Single Parent family	Low Earnings	Unemployment	Others	
Ap Lei Chau Estate	244	59	45	105	46	57	12	568
Butterfly Estate	661	54	116	316	32	191	18	1 388
Chak On Estate	330	13	35	69	22	53	3	525
Cheung Ching Estate	266	24	54	100	69	133	8	654
Cheung Fat Estate	248	23	49	79	25	86	5	515
Cheung Hang Estate	391	39	58	103	41	137	14	783
Cheung Hong Estate	840	72	111	206	88	231	19	1 567
Cheung Kwai Estate	21	2	8	14	2	19		66
Cheung On Estate	271	38	72	119	38	117	13	668
Cheung Shan Estate	79	13	17	43	34	31	1	218
Cheung Wah Estate	446	10	91	155	69	118	9	898
Cheung Wang Estate	232	62	103	292	149	367	17	1 222
Choi Fai Estate	82	10	20	18	9	41	5	185
Choi Ha Estate	199	15	21	20	18	37	5	315
Choi Hung Estate	811	65	102	225	84	145	14	1 446
Choi Ming Court	181	36	121	118	127	238	9	830
Choi Wan (I) Estate	385	78	73	161	63	135	12	907
Choi Wan (II) Estate	191	26	43	86	39	75	4	464
Choi Yuen Estate	769	28	122	234	55	163	13	1 384
Chuk Yuen North	381	46	78	93	48	90	15	751
Chuk Yuen South	998	76	95	234	75	129	18	1 625
Chun Shek Estate	286	9	53	65	18	51	4	486
Chung On Estate	294	30	86	137	82	172	17	818
Easeful Court	11	4	7	14	18	22	3	79
Fortune Estate	613	31	50	50	46	91	2	883
Fu Cheong Estate	1 460	55	143	236	242	303	8	2 447
Fu Heng Estate	454	56	116	208	61	182	21	1 098
Fu Shan Estate	181	22	27	30	37	43	4	344

<i>Name of Estate</i>	<i>No. of Caseload (as at end of October 2004)</i>							
	<i>Old age</i>	<i>Permanent disability</i>	<i>Temporary disability/ill health</i>	<i>Single Parent family</i>	<i>Low Earnings</i>	<i>Unemployment</i>	<i>Others</i>	<i>Total</i>
Fu Shin Estate	426	26	94	225	49	140	14	974
Fu Tai Estate	382	73	123	178	156	391	24	1 327
Fu Tung Estate	61	16	27	56	49	47	3	259
Fuk Loi Estate	299	28	37	92	17	62	6	541
Fung Tak Estate	547	33	85	66	34	76	8	849
Fung Wah Estate	91	13	18	23	7	19	2	173
Grandeur Terrace	82	21	119	359	170	367	17	1 135
Hau Tak Estate	342	29	66	121	59	131	9	757
Heng On Estate	293	32	82	108	26	81	15	637
High Prosperity Terrace	14	2	8	6	35	25	1	91
Hin Keng Estate	196	37	56	88	28	76	14	495
Hing Man Estate	110	24	23	52	29	46	2	286
Hing Tin Estate	63	17	24	39	31	44	4	222
Hing Tung Estate	109	14	36	63	26	48	3	299
Hing Wah (I) Estate	321	33	55	59	56	64	11	599
Hing Wah (II) Estate	490	39	49	107	29	82	10	806
Ho Man Tin Estate	692	52	101	112	84	142	13	1 196
Hoi Fu Court	539	20	61	78	81	119	6	904
Hong Tung Estate	208	5	5		1	5	1	225
Hung Hom Estate	228	9	21	18	21	30	1	328
Ka Fuk Estate	257	8	57	82	36	92	5	537
Kai Tin Estate	362	33	32	41	37	92	6	603
Kai Yip Estate	802	60	56	96	33	127	11	1 185
Kam Peng Estate	32	3	5	4	4	4		52
Kin Ming Estate	189	80	201	456	193	473	19	1 611
Kin Sang Estate	81	11	47	81	13	65	10	308
King Lam Estate	502	50	108	117	41	142	3	963
Ko Cheung Court	20	6	11	72	20	38	1	168
Ko Yee Estate	224	12	14	24	17	30	2	323
Kwai Chung Estate	489	39	55	52	54	60	10	759
Kwai Fong Estate	676	76	96	118	118	215	30	1 329
Kwai Hing Estate	81	12	12	17	11	20	4	157
Kwai Shing East Estate	702	66	114	178	165	258	31	1 514
Kwai Shing West Estate	411	38	72	139	92	132	12	896
Kwong Fuk Estate	516	34	111	210	71	168	17	1 127
Kwong Tin Estate	143	24	36	40	27	61	5	336
Kwong Yuen Estate	438	48	89	124	40	104	17	860
Lai King Estate	395	43	56	108	64	99	18	783
Lai Kok Estate	442	45	51	101	25	87	8	759
Lai On Estate	236	20	17	23	7	23		326
Lai Yiu Estate	294	23	28	81	54	68	9	557
Lee On Estate	225	29	126	135	67	140	10	732
Lei Cheng Uk Estate	380	47	48	118	35	104	14	746
Lei Muk Shue (I) (II) Estate	516	72	79	135	143	174	20	1 139
Lei Tung Estate	489	70	39	133	54	53	20	858
Lei Yue Mun Estate	372	33	31	111	84	147	10	788
Lek Yuen Estate	399	42	37	86	33	75	6	678
Leung King Estate	550	61	121	237	55	226	16	1 266
Lok Fu Estate	303	29	46	41	24	101	8	552
Lok Wah North Estate	118	21	32	60	31	84	6	352
Lok Wah South Estate	1 336	53	100	231	43	167	9	1 939
Long Bin Interim Housing	23		3	12		29	2	69
Long Ping Estate	522	78	128	519	107	342	30	1 726

<i>Name of Estate</i>	<i>No. of Caseload (as at end of October 2004)</i>							
	<i>Old age</i>	<i>Permanent disability</i>	<i>Temporary disability/ill health</i>	<i>Single Parent family</i>	<i>Low Earnings</i>	<i>Unemployment</i>	<i>Others</i>	<i>Total</i>
Lower Ngau Tau Kok (II) Estate	981	56	79	78	24	152	4	1 374
Lower Wong Tai Sin (I) Estate	474	51	64	116	41	130	11	887
Lower Wong Tai Sin (II) Estate	624	82	113	189	65	217	12	1 302
Lung Hang Estate	312	27	77	119	84	139	14	772
Lung Tin Estate	66	8	6	10	2	17		109
Ma Hang Estate	42	9	5	25	19	16	3	119
Ma Tau Wai Estate	191	24	32	116	15	46	6	430
Mei Lam Estate	473	53	80	150	36	100	17	909
Mei Tung Estate	102	10	16	22	11	30		191
Ming Tak Estate	170	6	24	50	15	52	4	321
Model Housing Estate	51	9	7	17	11	11	3	109
Nam Cheong Estate	164	16	32	49	32	44	6	343
Nam Shan Estate	319	31	48	85	33	75	5	596
Nga Ning Court	8		7	13	12	23		63
Ngan Wan Estate	26	2	4	5	2	18		57
Oi Man Estate	320	57	123	208	102	131	5	946
Oi Tung Estate	639	24	45	76	47	79	5	915
On Ting Estate	517	74	123	167	37	198	13	1 129
On Yam Estate	560	61	56	58	59	110	12	916
Pak Tin Estate	1 360	65	138	230	146	269	9	2 217
Ping Shek Estate	333	39	56	97	55	81	5	666
Ping Tin Estate	1 035	98	79	119	76	176	12	1 595
Po Lam Estate	272	38	76	154	79	121	12	752
Po Tat Estate	1 018	81	171	329	324	388	32	2 343
Po Tin Estate	170	51	135	183	18	408	16	981
Pok Hong Estate	333	28	71	109	53	106	11	711
Sai Wan Estate	22	1	8	8	8	10	1	58
Sam Shing Estate	103	19	21	71	14	45	5	278
Sau Mau Ping (I) Estate	140	17	27	38	21	41	7	291
Sau Mau Ping (III) Estate	2 067	163	214	387	298	486	29	3 644
Sha Kok Estate	1 002	69	110	176	56	139	11	1 563
Shan King Estate	660	77	151	373	84	283	17	1 645
Shek Kip Mei Estate	856	57	94	128	76	137	4	1 352
Shek Lei (I) Estate	754	112	75	169	94	169	14	1 387
Shek Lei (II) Estate	803	107	130	250	199	365	25	1 879
Shek Wai Kok Estate	554	50	76	170	79	154	16	1 099
Shek Yam East Estate	359	51	38	44	34	62	5	593
Shek Yam Estate	394	32	39	65	77	122	4	733
Sheung Lok Estate	152	4		4	2			162
Sheung Tak Estate	464	57	170	214	195	298	18	1 416
Shui Pin Wai Estate	484	18	55	107	24	76	7	771
Shun Lee Estate	374	41	52	107	51	118	9	752
Shun On Estate	340	33	41	96	29	86	5	630
Shun Tin Estate	734	77	108	171	106	184	16	1 396
Siu Sai Wan Estate	341	55	79	126	72	120	10	803
So Uk Estate	626	77	89	213	47	168	7	1 227
Sun Chui Estate	613	70	109	201	63	175	13	1 244
Sun Tin Wai Estate	291	24	55	90	40	90	14	604
Tai Hang Tung Estate	509	22	45	37	18	52	2	685
Tai Hing Estate	916	89	188	349	60	426	22	2 050

<i>Name of Estate</i>	<i>No. of Caseload (as at end of October 2004)</i>							
	<i>Old age</i>	<i>Permanent disability</i>	<i>Temporary disability/ill health</i>	<i>Single Parent family</i>	<i>Low Earnings</i>	<i>Unemployment</i>	<i>Others</i>	<i>Total</i>
Tai Ping Estate	43	5	28	51	14	34	4	179
Tai Wo Estate	612	38	124	181	49	170	9	1 183
Tai Wo Hau Estate	807	88	134	202	95	200	23	1 549
Tai Yuen Estate	362	18	114	148	72	153	13	880
Tak Tin Estate	853	55	59	91	38	140	8	1 244
Tin Chak Estate	354	31	147	266	126	343	14	1 281
Tin Heng Estate	229	44	187	479	325	611	25	1 900
Tin King Estate	123	11	39	158	27	106	11	475
Tin Ping Estate	186	43	82	198	32	102	11	654
Tin Shui (I) (II) Estate	489	44	145	434	122	285	34	1 553
Tin Tsz Estate	510	29	77	138	47	145	7	953
Tin Wah Estate	557	43	133	167	144	236	14	1 294
Tin Wan Estate	467	39	68	54	49	30	8	715
Tin Yan Estate	112	17	47	225	35	103	7	546
Tin Yat Estate	119	22	98	291	187	319	9	1 045
Tin Yiu (I) (II) Estate	523	48	187	460	115	299	32	1 664
Tin Yuet Estate	444	48	154	272	157	362	22	1 459
Tsing Yi Estate	143	15	36	51	30	77	6	358
Tsui Lam Estate	151	23	53	134	69	109	14	553
Tsui Lok Estate	120	3	2	3	1	6	1	136
Tsui Ping South Estate	651	31	46	52	26	95	5	906
Tsui Ping North Estate	1 155	85	160	252	69	230	18	1 969
Tsui Wan Estate	125	12	31	40	14	28	3	253
Tsz Ching Estate	1 442	70	171	230	287	345	13	2 558
Tsz Hong Estate	126	14	36	131	150	137	5	599
Tsz Lok Estate	898	41	126	173	165	195	16	1 614
Tsz Man Estate	235	20	31	43	31	51	6	417
Tung Lam Court	50		1	2				53
Tung Tau (I) (II) Estate	1 195	78	106	143	48	243	10	1 823
Un Chau Estate	590	34	28	47	20	50	6	775
Upper Ngau Tau Kok Estate	397	20	38	32	27	55	1	570
Upper Wong Tai Sin Estate	804	70	86	106	80	182	5	1 333
Wah Fu (I) (II) Estate	548	82	147	231	137	74	9	1 228
Wah Kwai Estate	382	35	42	53	22	19	4	557
Wah Lai Estate	78	19	39	38	64	114	9	361
Wah Ming Estate	505	25	130	245	83	148	25	1 161
Wah Sum Estate	136	12	57	65	33	91	8	402
Wan Hon Estate	520	4	7	3	7	20	3	564
Wan Tau Tong Estate	212	14	51	63	9	63	3	415
Wan Tsui Estate	294	43	52	100	40	67	8	604
Wang Tau Hom Estate	512	81	86	183	89	262	25	1 238
Wo Che Estate	398	48	139	148	114	194	25	1 066
Wo Lok Estate	221	29	37	65	20	50	1	423
Wong Chuk Hang Estate	433	49	31	56	33	28	9	639
Wu King Estate	142	20	78	138	48	153	12	591
Yat Tung Estate	227	74	215	420	421	626	31	2 014
Yau Oi Estate	590	94	149	318	101	302	24	1 578
Yau Tong Estate	508	40	55	124	85	174	12	998
Yiu On Estate	220	22	72	127	24	93	12	570
Yiu Tung Estate	503	59	90	107	53	103	11	926
Yue Wan Estate	214	21	42	68	23	44	5	417
Yung Shing Court	257	13	69	92	99	151	2	683
No. of Total Case	75 233	7 030	13 067	23 628	11 724	24 612	1 882	157 176

Medical Practitioners Providing False Information

19. **MR LI KWOK-YING** (in Chinese): *Madam President, will the Government inform this Council:*

- (a) *of the number and details of the complaints received so far this year against medical practitioners for providing false information about their qualifications and professional practice experience, and how the number compares to the corresponding figures in the previous two years;*
- (b) *of the number of such complaints it investigated in the past three years and the investigation results;*
- (c) *of the mechanism to ensure that medical practitioners provide the public with information which is law compliant, true and not exaggerated; and*
- (d) *whether it will discuss with the Medical Council of Hong Kong (the Medical Council) the possibility of revising the Code of Practice for Doctors to expressly provide that medical practitioners must provide the public with information which is law compliant, true and not exaggerated, so as to safeguard the interests of the public?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Chinese): Madam President, the Medical Council is a statutory body established under the Medical Registration Ordinance (MRO) (Cap. 161) to regulate, amongst other things, standard of professional practice and conduct of medical practitioners. The Medical Council has drawn up the "Professional Code and Conduct for the Guidance of Registered Medical Practitioners" (the Code of Practice) to provide general guidance on the standard required and what may constitute professional misconduct.

It is a statutory requirement for any person who wishes to apply for registration as a medical practitioner or a specialist, to supply to the Medical Council his/her personal particulars, academic and professional qualifications, and indicates in the application on whether he/she has been convicted of any offence punishable with imprisonment, and whether he/she has been found guilty of professional misconduct in Hong Kong or elsewhere. In making the application, the applicant is required to make a statutory declaration as to the truthfulness of the information submitted.

The Code of Practice requires medical practitioners to provide only legal, decent, honest, truthful, factual, accurate, and not exaggerated information to patients and the general public.

(a) and (b)

The Medical Council is vested with the statutory power to handle complaints against medical practitioners' professional practice and conduct. Complaints concerning medical practitioners making untruthful claims about professional qualifications and specialist status received in the past three years are detailed as follows:

	2002	2003	2004 (as at 26 November)
Misleading, inappropriate or unapproved qualifications	2	5	6
False claim of specialist status	4	3	2
Total	6	8	8

The investigation status of the above complaint cases⁽¹⁾ are tabulated as follows:

⁽¹⁾ Complaints against registered medical practitioners touching on matters of professional misconduct are either lodged with or referred to the Medical Council. It is a statutory requirement for a complaint to be first considered by the Chairman, the Deputy Chairman and a lay member of the PIC and the full PIC as appropriate, to decide whether the complaint is groundless, frivolous or unpursuable, and whether a *prima facie* case can be established, before it should proceed to full inquiry by the Medical Council.

Misleading, inappropriate or unapproved qualifications

	2002	2003	2004 (as at 26 November)
Dismissed at the Preliminary Investigation Committee (PIC) stage	2	4	2
Substantiated in an Inquiry by Medical Council	-	1 ⁽²⁾	-
Pending Investigation Results	-	-	4
Total	2	5	6

False claim of specialist status

	2002	2003	2004 (as at 26 November)
Dismissed at the PIC stage	4	3	1
Substantiated in an inquiry by the Medical Council	-	-	-
Pending Investigation Results	-	-	1
Total	4	3	2

(c) and (d)

The Medical Practitioners (Registration and Disciplinary Procedure) Regulation under the MRO stipulates that an application for registration as a registered medical practitioner or a specialist to be supported by a declaration of personal particulars of and professional qualifications held by the applicant, as well as a statement of evidence of no conviction. Making false declaration is a criminal offence. Sections 36 and 37 of the Crimes Ordinance (Cap. 200) provide that making a false statement in a statutory declaration is an offence, and anyone found guilty of such offence is subject to a fine or imprisonment for a maximum of two years.

⁽²⁾ The case concerned a doctor who displayed a signboard which showed that he possessed the qualification of Bachelor of Medicine and Bachelor of Surgery (MBBS). But the concerned doctor's qualification is in fact Licentiate of Medical Council of Hong Kong (LMCHK). After consideration by the PIC, the case was referred to the Medical Council for inquiry. At the inquiry, the Medical Council was satisfied that in relation to the facts alleged, the defendant doctor had been guilty of misconduct in a professional respect. The Medical Council ordered that a warning letter be served on the defendant doctor.

Section 27 of the MRO provides that any person who seeks registration as a medical practitioner or a specialist through false or fraudulent representation is liable on conviction upon indictment to imprisonment for three years. Section 28 of the MRO, on the other hand, prohibits people from using the titles of medical practitioners or specialists without registration. Those convicted are subject to a fine and imprisonment for three years.

In addition, clause 4.2.1 of the Code of Practice requires medical practitioners to provide only legal, decent, honest, truthful, factual, accurate, and not exaggerated information to patients and the general public. Those who violate the clause could be subject to disciplinary proceedings with sanctions ranging from serving of warning letters, reprimand to removal of their names from the registers.

Information concerning the qualifications and the specialist titles of registered doctors is gazetted on a regular basis for public information, and is accessible from the homepage of the Medical Council so that members of the general public may verify the truthfulness of the information they receive with the record maintained by the Medical Council.

Clear provisions are stated in the MRO and the Code of Practice to prohibit medical practitioners from providing untruthful information to the public. Nonetheless, the Administration and the Medical Council will review the provisions from time to time to ensure their effectiveness in protecting the public.

Red Light Jumping at Two Road Junctions in Causeway Bay

20. **MISS CHOY SO-YUK** (in Chinese): *Madam President, there are several sets of traffic lights at the road junctions of Hing Fat Street with Victoria Park Road, Wing Hing Street and Gordon Road in Causeway Bay. In this connection, will the Government inform this Council of the number of cases in which drivers were prosecuted for red light jumping at the above road junctions over the past 12 months, with a breakdown by traffic lanes, travelling directions and the traffic lights involved?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Chinese): Madam President, according to the records of the police, the number of cases in which drivers were prosecuted for red light jumping at the road junctions of Hing Fat Street with Victoria Park Road, Wing Hing Street and Gordon Road in Causeway Bay over the past 12 months are as follows:

	<i>Signalized junction</i>	<i>Number of cases in which drivers were prosecuted</i>
1.	Hing Fat Street/Wing Hing Street	5
2.	Hing Fat Street/Gordon Road	4
3.	Victoria Park Road/Hing Fat Street	1 885

We do not have statistics with a breakdown by traffic lanes, travelling directions and the traffic lights involved.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two motions with no legislative effect. I have accepted the recommendations of the House Committee with respect to the time limit on the delivery of speeches by Members moving the motion and amendments, their replies on the amendments, as well as that for other Members. As these are rules familiar to Members, I will not waste our time here. I only remind Members that I am obliged to direct any Member speaking in excess of the specified time to discontinue.

First motion: Medical reform. Dr KWOK Ka-ki.

MEDICAL REFORM

DR KWOK KA-KI (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

Madam President, the issue we have to discuss today is medical reform. In the wake of the SARS outbreak last year, it is believed that we have a very good opinion of our medical standard and the quality of our doctors. It can be said that our performance in health care services has been the best among countries in Southeast Asia, or even the world. However, the SARS outbreak

has also revealed various deficiencies and a serious crisis in our health care system, health care policies and the services delivered by the Hospital Authority (HA).

There are continuous calls from the community for reforms in our health care system and the HA. No matter they are front-line health care workers or concern groups on patients' right, they all urge the Government to reform our health care services.

If we trace the medical reform in Hong Kong we would embark on an expedition like Odysseus did in the Greek mythology. He left his country to fight a war. After numerous ordeals and adventures, as well as going through many hardships, he finally returned home. Nevertheless, the medical reform in Hong Kong is still far away from home. Health care workers and the public are still struggling and fighting for our way in the rough seas. How long do we have to feel our way forward? How long do we have to keep on drifting? And how should we position ourselves? What are we going to do in future to come back to the right direction?

When we look up the history of medical reform in Hong Kong, the earliest policy was formulated in accordance with the 1974 White paper on medical policies. According to the White Paper then, major services provided by the public health care sector would be subsidized by tax revenue. Low cost, or even free public health care services would be provided with a large amount of public money. Obviously, this policy has seen no changes for the last three decades.

Back in 1985, as the then public health care system failed to cope with social demand, with a shortage of hospital beds, medical reform became an urgent issue. As such, the Government commissioned the Scott consultancy from Australia to give us a direction in respect of medical reform. The consultancy published in 1985 its second report on medical reform. The recommendations proposed in the report included, *inter alia*, the privatization of our medical sector. However, as the community could not accept the concept at that time, the corporatization approach was then adopted. The entire public health care services were wholly taken up by the HA which had been further hived off from the government structure and the Civil Service.

Undeniably, the service quality and environment provided by the public sector has greatly improved since the establishment of the HA. Nevertheless,

this favourable improvement trend was fostered mainly by the prosperous economic development of Hong Kong throughout the '90s, thus enabling the Government to inject a large quantity of resources for an enormous development of our public health care services.

However, good times did not last long, so this indiscriminate provision of quality health care services to the rich and the poor alike, regardless of the nature of their diseases, could not be sustained with limited public money. In the wake of the financial turmoil in 1997, the Government has been facing the problem of structural deficits which in turn led to the plight of our medical services. From 2002 onwards, the expenditure on health care services has been diminishing. From 2004 to 2007, we have to cut an additional 11% from the reduced expenditure.

In the face of escalating health care costs on a limited budget, the public sector has found it very difficult to cope with the expensive costs and expenditure. In the long run, can the Government still afford to provide these quality health care services that are almost free? Are taxpayers still prepared to foot a bigger bill by paying heavier taxes?

In 1993, eight years after the publishing of the Scott Report, in the light of the then financial problem and in recognition of the difficulties in dealing with our health care system in future, the Government published a consultation paper commonly known as the "Rainbow Document", with a view to introducing the concept of "who have the means pay more". While adopting the principles of opening up new sources of revenue and maintaining fairness, it re-examined and reviewed our health care policies, thereby providing a direction for our medical reform.

Notwithstanding the five options proposed in the consultation paper — including of course the target-subsidy approach made on a need basis — unfortunately, the then Government did not have the courage to introduce any changes, but resorted to the easiest option, that is, the maintenance of the *status quo*.

It was not until the reunification in 1997 did another opportunity for medical reform emerge. In his first policy address, the Chief Executive, Mr TUNG Chee-hwa, undertook to carry out a comprehensive medical reform. In 1999, the Harvard consultants' report, which has been widely discussed until

now, was published. The Harvard Report pointed out clearly that in the next two decades, Hong Kong would face huge expenditure on health care. According to the projection in the Harvard Report, by 2016, we may have to pay as much as \$60 billion for our public medical services, and its share in the total government expenditure may rise to 23% as compared with 14% at present. The Harvard Report also proposed some financing options. However, as these options aroused a great deal of controversy in the community, the two options died down amid the disputes as a result.

The health care services in Hong Kong rely greatly on our tax revenue, our expenditure on this accounts for about 4.8% of the Gross Domestic Product (GDP) at present, and services provided by the public sector take up about 2.6% of our GDP.

Most of our public money is used to provide funding to the HA. As I have said just now, the funding received by the HA this year is already 5% less than that of last year. As a matter of fact, the HA is facing a deficit, and the continued operation will be difficult. This year, it is found that the deficit of the HA has risen to as high as \$600 million, and I believe the figure will further rise.

Conversely, there is an escalating demand for and utilization of medical services in the community as a whole, and a more and more serious inclination for patronage of the public sector. So far, in terms of facilities provided by the public and private sectors, the ratio of in-patients is 94% to 6%. Rehabilitation services are entirely provided by the Government. Only in terms of primary health care, the ratio is 25% to 75%, in other words, only those people who suffer from common ailment will receive treatment provided by the private sector.

According to the analysis of financial provision for the last two decades, the expenditure has grown from \$4.3 billion in 1986-87 to \$28 billion at present. We cannot see a better way out in the future.

In the past, health care services were provided by the public and private sectors in parallel in a balanced manner. People with means would be encouraged to seek private medical services, so as to release beds and services in the public sector to cater for the needs of those with limited means. This was a balanced approach for development and would enable a complementary situation. Nevertheless, given enormous subvention from the Government

during the past 10-odd years, the HA managed to expand its structure and services rapidly, thus resulting in the dominant position in the control and provision of medical services now. This has in turn led to abusive use of our public health care system, including accident and emergency service, specialty service and in-patient service.

As our public medical services with limited resources could not cope with unlimited demand, new policies emerged in the last two years accordingly. Unfortunately, two years later, these new policies, including a revised fee structure, are still unable to address the imbalanced and habitual utilization of services provided by the public sector. According to a recent survey, notwithstanding the introduction of a new charge for accident and emergency service, 60% to 70% of the service users were non-urgent patients.

All we all know, because of social justice and conscience, we must maintain the principle of parity in our charging system, so as not to deny poor and elderly people with chronic illness the opportunity of receiving treatment. As a result, we must improve the system of fee waiver and remission, and enhance transparency, so that no one should be denied care because of lack of means. Nevertheless, the Government should also consider the implementation of the principles of "who have the means pay more" and target subsidy, so as to prioritize services and to foster a social consensus on fair allocation of resources. While ensuring that people will not receive substandard care because of lack of means, we must also fight for the necessary resources for the disadvantaged social group, including the chronically ill, cancer patients and mental patients.

Madam President, why have I moved this motion today. Because I see an opportunity for medical reform. I hope this opportunity will not disappear as it did in 1985, 1993 and after 1997. Today, we have a new Secretary and a new HA Chairman, so I hope we can identify a new direction for our long-term health care policies in spite of the extreme difficulties currently confronting us.

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

Madam Deputy, I am asking the Government to draw up a timetable for the implementation of the policy because it has been indecisive and conducted no consultation in the past. We really need a timetable to facilitate us in finding the

way forward. I believe that the problem can only be solved by sharing responsibilities. However, while sharing such responsibility, we must inject new strength, to allow healthy competition between the public and private sectors, and to allow its long-term development to be driven by market force.

I also ask the Government to implement the target-subsidy approach which has been discussed for several years, whereby priorities for the provision of public medical services are set according to the importance and needs of the services. To achieve this purpose, we must of course set up a good advisory framework. There used to be a Medical Development Advisory Committee in the past, but it was not accorded due importance under past policies. Today, I hope the Government can set up a new advisory framework with broad representation that comprises front-line health care workers and people from all walks of life, with a view to reviewing the existing policies and assisting in identifying future policy directions.

No reform can be implemented without the support of the people, and the direction on which our success relies cannot lack a clear target. We can make reference to our neighbour, Singapore, for example, which has carried out two major reviews of its medical reform in 1983 and 1993 and implemented policies accordingly. Under the policy, the roles of both the public and private sectors — or the Government and the people — in medical service as a whole were clearly set out. They have found the right direction. Today, we can see that Singapore is still spending less than 4% of its GDP as total expenditure on medical services. Certainly, the quality is by no means inferior to that in Hong Kong. However, they have adopted an approach of allowing market competition, sharing of responsibilities and the parallel provision of public and private sector services. This is a policy worth making reference to.

Today, I have to raise another serious problem, that is, the training of young doctors. Each year, 300 young doctors will leave the medical school to receive proper specialist training. However, due to the severe budget constraint in the HA, priority is not accorded to the demands of these young doctors. Therefore, I am asking the Government to set up a training fund to provide proper specialist training to young doctors. The expenditure on training should not be affected by insufficient resources or any performance pledges. As a matter of fact, these young doctors will be our successors in delivering health care services. There will be a succession gap in medical professionals in the absence of a proven training programme.

It is also important to enhance the training on family medicine. As mentioned in my last speech, as many as 81 doctors are not still properly trained. According to the Government, they do not have sufficient trainers. However, it is found out that more than 30 qualified family doctors in the private sector used to be engaged as trainers, however, because of insufficient resources, many of them have been dismissed. At present, the number of trainers has come down to less than 10, thus depriving young doctors of the opportunities of receiving training.

Madam Deputy, if we want to formulate a direction for the present health care policy, we must address the prevailing serious imbalance in distribution of workload between the public and private sectors. We all know that more than 94% of the hospital services in Hong Kong is provided by the Government, the service utilization between the public and private sectors is thus unable to achieve a balance. Our neighbour, Taiwan, for instance, after adopting a contributory system together with government subsidy, the expenditure on health care shot up instead of coming down, thus resulting in the collapse faced by the insurance system in labour compensation and health care.

I am of course aware that the implementation of the policy hinges on a practicable financing system which is fair and sustainable in development. I hope the Government can learn from past experience. It should make up its mind at this crucial and importance moment and formulate a new direction for our health care policy.

Madam Deputy, I so submit.

Dr KWOK Ka-ki moved the following motion: (Translation)

"That, as the medical services in Hong Kong are now facing a big challenge in which the public medical organizations have to cope with unlimited demands with limited resources, and as the deficit of the Hospital Authority (HA) is increasing year by year with hundreds of young doctors leaving the HA every year to go into private practice, yet there is not sufficient room for the healthy development of the private medical services, this Council urges the Government to:

- (a) expeditiously formulate a long-term medical policy that allows for sustainable development, and draw up a timetable for the

implementation of the policy so that the difficulties currently faced by the medical services in Hong Kong can be overcome;

- (b) implement a target-subsidy approach whereby priorities for the provision of public medical services are set according to the importance and needs of the services;
- (c) establish an advisory framework that comprises front-line health care workers and incorporates broad representation to review the existing policies and assist in formulating future policy directions;
- (d) set up a training fund to provide proper specialist training for young doctors so as to nurture a sufficient number of qualified specialists and avoid any succession gap in medical professionals;
- (e) enhance the training on family medicine, provide training opportunities to existing family doctors and all young doctors engaging in family medicine practice, and assist them in acquiring specialist qualifications;
- (f) address the prevailing serious imbalance in the public and private medical services; and
- (g) study and implement options for financing health care."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr KWOK Ka-ki be passed.

DEPUTY PRESIDENT (in Cantonese): Dr Joseph LEE, Mr LI Kwok-ying and Mr Andrew CHENG will move amendments to this motion respectively. Their amendments have been printed on the Agenda. The motion and the three amendments will now be debated together in a joint debate.

I now call upon Dr Joseph LEE to speak first, to be followed by Mr LI Kwok-ying and Mr Andrew CHENG; but no amendments are to be moved at this stage.

DR JOSEPH LEE (in Cantonese): Madam Deputy, our subject of debate today is medical reform. In fact, this subject has been under discussion for years in this Council, the health services sector, the medical sector or the community. Is there really a solution to the problems of limited resources, unlimited demand, the escalating deficit of the HA and the imbalance in public and private sector medical services?

To solve these problems, Dr KWOK Ka-ki has just proposed some options, but the most important point is: What problems are there with our policy at present? In trying to solve the policy problems, we have to examine if changes to the existing health policy can be made. Then, there can be fundamental changes to the general direction of the present medical reform.

At present, the medical policy assumes that "healthy" means "ailment free", and "ailment free" means "healthy". Thus, all health services focus on treatment, leading the public to think that medical services mean treating ailments. Treating ailments is the simplest — a patient will be fine if he can be cured, resulting therefore in the devotion of over 85% of the resources to treatment. This has somehow given the people a false impression that they have to go to the doctor whenever they feel that there is something wrong with their health. This encourages them to use treatment services indiscriminately, thus making the expenditure on treatment services increasingly enormous.

Of course, in order to solve this problem, apart from reducing expenditure, we can also explore if there are other ways. We can see that at present, the health policy only emphasizes treatment and neglects prevention. Regarding this expedient method which offers no long-term solution, we believe that fundamental changes can be made to the health policy, which will in turn lead to the successful implementation of the medical reform which is underway. In fact, everyone understands that if we are healthy physically, mentally and socially, the chances of falling ill will naturally be smaller, and so will the chances of having to go to the doctor or seeking treatment. We should launch a set of better services which can promote primary health and rehabilitation, so as to teach the people how to take care of their health. They can then lead a healthy life and demand less on medical services.

Therefore, we consider that the existing health policy should now be revised anew, turning the present health policy which emphasizes treatment into one which emphasizes good health. Resources should be redeployed. The

existing limited resources should be appropriately distributed. Instead of being used for treatment only, the resources should be used in primary health care services for fostering and promoting good health. Then, in the long run, Hong Kong's medical and health services will no longer be focused on treatment. This can also bring numerous benefits to people's life and public health, as well as healthy living to the public.

Certainly, there are various approaches to the implementation of a health policy which attaches importance to good health. Apart from reviewing the existing medical structure, there must be various matching initiatives in terms of training for medical staff, the public's living, food, environment, education, health, and so on. Coupled with the launching of primary health care and preventive measures, I believe a medical policy which no longer emphasizes treatment but good health should solve the fundamental problem.

As regards the issue of subsidization, in the past, be it the HA or the Government, efforts had been made to try to launch the target-subsidy policy which Dr KWOK also mentioned just now. In fact, we think it may not be appropriate to adopt the target-subsidy approach now as this may even lead to a mismatch of resources. Why? This is because Hong Kong's medical and health services are now provided by seven clusters, and the population distribution and profile of each cluster are different. If we adopt the target-subsidy approach regardless, it may give rise to a situation where although there is no such need in each cluster, since each of them has been allocated the resources, this will translate into wastage. Therefore, we consider that an approach based on the population profile should be implemented early, and the allocation of services and resources should be defined depending on each cluster itself and on the basis of its population profile and demand for medical services. In this way, the concept of "money going with the people" can be implemented, and each cluster can utilize the resources appropriately to provide the suitable services, thus achieving an effective use of resources.

Madam Deputy, as to how an appropriate medical and health policy can be formulated, Dr KWOK Ka-ki talked about it earlier. We used to have an advisory committee on medical affairs, or the Health and Medical Development Advisory Committee (HMDAC), but unfortunately, the role of this Committee began to fade out gradually in the '90s. However, I am happy to hear the Secretary say that the HMDAC will be reorganized so that it can fulfill its function again.

In fact, at present, the HA Board and the Governing Committees of the hospitals can, to a certain extent, perform this role. However, if we are to implement this "health-based" health policy, I believe, just as Dr KWOK Ka-ki said earlier, we have to have a more widely-based advisory committee comprising service providers, service users, the relevant government departments and pressure groups so that they can fully bring out the services they respectively provide, in the hope that demands for medical services can be satisfied. A more comprehensive advisory structure can then be established to assist the Government in providing more appropriately the relevant services while amending its health policy.

Madam Deputy, Dr KWOK Ka-ki said earlier that there must be some clinical specialist services. Doubtless times have changed, and with the changes in time, the public's demand for medical and health services is increasing ever. Under such circumstances, specialization of clinical health services is unavoidable. In our view, to meet society's demand, the Government should set up a fund to train a new generation of medical staff, so as to enable them to acquire the appropriate qualifications in specialized clinical medical and health services. Then, they will be able to perform a comprehensive role to meet the present need. Moreover, in retrospect, almost over 1 500 qualified medical staff resigned between 2003 and 2004, resulting in the loss of an enormous body of experience. To pre-empt a succession gap, I very much agree with what Dr KWOK Ka-ki said, that a fund should be set up to train a new generation of medical staff. By doing so, we can meet the demand for specialized clinical medical and health services on the one hand, and avoid a shortage of medical professionals on the other. Of course, we do not wish to launch such training in an "across the board" manner. We wish the Government can adopt the approach of encouraging people to take up such training and helping to create the conditions, rather than forcefully implementing it in an "across the board" way. This will also avoid turning a good thing bad.

Madam Deputy, to tie in with a health-based health policy, we think the Government needs right now to give serious consideration to strengthening the development of family medicine and community health services because family medicine and community health services are different in terms of their importance. While family doctors play the role of treating patients and referring them to specialists at the primary level, the community health services team stressed by us is formed mainly by nurses, pharmacists, therapists and dietitians who provide the team with the core services and act as the health guardian of the public. They make the people realize how they can

appropriately assess and check their health conditions and also act as advisors, giving the people advices on matters of health and diseases. Once the people understand and gain enhanced knowledge of self-health care, they will naturally be very healthy.

Finally, we see that there are lots of different methods in respect of health care financing, including taxation, insurance, savings, and central financing or self-financing. In fact, my view is that when implementing these options, two general principles should be followed. First, no one should be denied these services because of a lack of money, thus stripped of the equal opportunity of receiving these medical and health services. Second, in this financing reform, attention should be given to both the public and private sectors, and healthy competition should be introduced so as to let the users have the right to know and the right to choose. Then, financing will not only be a solution to public health care problems, but will also be a solution to the financing of Hong Kong's medical system as a whole.

Lastly, we can see a loss of balance in public and private sector medical services. Earlier, Dr KWOK Ka-ki also said that there is an imbalance in public and private sector medical services and the main reason is the unclear positioning of the HA and the Department of Health. This results in their taking up of almost 95% of the utilization rate and the dwindling of the private sector market. Therefore, this problem requires attention.

Madam Deputy, in fact, in principle, I support Dr KWOK Ka-ki's motion, but since his motion has included details in respect of health, I proposed the corresponding amendment. Moreover, I also support the amendments of Mr Andrew CHENG and Mr LI Kwok-ying because their amendments extend further or attach importance to primary health services. Their views happen to coincide with mine.

Finally, I implore all of you to support my amendment. I hope that together we can turn Hong Kong into a healthy society.

Madam Deputy, I so submit.

MR LI KWOK-YING (in Cantonese): Madam Deputy, the motion proposed by Dr KWOK Ka-ki today is timely. It allows this Council to discuss once again the problems within the existing medical system. In the past, the focus of

medical reform was on the discussion of medical financing, regarding the "new money" obtained from financing as a panacea, thinking that all crucial problems within the existing medical system, including the excessive pressure from the demand for public sector medical services, loss in balance of public and private sector medical services, and so on, can be "cured with the medicine". In fact, an over exaggeration of the importance of the financing policy is tantamount to "sustaining one's life by taking the thousand-year-old ginseng". Although the people have paid the extra money, they can only make the seriously ill medical system linger on.

All along, the Democratic Alliance for Betterment of Hong Kong (DAB) thinks that the problem with the medical system of Hong Kong today is entirely caused by a deviation in the direction of medical development — over-emphasizing the development of remedial cure and treatment and neglecting the right direction of stressing disease prevention. Since the establishment of the Hospital Authority (HA) in the 1990s, the Government has continuously increased its expenditure on resources for development sharply, from \$11 billion in 1992-93 to almost \$30 billion in 2003-04. Within 11 years, government subsidy to the HA has seen a two-fold increase. On the contrary, the Department of Health has only had about one tenth of the HA's subsidy to meet its expenditure. As the in-patient service of the HA has been drastically expanded, and its facilities and the level of services are no inferior to those of the private sector medical organizations, public sector medical services have over a long period of time accounted for over 90% of the market. As a result, not only do the operators of private sector medical organizations have to suffer, but the public sector medical system has also been overburdened with demand.

Madam Deputy, although the SARS outbreak last year almost destroyed our medical system, it has turned crisis into opportunity, awakening the Government to the importance of disease prevention and public health. The Centre for Health Protection has been set up as an important step towards rebuilding Hong Kong into a "city of health". We hope that the Government can hold on to its determination to "bring order out of chaos", laying emphasis on medical development in the areas of disease prevention, health promotion and public health improvement, thus generally enhancing the health quality of the people. The Government should also assess the health condition of the public and formulate a health index for long-term planning.

Meanwhile, the Government should also actively develop primary medical services, train more professionals and establish a sound "family doctor" system

to serve as the "goalkeeper" to reduce the public's unnecessary demand for hospitalization. Moreover, these doctors can assist the hospitals in taking care of continuous health care services for patients so as to relieve the pressure from demand for in-patient services.

As regards the handling of the imbalance of public and private sector medical services, the DAB feels that their co-operation must be founded on a "system of portable individual medical history" to bring out the concept of "medical history going with the patients". Then, the public and private sector medical organizations can cross-refer patients without having to repeat the examining procedures. Meanwhile, efforts should be made to further strengthen the connection between the public and private sector medical systems, in particular the referral of out-patient services during holidays and the referral of specialist services, by forming district "medical clusters". In this way, joint efforts could be made in publicity and mutual referral could be strengthened, thereby further reducing the pressure on public sector medical services.

In fact, quite a number of people who have financial means have in recent years voluntarily taken out medical insurance to seek private sector medical services. The Government should make the best use of the situation to reposition public sector medical services and offer deduction for private medical insurance. At the same time, discussions should be held with the private sector medical organizations to enhance the transparency of fees for private medical services and the supervision of service quality in order to attract more people to switch to private sector medical services.

Madam Deputy, another emphasis of my amendment is to incorporate Chinese medicine services into the scope of medical regulation. I believe the proposals for medical reform as raised in society (including those in the original motion of Dr KWOK) are virtually discussions revolving around Western medicine services. The importance of Chinese medicine to the promotion and protection of the public's health is always neglected. Last week, I moved a motion to discuss the problems and difficulties encountered in the development of Chinese medicine. Today, I would like to stress again that, in order to develop Chinese medicine more effectively, the Mainland has required local governments to take into consideration Chinese medicine services when making health planning and allocating resources. However, in Hong Kong, although Chinese medicine practitioners have long ago taken up the role of providing the community with primary medical services, the Government has never made any

assessment of the demand for health care personnel of Chinese medicine, nor has it made the development of Chinese medicine part of health care planning.

In addition, what worries us more is the attitude of the Government towards the development of Chinese medicine. In responding to my motion last week, the Secretary expressly pointed out that the development of Chinese medicine should be concentrated on out-patient services and negated the possibility of introducing in-patient Chinese medicine services. The DAB considers that Chinese medicine can not only play an important role in primary medical services, but can also provide the people with alternatives in respect of in-patient services. It can even offer the patients more effective treatment through a combination of Chinese and Western therapeutic skills. More importantly, a department of in-patient Chinese medicine service is an integral element in the training of a new generation of Chinese medicine practitioners and the development of clinical research. Therefore, we are much disappointed with the Government's neglect of developing Chinese medicine services in a comprehensive manner. The DAB hopes that the Government, in making future planning for medical services, can give Chinese medicine a second thought — not just including Chinese medicine services but also considering more carefully how best Chinese medicine can be comprehensively incorporated into the existing medical system to provide Hong Kong people with better medical services.

Madam Deputy, I so submit.

MR ANDREW CHENG (in Cantonese): Madam Deputy, this subject of medical reform or health care reform has been discussed in the Legislative Council many times in the past few years. The focuses of the discussion were mainly on the inadequate resources and manpower shortage in public medical services, as well as medical fees and charges and health care financing. Having discussed this subject so many times, the Government has so far still not proposed any new financing model. The Hospital Authority (HA) is still experiencing a manpower shortage and its deficit is increasing by the year.

My speech today will not grapple with these issues anymore. I only wish to raise a long overlooked but arguably the most important element, that is, primary health care.

The health care system in Hong Kong has always emphasized illnesses but not health and attached importance only to the treatment of illnesses but neglected primary health care. It is biased towards a reliance on the professional knowledge and services of health care workers to the neglect of health promotion among the general public and the prevention of illnesses by intervening in various aspects of daily life. The Government allocates an expenditure of over \$30 billion to the HA each year, but the expenditure on health promotion and disease prevention is less than one tenth of it.

Consequently, although treatment using world-class high technology has been developed in Hong Kong, the health condition of the public is still unsatisfactory. Although the life expectancy of Hong Kong people ranks first or second place in the world, about 70% of the elderly are beset by all sorts of ailments and have to take medicine on a long-term basis, and public awareness of health, diseases and drugs is also generally inadequate. Not only does the existing practice of the Government lack cost-effectiveness and contribute to increases in health care costs, it is also not beneficial to the health and quality of life of the public.

A well-developed medical system should by no means merely focus on introducing high technology and professional personnel to treat illnesses but should also attach importance to health promotion and disease prevention. The havoc wrecked by SARS last year is a live example. When we thought that Hong Kong was far removed from the threats of contagious diseases and we were taking community hygiene and disease prevention lightly, the SARS outbreak made Hong Kong pay a dear price, taking away some 300 lives. Those who have recovered are still coping with various physical and mental sequelae. The medical system has paid out large amounts of compensation and is still facing a number of legal actions and the entire Hong Kong economy has been dealt a severe blow. The SARS epidemic taught Hong Kong people a valuable lesson and demonstrated the importance of disease prevention. If we grudge the resources that we commit to primary health care, eventually, we have to pay a hundred or a thousand times more in cost.

Hong Kong and the Mainland are separated only by Lo Wu. With the rapid economic development on the Mainland, the environment is being destroyed and various animals and plants with commercial value are being bred in large quantities, for example, civet cats as food and other animals for their fur. However, corresponding measures may not have been put in place to control

these breeding activities and this will easily lead to cross-infection. Infectious diseases know no boundaries and with the introduction of the individual visits and the intense exchange between the people of both places, Hong Kong is in fact located in a high risk area insofar as infectious diseases are concerned. To promote infectious disease prevention and scientific research and prevent an epidemic outbreak can be considered the most pressing task at hand for the medical system in Hong Kong.

Madam Deputy, the prevention of infectious diseases should not be limited to medical treatment only. It is certainly important to offer free inoculation to people at high risk in the community to reduce the likelihood of a spread of infectious diseases, but this is by no means adequate and it is also necessary for a number of departments to take complementary actions. For example, given the high population and building density in Hong Kong, the ventilation in many communities is poor and infectious respiratory diseases can spread easily. Some communities and buildings are ageing and there is a lack of proper maintenance and management. This created undesirable environments in which health and environmental problems lurk, making them a hotbed of infectious diseases. Therefore, preventing the spread of infectious diseases in the community involves improving the management and maintenance of buildings and the hygiene of a community.

Mr LI Kwok-ying's amendment proposed that the prevention of diseases and the promotion of primary health care be strengthened. The Democratic Party supports it but considers that the scope should be further enlarged. At present, primary health care is limited to basic out-patient services only which is still a far cry from the type of primary health care advocated by the World Health Organization and in overseas countries. To do a good job of primary health care is to pinpoint all factors in the community that affect the physical health of the public and create a suitable environment and conditions that will enable the public to enjoy a healthy life.

For example, air pollution is a major factor affecting the physical health of Hong Kong people. Respirable suspended particulate is the major culprit of the air pollution in Hong Kong. Based on the general level of respirable suspended particulates in Hong Kong, the Friends of the Earth estimated that 2 000 people will die prematurely due to excessive air pollution each year. If the health of the public is to be improved, the work required will include carrying out

planning on the transport network, reducing vehicle emissions and even co-operating with Guangdong Province to reduce the quantity of pollutants discharged in neighbouring areas.

Another example is that, with economic restructuring, the number of office workers in Hong Kong has been increasing. Many employers and employees, believing mistakenly that white-collar jobs are safe jobs, have overlooked the dangers relating to the office environment and their job nature and neglected the respiratory illnesses associated with central air-conditioning systems, eye diseases caused by the prolonged use of computers, and so on. To improve the health of white-collar workers, it is necessary to co-operate with civic groups and labour unions to study and understand the safety level of workplaces, formulate standards to assess the health level of a workplace and assist employers and employees in improving the hygiene condition of a workplace.

Madam Deputy, I could only cite several examples to show that the participation of the whole society is called for in strengthening the work on primary health care. This can by no means be accomplished by merely carrying out some publicity or holding some seminars, as the Department of Health has been doing. As early as 1978, the World Health Organization initiated the Health for All strategy and various countries in Europe and America have also launched full-scale health campaigns in recent years. For example, the nationwide "Healthy People 2000" and "Healthy People 2010" programmes launched in the United States and the "Healthy Cities" campaign widely promoted at the local level in Europe and in America were all aimed at giving the public a better bodily constitution. However, Hong Kong has not yet made any start. Madam Deputy, I can recall vaguely that when Mr David LAN was the Secretary for Home Affairs, Hong Kong made a bid to host the Asian Games. The then Secretary commented in high profile that everyone in Hong Kong should take up one sport. However, once the bid to host the Asian Games had fallen flat, the slogan of "each Hong Kong person taking up one sport" all but vanished. What has the Home Affairs Bureau actually done on these issues and on encouraging people to exercise? I very much hope that the Secretary for Home Affairs can make greater efforts to promote the love of sports among the Hong Kong public through the Home Affairs Bureau, so as to make Hong Kong a healthy city. The Democratic Party has for the past few years requested the Government to establish a seed fund for the purpose of carrying out work on

primary health care, however, the Government is only concerned about the present straitened financial circumstances experienced by hospitals. The Government must guard against losing a ship for half a pennyworth of tar. If it is unwilling to commit resources to primary health care, the result will only be a greater demand for medical services and health care expenditure will only grow by the year.

Dr KWOK Ka-ki's original motion is focused mainly on the HA and the system for treating diseases. The measures proposed also focus on the rights of doctors. This does not seem to be adequate or comprehensive in addressing the drawbacks of the medical system. Apart from front-line health care workers, patients' rights are also very important. Be it in formulating the future direction of development, reviewing policies or on more specific issues, the Government should attach importance to patients' views and invite representatives of patient groups to join the relevant advisory framework if the concerns and views of various stakeholders are to be taken into consideration. Therefore, I have proposed this amendment on behalf of the Democratic Party.

The amendment proposed by Dr Joseph LEE to point (b) of Dr KWOK Ka-ki's original motion has deleted the reference to "a target-subsidy approach". Today, I found on the table the letter that Dr Joseph LEE had written to us. In it, he mentioned in particular the reason for making the deletion. This is because he is worried that there might be a mismatch in resource allocation. For example, the needs of the seven clusters under the HA for medical and health care services are different, so for this reason he has proposed a subsidy approach based on the profile of the population. After reading these rationales, we are also in favour of his amendment. Initially, we were really worried by his deletion of the words in Dr KWOK Ka-ki's original motion because we really have to spend within our means. However, since Dr Joseph LEE has given us this explanation today, Madam Deputy, I am very sorry that I have earlier on told the Secretariat that I would not support Dr Joseph LEE's amendment. Therefore, if the amendment proposed by Dr Joseph LEE is passed, I will withdraw my amendment. I understand that this is in fact only a problem of communication and I am also aware that because of it, the Secretariat is now making efforts to rearrange the conduct of businesses on the Agenda. Madam Deputy, here I apologize to the Secretariat on behalf of the Democratic Party for being unable to confirm our stance until a late stage. Anyway, I hope that the motion today will give all parties and factions an opportunity to offer advice to

the Secretary on such issues as medical reform and primary health care. I hope the Secretary can try to understand them more.

I so submit, Madam Deputy.

MR WONG KWOK-HING (in Cantonese): Madam Deputy, in the past, the medical system in Hong Kong has developed on two tracks. Patients could choose to use public sector medical services or private sector medical services according to their means and the public and private sectors both have their respective positioning.

However, since the establishment of the Hospital Authority (HA) in 1990, the quality of public sector medical services has been raised substantially. As a result, many people who can actually afford private medical services also turn to the public sector, thus putting the demand of the public on public sector medical services on a constant rising trend, resulting in an imbalance in the public and private sector medical market. Take in-patient service as an example. At present, about 94% of the in-patient service in Hong Kong is provided by the HA and the Government finances 98% of the medical expenditure. Another example is the number of hospital beds. In 1993, the HA had a total of 21 684 beds, accounting for 84.8% of all hospital beds in Hong Kong, however, by 2003, the proportion of beds under the HA to all hospital beds in Hong Kong rose to 88.9%. Apart from the increase in demand for in-patient service, the attendance rate at public specialist out-patient service has also been on the increase, from less than 3 million in 1991-92 to about 7.6 million in 2003-04.

Some people hold the view that the overwhelming superiorities in terms of the fees and charges as well as the services of public sector medical services have made the public seek treatment in the public sector regardless of whether they are rich or poor, and that this is the main reason leading to the imbalance in public and private sector medical services. They believe that only by narrowing the differences between the fees and charges of the public and private sectors can some people be attracted to switch to private medical services. Such a view is partial and is not the correct or long-term solution to the problem.

The increasing pressure on public sector medical services is not simply the result of the low fees and charges on public sector medical services. The main causes for the demand on overall medical services are the increase in population and the ageing of the population, as well as a lack of any corresponding

consideration in the population policy. Therefore, if we merely levy more fees and charges on public sector medical services, it does not seem likely that the problem of an imbalance in public and private sector medical services can really be solved other than increasing the burden of the public. In recent years, cases of pregnant women coming from the Mainland to Hong Kong to give birth to their children have been rising, thus imposing a heavier burden on public hospitals. The Government should conduct a review as soon as possible and introduce counter-measures.

The Government should consider changing the direction of its present medical policy towards adopting preventive and primary health care as the major direction, in order to reduce public reliance on medical services. In addition, since a lot of diseases can be prevented through a healthy personal lifestyle and health care, the Government should make the public understand their personal responsibilities through education and realize that it is possible for them to alleviate the burden on public sector medical services by adopting a healthy personal lifestyle as the starting point. At the same time, the concept of medical cost should also be imparted to the public so that they will cherish the resources more and make good use of them.

It is also necessary for private sector medical services to implement some reforms to enhance competitiveness. One of the practices in private sector medical services that have attracted criticisms is the lack of charging standards and the low transparency in the fees and charges levied. Since there is a lack of standardized charges and the transparency in levying fees and charges is low, people are likely to have the impression that there is a lack of standards in levying fees and charges and abusive charging may exist. The feeling is that there is a lack of protection, therefore, even some of the people who can afford private sector medical services also switch to public hospitals. The private health care sector should enhance its transparency in the standards for levying fees and charges to attract more members of the public with the means to use private medical services. In addition, private hospitals should also contrive ways to raise their quality of service and enhance their competitiveness in the market.

Madam Deputy, despite the fast-moving technologies and highly developed medical science nowadays, many people still opt for treatment by traditional Chinese medicine practitioners, and this is particularly the case with elderly people. They prefer traditional Chinese medicine practitioners because they believe Chinese medicine can fortify their fundamental well-being and tune

their constitution at the foundation. The Government should develop Chinese medicine comprehensively and provide more Chinese medicine services in the public medical system by establishing more Chinese medicine out-patient clinics or conducting more scientific research to elevate Chinese medicine to standards recognized and accepted overseas. Since elderly people account for the majority of people using public medical services, the comprehensive development of Chinese medicine can serve as the first tier of the safety net and alleviate the pressure on in-patient or specialist medical services.

As regards training for health care workers, every year, the Government commits considerable resources to providing training for health care workers in higher education institutes. Although arrangements will be made for them to work in the HA after graduation, most of them will have to leave the HA when their contracts expire, whereas prospects in the private sector health care market is uncertain and there are not enough positions to accommodate them. Therefore, the public sector health care system should absorb this group of health care workers as far as possible to avoid expending the resources for nothing.

Finally, since resources are indeed limited and demand is ever increasing, I agree that the Government should conduct a study aimed at putting in place a well-designed health care financing policy as soon as possible, on condition that the burden on the living of grass-roots members of the public will not be increased. Although a remission mechanism has already been put in place to enable those in need to make applications and recipients of Comprehensive Social Security Assistance (CSSA) are also entitled to waiver of fees and charges on public medical services, many poor families, elderly people or patients suffering from chronic diseases in fact have not applied for and do not receive any CSSA. Increasing medical charges will directly increase the burden on their living, therefore, the Government must not make any increase in fees and charges rashly.

Some people proposed that the Government should encourage the public to take out medical insurance, so as to divert people with better means to the private health care market. However, medical insurance is not a panacea, since insurance does not cover everything. For example, people aged over 65 are not insurable and some illnesses, such as emotional disorders, are not covered. Health care financing is a very complicated issue that affects all members of the Hong Kong public. Therefore, the Government should consider the matter thoroughly and study it in detail, making reference to the views of all parties

before formulating a good strategy to solve the problem. With these remarks, I support the original motion and all the amendments.

MR ALAN LEONG (in Cantonese): Madam Deputy, the Scott Report of 1985, the Harvard Report of 1999 and the Government Consultation Document on Health Care Reform published three years ago all reminded us time and again that the good quality and low fees and charges of the public health care system is a time bomb in the long term and the ageing population will make the public health care system become overburdened and go bust. The Government has resorted only to slashing the expenditure and increasing the fees and charges as two ways to solve this problem. Therefore, in addition to levying fees and charges on the services provided by public hospitals, the fees and charges also have to be further increased. During the time when the SARS epidemic was raging, the Hospital Authority (HA) still reduced the number of hospital beds by 1 200. However, the deficit of the HA in 2003 was \$220 million and in 2004, it was \$370 million. It is estimated that the deficit this year may be as high as \$600 million.

The reform in the past several years has not only failed to eliminate the deficit, on the contrary, in the name of raising revenue and cutting expenses, it has banished the quality of medical services and the treatment to which the general public is entitled. It has become a cause for concern. If the reform cannot administer the cures according to the ailments and cannot lead to a rethink on how best to provide the most appropriate medical service to society, but cares only about how the Government can save money and how the public can be made to pay more, without enabling the operation of the entire health care system to make the public lead a healthier life and offer greater protection of their lives, it is not reform but fleecing.

In the 18 districts in Hong Kong, the proportions of elderly people in the population of Wong Tai Sin and Kwun Tong rank first place and second place respectively. Madam Deputy, let me give an example to illustrate how improvements can be made to the health care demands of the elderly in society without having to make any major changes. In February this year, because of the cold weather, many elderly people came down with influenza or respiratory illnesses and sought treatment in hospitals. As a result, the medical ward of the United Christian Hospital in Kwun Tong was close to overflowing and additional metal-framed beds had to be provided in the corridors to cope with the surge.

In fact, most of the elderly people in these two districts live in the units for single elderly people in Tsz Wan Shan and Chuk Yuen and the residential homes for the elderly in Kwun Tong. If the Government can co-operate with the community service organizations concerned, enhance convalescent facilities at the local level, understand the needs of these physically weak elderly people discharged from hospital and assist them in convalescing in their communities, it will not only relieve the pressure borne by hospitals but will also help the health of the elderly people, since with so many patients in the hospitals, it is not desirable for elderly people who are weak to stay in hospital for extended periods of time.

In addition, Madam Deputy, public hospitals have taken the work of both consultation and dispensing drugs upon themselves. To prevent the misuse of drugs, doctors in public hospitals will normally prescribe medication for only a shorter period of time. For example, drugs for chronic illnesses that should originally be prescribed for three months are only prescribed for four weeks. Of course, in view of the straitened resources, such a practice is blameless. However, if public hospitals can make more flexible arrangements to enable patients to obtain doctors' prescriptions and to choose to buy the drugs not in the hospitals, this will allow patients who can afford the drugs in the private market to leave the public health care system without having to attend any follow-up consultation. This will also serve to stream patients for both the public and private sectors and enable the use of drugs in the public sector to assist people in need. On the charging policy of public hospitals, appropriate management techniques can also be adopted to indicate the priorities in public medical services by levying differential charges, so that the Government can concentrate its resources on dealing with emergencies, disasters, the poor, critical illnesses and high-cost medical treatment. Private hospitals should also enhance transparency, so as to attract patients to use their services and to engage in healthy competition and a division of labour with public hospitals.

Madam Deputy, the healthy development of family medicine can also serve as a robust gatekeeper for public specialist medical services. According to the Government's plan, from 2002 onwards, the general out-patient clinics under the Department of Health would gradually be handed over to the HA for its management and training on family medicine would also be undertaken by these clinics. As to when the concepts of family medicine will be put into practice in the medical services provided to the public, it will depend on whether the number of family medicine doctors can be increased and whether the system for family medicine can be incorporated into normal medical procedures.

Based on the international ratio of providing one family doctor for every 2 000 members of the public, about 3 200 family doctors are needed in Hong Kong. However, at present, only 100-odd doctors have obtained the relevant qualifications in Hong Kong. If the training in family medicine cannot be expedited and the status of family medicine cannot be established in providing treatment to the community, then the long-term goals in medical reform will remain beyond our reach.

If the misgivings of the public about the health care system after reform are to be eliminated, so that they do not have to worry about not being able to receive treatment due to lack of means, it is necessary to complement it with a package of well-designed health care financing proposals. At present, the Health Protection Account proposed by the Government stresses that the public has to save for the medical expenses at their old age. However, the Government has overlooked the fact that the illnesses suffered by the elderly are mostly chronic and high-risk and the expenses incurred cannot be met by their contributions alone. This is particularly true for elderly people who belonged to the low-income bracket when they were young and it would be even more difficult for them to meet their needs with their contributions. Apart from individual contribution, a sound financing scheme should include protection targeting only high-risk and serious illnesses and a safety net funded public coffers to pay for the needs in individual treatment, so as to make the protection more comprehensive.

Madam Deputy, apart from improving medical services, the best medical reform must also include a policy on disease prevention and aftercare. These several areas should go hand in hand to achieve the best results. Thank you, Madam Deputy.

DR YEUNG SUM (in Cantonese): Madam Deputy, I am grateful to Dr KWOK Ka-ki for raising this important subject so that we can express our views on it. At present, the problems confronting the medical services can be summarized into several points. However, before I raise these problems, I have to stress one point, that is, the medical services in Hong Kong still possess many merits. First, nobody will be denied care due to lack of means. This may not be possible in many places. Second, the health care standard in Hong Kong is very high and our low infant mortality rate and high life expectancy can compare favourably with those in other neighbouring countries, if not better. Third, our

medical services are available at the local level and members of the public do not have to trudge long distances to seek medical treatment. These several points can be considered the merits of the health care services in Hong Kong.

Of course, there are also some serious problems in these services that we have to address squarely. In the past, medical services in Hong Kong have over-emphasized in-patient treatment and neglected primary health care and disease prevention. Furthermore, the health care expenditure relies excessively on government tax revenue, but the tax revenue in Hong Kong is comparatively low in the world. Therefore, in the long run, medical services will encounter many financial problems, that is, those on whether the development is financially sustainable.

Three Members of the Democratic Party will speak on this occasion. Mr Andrew CHENG has presented the views of the Democratic Party on primary health care. Later on, Mr Albert HO will talk about the views of the Democratic Party on health care financing, whereas I will focus on the imbalance in public and private sector medical services.

Madam Deputy, the resources for public sector medical services in Hong Kong are tight. Health care workers are over-exerting themselves but no relief is in sight. Patients have to endure extremely long waits and this is a social phenomenon known to everyone. However, the overall expenditure on health care in Hong Kong is not at all excessive. For a long time, health care expenditure accounted for only about 5% of the Gross Domestic Product in Hong Kong. Compared with 14% in the United States and 9% in Australia, the overall health care expenditure in Hong Kong can still be considered to be on the low side. With such achievements of the sector, Members should not be too critical of it.

The cause of insufficient resources in Hong Kong is the serious imbalance in public and private sector services. Public and private sector medical services both accounted for half of the total medical bill in Hong Kong, however, public hospitals have to take care of 94% of the in-patients in Hong Kong, and there are inadequate beds whereas the utilization rate of private hospital beds is less than 50%. At present, there are about 6 000 doctors in the private health care sector and about 3 000 beds in private hospitals. Our failure to make optimal use of these resources has given rise to a situation in which the staff and facilities of public hospitals can hardly cope with the demand whereas in the private sector, they are being left idle.

The major victim of an imbalance in public and private sector medical services is the public at large. Since the fees and charges of private sector medical services are high, even patients with means also have to seek treatment in public hospitals, so the waiting time has become increasingly long. If members of the public in the middle income bracket cannot put up with the long wait, they often have to switch to and seek treatment in private medical institutions and they may have to spend their whole fortune in doing so. Patients from the lower strata of society, on the other hand, can only wait helplessly, no matter how badly and unbearably their illnesses hurt.

Therefore, to improve the situation of the health care sector in Hong Kong, the first and foremost task in medical reform is to address the serious imbalance in public and private sector medical services. If some of the patients in public medical institutions can be transferred to private ones, this will relieve the burden on public medical services on the one hand, and give private medical institutions an opportunity to develop on the other, so that front-line health care workers can be extricated from their present plight and the public also given more choices.

In his original motion, apart from making the proposal stated in point (f), Dr KWOK Ka-ki also mentioned in point (b) that a target-subsidy approach, whereby priorities for the provision of public medical services are set according to the importance and needs of the services, should be implemented. This is a measure that will also serve to raise the market participation rate of private hospitals. Members can give consideration to such a direction, however, the Democratic Party is somewhat concerned about its actual implementation.

When the target-subsidy approach is implemented, it is believed most of the elderly people, the disabled and the families receiving CSSA will find the doors of public medical services shut on them. However, it is actually the middle-income families that are prone to be neglected and most vulnerable. These families have to pay a lot in tax but the benefits they can enjoy are confined only to medical services and education. If target-subsidy funding is implemented, they will be denied access to any medical service or they will have to bear the drastically increased charges. This will be unfair to them. The costs of medical services are in fact very high and if they are forced to make use of private medical services, it is likely that they will have to shoulder an onerous financial burden and this should by no means happen.

Therefore, when taking measures to address the imbalance in public and private sector medical services, there are several principles that must be strictly adhered to:

First, the authorities should take measures to facilitate members of the public in choosing between public or private medical services but it should under no circumstances force patients to switch to private services.

Second, the policy of ensuring that no one will be denied proper medical care due to lack of means must be adhered to under all circumstances and public medical institutions have the responsibility to continue to provide services to patients in need.

Third, the aim of reducing a skew in public and private medical services should be to give members of the public, in particular people in the middle-lower income bracket, more choices when using medical services, rather than to reduce government expenditure.

Finally, Madam Deputy, we are also very concerned about the training of young doctors and health care workers. Since the market for private medical services is basically shrinking while the public sector has become excessively bloated, many young doctors, in particular medical officers, have not been given appropriate attention and as a result, they cannot obtain specialist qualifications. Therefore, I hope that the Secretary can find a solution to this as far as possible and actively address the problem of an imbalance between public and private sector medical services, so that health care workers can have career prospects on the one hand and receive appropriate training on the other. I so submit. Thank you, Madam Deputy.

MS LI FUNG-YING (in Cantonese): Madam Deputy, medical reform is closely related to the general public and it has far-reaching impact on the future development of society. The motion and all the amendments cover an extensive range of subjects, ranging from health care policies, health care financing, training of front-line medical and health care personnel, to rights of patients, and nearly every single item can be discussed as an individual motion. Such being the case, I have decided to base my speech today on the contents of the paper "A

Study on Health Care Financing and Feasibility of a Medical Savings Scheme in Hong Kong" which was submitted by the Government to the relevant panel right before the end of the last Legislative Council Session.

In this paper, the Government advocates the establishment of a Health Protection Account (HPA) scheme, under which a working person earning \$5,000 or above monthly should contribute 2% of his monthly income until he reaches the age of 65, and the scheme will provide for their medical expenses after retirement. The paper concludes that it is feasible to introduce a medical savings scheme in Hong Kong, only that further studies are required on how this scheme can work with other financing measures, the detailed design of this scheme and the timing of introduction. Since the paper contains insufficient information, I do not know if it is in fact feasible, but I do have reservations about the proposal of a 2% contribution rate for people with a monthly income of \$5,000. Even if the proposal is feasible, is the HPA scheme the only feasible option?

According to information provided by the Census and Statistics Department, the average life expectancy of male citizens in Hong Kong in 2003 was 78.6 years, and that of female citizens was 84.3 years. If the purpose of the HPA scheme is to provide for the medical expenses of citizens after their retirement, then on average it will have to provide for 13.6 years of medical expenses for male citizens and 19.3 years for female citizens. In other words, to a young person who joins the workforce at 21 years of age, the 2% contribution for 45 years will serve to provide for some of his/her medical expenses in the 13.6/19.3 years upon retirement. What is more, in the long period of time before he/she reaches the age of 65, the medical expenses will not be covered by the HPA. Given this, I think it is inappropriate to view the HPA as a form of health care financing, when in fact it is just another mandatory provident fund for a specific purpose.

However, if it is considered as a retirement scheme, then we should have a more board vision. Members of the public should be given more options, instead of just focusing the discussion on one single option. For example, there is already a Mandatory Provident Fund (MPF) in place with contributions from both employees and employers, which aims at catering for the future needs of the employees after their retirement. Is it really necessary to establish a retirement

scheme for a specific purpose with contributions made by employees only? Or should we improve the present MPF so that it can provide better for the post-retirement needs of the working population?

To the majority of Hong Kong people, the flats they own are the biggest saving they ever have in their entire lives, which is also the single most important asset they have upon retirement. Therefore, the consideration of how the retired persons can capitalize on their real estate assets, so that they can maintain a certain level of quality living and pay for their post-retirement medical expenses should be viewed as an important component of a retirement scheme. According to the information provided by the Census and Statistics Department, of the 2 175 000 households in Hong Kong in 2003, 53.1% owned the residential homes they were living in. So would it not be more acceptable to society if we conduct studies in this direction, instead of just targeting the research at requiring the working population to make contributions for the benefit of their own retirement lives? Furthermore, this can also solve the problem of an ageing population. In one of the meetings of the first Legislative Council, when a Member asked whether the Government would consider the introduction of a reverse mortgage scheme on real estate properties as a retirement protection option, the Secretary for Financial Services categorically rejected the notion, stressing that reverse mortgage was a commercial activity and that from the financial services perspective, they did not see a need for the Government to conduct such studies. Nevertheless, I wonder if the Government would conduct studies from a social welfare perspective though.

Madam Deputy, when Secretary Dr York CHOW first assumed his office in the beginning of October, he stated that one of his major tasks in his office was to maintain a high level of standard in health care services which are affordable to members of the public. The term of office of the Secretary will just last for another two years or so, therefore I am confident that during his term of office he will be able to maintain the quality of health care services in Hong Kong, and to maintain the fees at a level affordable to Hong Kong people. However, the issue lies in the next 20 or 30 years. It has been almost a decade since we started discussing the way forward for our health care services in general and the health care financing options in particular. How discussions in this regard can be promoted in society, how we can ultimately consolidate comments and opinions from different walks of life, and how the policy can be really implemented, I believe the answers lie not just in a discussion about HPA. Thank you, Madam Deputy.

MR VINCENT FANG (in Cantonese): Madam Deputy, at present, there is a serious imbalance in public and private sector medical services. In addition, with an ageing population, Hong Kong will see the number of its elderly persons aged 65 or above almost double in 20 years to reach 1.4 million, which will account for almost one fifth of the total population of Hong Kong. Public health care expenditure will no doubt increase significantly. In the long run, our health care system will surely collapse and will not sustain.

Therefore, we have to carry out medical reforms as soon as possible. Before we proceed with such reforms, we have to get the direction right. For example, the public medical system should be committed mainly to the provision of basic medical services and preventive measures against diseases, and fostering co-operation between the public and private sectors insofar as health care financing is concerned.

As regards the level of commitment, the Liberal Party agrees that special attention should be given to addressing the needs of the grass-roots people and to make sure that no patients will be denied access to medical treatment just because of poverty. Does it mean we can never increase the fees for public medical services, which are currently charged at a very low level? I think the answer is in the negative. Yet, in charging or increasing fees, we have to make sure that a feasible fee waiver or remission system must be implemented to grant appropriate exemption or concession of fees to people of the low-income group, the poor, patients with chronic illnesses and elderly persons.

Furthermore, the role of public medical organizations will have to be readjusted, so that resources can be better focused on the provision of services to Hong Kong people for treating emergency cases, critical illnesses and high-risk operations such as liver or heart transplants, and so on. Therefore, we agree that the authorities should adopt more stringent measures to tackle abuse of our public medical services and cases in which pregnant women from the Mainland seeking to give birth to their children in Hong Kong. Special measures should be taken to tackle the problem of default payment, which has caused a substantial write-off in the account of our medical revenue.

Besides, as a common saying goes, "Prevention is better than cure". The Liberal Party agrees that we should enhance the basic community health care services and public health services in order to facilitate the establishment of a

good diseases prevention system, thereby substantially reducing the demands for public medical services. We suggest the Health, Welfare and Food Bureau should take the lead in actively co-ordinating with various government departments in promoting general health knowledge in society as a whole, with a view to reducing the incidence of illnesses, and make a healthy city our common goal of such work.

Once the role of public medical organizations has been ascertained, the efforts should be made to strive to strengthen the communication between the public and private medical organizations, in a bid to rectify the current imbalance between the public and private sector medical services. For example, although a system of referring patients from public hospitals to private hospitals is already in place, such information as patients' medical record cards, examination reports such as X-ray photos, blood test reports, and so on, usually cannot be transferred to private hospitals upon the instructions of the patients. Consequently, patients usually have to undergo all those examinations again before they can undergo any operation in a private hospital. This will not only incur additional fees and payments, but will also substantially affect the effectiveness of the referral service.

Currently, many people have taken out medical insurance policies, or enjoy medical protection through the companies in which they work. People with such protection amount to 3 million, accounting for approximately half of the population of Hong Kong. Yet the Government has never, in the light of this situation, facilitated people with such medical coverage in seeking treatment from private medical organizations. Instead, the Government just allows these people to rely on services of the public medical system. I think something must be done to rectify this situation.

The main point of today's motion is health care financing, a subject in which the Liberal Party has all along taken a keen interest. Hong Kong is now following the footsteps of many advanced countries in the world, in the sense that it is witnessing its medical expenditure growing larger and larger. The medical and health care expenditure has escalated from \$25.1 billion in year 1996-97 to \$30.3 billion in the current year, which is the largest single item among the top five public expenditure items. The Hospital Authority has recorded deficits for four years in a row, and the deficit for the current year is over \$600 million, which represents a 50% increase over the previous year.

The authorities have said recently that some kind of medical insurance schemes will be considered as a form of health care financing. In this regard, the Liberal Party believes that the authorities must also examine ways of enhancing the incentives for inducing people to take out insurance policies, such as the provision of a tax deduction for the amounts paid as insurance premiums, in order to boost people's willingness to shoulder their own medical expenditure. Any contributions must be made on a voluntary basis. Furthermore, the Administration must work with the insurance industry, the public and the private medical sectors to formulate plans of greater variety, so as to strengthen the feasibility of those plans.

Madam Deputy, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Madam Deputy, numerous discussions have been held in society on medical reform during the past decade or so. The main focus of such discussions is usually how public medical services can be financially sustainable, and how the deficit problem can be solved. Regarding this issue, the discussion will naturally focus on how the new sources of income can be opened and expenses cut.

Undoubtedly, it is important to identify ways of solving the expenditure problem. We can see that the medical expenditure has been escalating all the time, so if this issue cannot be resolved, we shall have no way out. However, when we have to solve the problem, can it be solved by simply opening new sources of income or adopting financing arrangements to the neglect of some other problems? In fact, when we talk about opening new sources of income or adopting financing arrangements, I always worry that it will definitely cause heavy psychological stress to bear on the grass-roots people.

As a matter of fact, it is not necessarily essential for us to consider, first of all, opening new sources of income or adopting financing arrangements because actually we still have many other areas which we may consider and discuss. For example, we have been stressing that: Can we re-examine the present medical framework to see if there is duplication of efforts and wastage of resources? Can we actually give more consideration to this aspect? Besides, can we start with the prevention of diseases? We all know that, if more

preventive measures are implemented, the people will stay physically healthy without having to rely on our public medical services — this is indeed a way of reducing our financial expenditure.

Anyway, we know that, as many Honourable colleagues have also mentioned, we incurred a deficit of over \$600 million last year (2003-04). And there is the danger that this deficit will further worsen in future. With our ageing population, many people have become more dependent on public medical services, and as a result, the expenditure has kept on escalating. Therefore, the Government has put forward many financing options in the past, such as the central insurance system, personal savings account, and proportional subsidies, and so on. However, as confessed by the Government, no consensus has ever been reached so far between the general public and the Government on any of these proposals. So, it is by no means easy to implement any of such options.

The Government has recently mooted the Health Protection Account (HPA) scheme which makes me worry a lot. As many Honourable colleagues have said, this approach is targeted at the grass-roots people, and it may further aggravate their pressure of living. At present, the people already have to set aside some money for making the MPF contributions. If they are made to make an additional contribution, it will be an additional burden on their already tough lives. Their difficulties could well be imagined, and the situation is especially difficult for the grass-roots people for I can see that many people belonging to the low-income group can hardly cope. We strongly worry that, even if they have made the contributions, eventually they may not be able to enjoy the service at all because by then they "may not be able to survive" due to the enormous stress.

Besides, the Harvard Report proposes the adoption of a central insurance system. However, such a system is similar to a savings insurance system, which likewise will bring about additional pressure of living to the grass-roots people. So, I think this option may not be desirable. As for the option of proportional subsidies, it does not seem to have much difference from the present situation. We are already doing that, with many problems emerging in the process. If we have time, we may later continue discussing or studying this approach.

Anyway, it may not be easy for us to identify advantages in these plans or financing options for the purpose of making the people accept any of them.

This is especially difficult for the grass-roots people. They will have even greater difficulties in accepting such options.

So we have to settle for the next best option — the option of cutting expenses after having considered the option of opening new sources of income. We can see that wastage could emerge in certain areas under the present medical system. For example, we all know that many inquiry reports have indicated that the top management of the Hospital Authority (HA) made a lot of mistakes during the SARS outbreak. But unfortunately, despite their mistakes, they were still awarded an aggregate bonus of \$12.6 million. The amount of money might seem minimal to them, but was there really a need to hand out such a bonus? Or maybe this amount could be saved and such extra expenditure can be avoided? In fact, many people feel that the present medical framework is generous to people on the top but is harsh to those at the junior level. This is an unreasonable and unfair practice. The expenditure on the bonus might indeed be unnecessary. In this regard, should we reconsider the whole issue?

Besides, in a paper submitted to the Legislative Council in May this year, it was pointed out that the recent deficit incurred by the HA was not attributable to misuse of services by the people, as claimed by them all along. Instead, it was caused by the HA's poor internal financial management. There were four major reasons: First, many staff members still had not reached their respective maximum pay points, so expenditure on this would continue to rise; second, the implementation of the voluntary retirement scheme (VRS); third, the need to fill the posts left vacant upon the departure of staff under the VRS; and fourth, the expected increases in insurance and legal costs.

Madam Deputy, I would like to stress, in particular, the second and fourth points, especially the second point on the VRS. Of course, we understand that the purpose of implementing the VRS is to, hopefully, reduce expenditure in the long run. But the crux of the problem is this is a long-term issue, that is, an issue of the future. Since the implementation of the VRS will incur extra allocation of resources, is it a suitable measure to be taken at a time of financial deficit? If we implement this scheme later, the situation can be much better.

Next, I would like to discuss the insurance and legal costs. If they can do better in their administration and minimize mistakes on the part of medical and nursing staff, the amount of compensation in this regard can in fact be reduced.

Likewise, a review should be conducted of the health care framework, and problems in this regard may not have to be solved by opening new sources of income. Our worry is that, if the problems are all diverted to the consideration of opening new sources of income and cutting expenses, then it may give rise to many excuses, thereby subjecting the grass-roots people or employees to inappropriate arrangements or treatment. If an additional fee has to be charged specially for this reason, it is actually most unfair to the grass-roots people. If we simply proceed to propose fee increases without solving these problems first, I feel this is again an unreasonable practice.

Secondly, we think we can now recruit additional junior medical and nursing staff to help alleviating the pressure faced by the serving medical and nursing staff, thus enabling them to provide better services. However, if we do not implement these measures, it is also unfair.

DEPUTY PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, your time is up.

MR LEUNG YIU-CHUNG (in Cantonese): Madam Deputy, I so submit.

MR TAM YIU-CHUNG (in Cantonese): Madam Deputy, during the past decade or so, the quality of public health care services in Hong Kong has kept on improving. However, with ever rising demands for health care services, the problem of tight resources has become more and more acute. The operation of the Hospital Authority (HA) has recorded deficits for years in a row. On the other hand, the private sector has not been able to compete with the public health care system, so much so that it has failed to play its role of meeting part of the service demands. Should this trend be allowed to continue, the public health care system will no longer be able to cope with the ever-increasing demands.

In 1999, the Government commissioned a team of experts from the Harvard University to prepare a report on ways of reforming the health care system of Hong Kong, in which the structural problems of our health care system were given a detailed analysis. However, with the lapse of five years, the Government has made little progress in introducing reforms to our health care

system. For example, with people's demands for in-patient service heavily tilted towards the public sector, no effort has been made to rectify the problem, which is the most serious one in the system.

Some people in society express the view that, in order to solve the problems faced by the public health care services, the Administration should focus on finding "fresh money" for the public health care system, or the so-called "health care financing" arrangements. Yet, we think that the crux of the problem of Hong Kong's health care system does not just lie in "financing", but more in how the public health care services are positioned system-wise. Therefore, the Government should first formulate its long-term health care policy objectives, improve the present mode of health care services and enhance co-operation between health care organizations in both the public and private sectors before it starts discussing the financing arrangements.

In setting its long-term health care policy objectives, the Government must switch from the present emphasis on the treatment-oriented approach and the provision of in-patient service to the provision of greatly enhanced preventive and primary health care services, which should serve to reduce the demand for in-patient service and trim down the overall health care expenditure. As regards the modes of health care services, the Government should maintain the existing dual system with the availability of both public and private health care services, and it should also promote the balanced development of Chinese medicine and Western medicine, so as to offer more choices to the people. Meanwhile, the Government should set its service priority according to the importance and needs of the medical services required. For example, patients in critical conditions such as those of emergency cases, cancer cases and organ transplant cases should be accorded with service priority by the Government.

At present, the resources expended by the Government on primary health care service are far less than those on in-patient service, with the former taking up only about one tenth of the latter. However, since last year's SARS outbreak, we are all aware of the unrivalled importance of public health and primary medical health care services. With the ageing population, we shall face a further aggravating burden on the in-patient service if we do not provide adequate primary health care services. Recently, the Government has proposed to provide maintenance rehabilitation service to elderly patients who are in a

stable condition. This direction of enhancing community health care services and reducing the burden of the hospitals should merit support, in our opinion.

There are two major directions in which the Government may work to reduce demands for health care services. The first one is to step up health care education, and the second is to enhance the rehabilitation facilities, such as enhancing community health care services and preventive measures against geriatric illnesses. These measures will, to a certain extent, help to spare elderly persons from the pains inflicted upon them by geriatric illnesses, and to reduce the demands for in-patient service through early diagnosis and treatment. We all know that long-term health care is closely related to medical services. Insofar as the existing in-patient service is concerned, 35% of the hospital beds are occupied by patients aged 65 years or above. From this figure, we can see that, given a shortage of community health care service and long-term health care facilities, elderly persons will tend to make use of the hospitals for rehabilitation purpose, and this problem will worsen, imposing additional pressure on the health care system. Looking at it from a different perspective, we can see that, when more health care service and long-term health care facilities become available and a comprehensive community health care network is in place, the health care system will certainly be able to achieve considerable savings in resources.

In stepping up co-operation between private and public sector health care organizations, our suggestions are: First, we should establish a "portable medical record system" to facilitate cross-referrals between private and public health care organizations. Second, the HA may consider purchasing health care services from private health care organizations, so as to strengthen the links between the two. Insofar as taxation is concerned, the Government should provide tax deduction for contributions to private medical insurance in order to encourage those who can afford it to take out medical insurance policies and to utilize private health care services. Of course, private health care organizations will have to enhance the quality of their services and the level of transparency as well, particularly in respect of their fee structures as well as the complaints mechanism, so that members of the public will have greater confidence in using their services.

We must first address the existing problems in our health care system before we can have a basis to discuss the issue of health care financing. All

along, public health care services have always been an important component of the social welfare and social security system of Hong Kong. A health care financing option that adopts a purely "user pays" concept would not be fair to the grass-roots people. This is because eventually the Government will have to provide inexpensive and comprehensive health care services to the grass-roots people. Such an approach will defeat the purpose of achieving reallocation of social resources. It follows exactly the same logic that the Harvard Expert Team advocated government contributions for the poor and the unemployed in order to achieve fairness in the system, apart from their recommendation of establishing a MEDISAGE system. Therefore, I believe that the Government should continue adopting a financing system whereby the public health care expenditure will still be funded by tax revenue, whereas charges for public health care services should be maintained at an affordable level. Meanwhile, in addition to CSSA, the Government should set up a medical fees waiver system for the poor and people with chronic illnesses, which will form a "second-tier safety net", so as to ensure that adequate health care services are available to the grass-roots people.

Of course, health care reform is a very complicated issue. However, there is no way out if we give up proceeding with it simply because of the great difficulties involved.

MR ALBERT HO (in Cantonese): Madam Deputy, ageing, illnesses and death are all aspects of life which everybody must face. However, it would be most miserable if elderly persons are not taken care of when they are ill. No matter what kinds of medical reforms we may carry out, we must ensure that our medical system will continue to provide reasonably affordable health care services to the people. As such, the long-term health care financing plan is an issue Hong Kong must face squarely. There are, after all, only four to five options of health care financing, namely, subsidy by general tax revenue, social health insurance, private health insurance and sharing of the costs by individuals, or even the medical savings scheme which has been implemented in Singapore in recent years. In Hong Kong, medical expenditure primarily relies on funding from general tax revenue. However, with an ageing population, an increase in the number of patients of chronic illness and advanced development in medical technology, medical expenditure has been rising on the year. Whether the current medical system can sustain in the long run has been a major issue in Hong Kong for more than a decade.

From the "Rainbow Report" published by the Government in 1993, in which five options were proposed, to the Harvard Report of 1997, in which a mandatory social insurance scheme was proposed, to the Consultation Document on Health Care Reform of 2002, in which a revamped fees structure of the public health care system and a mandatory medical savings scheme, that is, the so-called Health Protection Account (HPA) scheme, were proposed, most of the options have attracted widespread criticisms. To date, the Government has not launched further initiatives to reform the medical system.

When the Government put forward new financing options, very often, they simply did not have the support of society. This lack of public support is mainly due to the fact that so far the authorities have failed to establish a comprehensive statistical system which can effectively compile information on medical expenditure, thereby facilitating an actuarial presentation of reliable evidence to inform the public how serious the shortage of medical resources will be in the future. With such evidence, the Government should have been able to prove whether those options, like the HPA option, could really address the needs of an ageing population or tackle the medical expenditure problems brought about by the growing population and the rapid technological development. If this can be done, the public would then be able to make a rational analysis and decision. For example, the Harvard Report estimated that the future public health care expenditure would increase by 6.6% annually, whereas the estimate made by the Health and Welfare Bureau at that time was just 3.2% per annum. The rate of increase and the level of shortfall in medical expenditure would have a substantial implication on the choice of a financing plan. However, the Government could only come up with a rough estimate. As a result, members of the medical sector, Members of the Legislative Council and the people have not been able to acquire sufficient information for conduct of a comprehensive analysis. Such being the case, how can the Government expect the financing options proposed by it can have the support of the people?

The Harvard Report advocated the establishment of an Institute for Health Policy and Economics, to be linked up with major universities, for conduct of objective analysis of policies. It also recommended the then Health and Welfare Bureau to recruit professional staff who could master complex issues like health care financing and co-ordination, so that such staff members can make use of data of the Institute for the purpose of compiling various types of figures and statistics. This could be the first step of conducting studies for a health care

financing plan. However, the Government had not actively taken such steps. Instead, it suddenly put forward some new financing measures without giving any evidence in support. As such, no matter what plan it proposes, be it the HPA scheme or a revamp of the fees structure of the medical system, it simply cannot garner the support of the public if it is implemented without due considerations. We have serious doubts about the implementation of such non-prudent, inappropriate and piecemeal measures.

We have stated that neither a medical savings scheme nor a medical insurance scheme should be implemented hastily and recklessly. Right now, as the economy of Hong Kong still has not fully recovered, any new contributory scheme will cause negative impact on the economy. Such schemes may also constitute a huge burden on people of the low-income group. Currently, the Government is still exploring the feasibility of the different financing options, including certain options with a combination of different modes, such as a financing option with primary reliance on tax revenue to be supplemented by a health care insurance and medical savings scheme, and so on.

With regard to a central health care insurance system, the Democratic Party agrees that it can achieve the objective of spreading out the risk. However, the success of this insurance option depends on how detailed the arrangements are worked out, such as the cost sharing, the minimum income provision for insurance contributors and the coverage of the policies, and so on. The Government should conduct studies on the technicalities of these details.

No matter what financing options are put on the table, the Government must not reduce its commitment in public health care expenditure. As Dr YEUNG Sum pointed out just now, compared with other advanced countries in the world, our medical expenditure to GDP ratio is relatively low. Besides, adequate protection should be given to the non-working population, and a minimum income level should be set, below which a waiver should be granted to those belonging to the low-income group. All in all, the Government must ensure that nobody will be denied adequate medical care because of poverty, and it should continue to provide the last safety net to take care of the health care needs of the elderly, the weak, the infirm, the handicapped and patients of chronic illness.

Before any new financing plan is implemented, the Government should work hard to streamline public health care expenditure on the one hand, and

devote its subsidies to the needy people in an appropriate manner through enhancing its cost-effectiveness on the other.

I so submit.

MR ALBERT CHAN (in Cantonese): Madam Deputy, in the past, the medical services enjoyed by the poor and the rich were different. While the rich would be admitted to private wards and taken care of by private doctors, many of the poor would have to sleep in canvas beds and very often, they had to receive medical services even on the canvas beds in corridors. However, with the establishment of the Hospital Authority (HA) and the improvement in medical services, coupled with the rise in per capita income in Hong Kong over the past two decades, medical services have generally been improved. The gap between the medical services provided to the poor and the rich has gradually narrowed too. Some rich people will also make use of public medical services when they are in urgent need.

Owing to improving public medical services, the Government has been subject to fierce criticisms by and tremendous pressure from private sector medical services. It is felt that public medical services have snatched the business of the private sector and, as a result, more and more people prefer public medical services and fewer people make use of private hospitals. In my opinion, private doctors and hospitals should actually review their charges in relation to the emergence of this problem. They must avoid fostering the phenomenon in which people, if not very rich, will have to spend all their lifelong savings to cure their illness. Private medical services would be putting the cart before the horse should they fail to carry out such a review and, instead, merely exert pressure on the Government to compel it to contract or reduce public medical services. As such, insofar as medical reform is concerned, we must look clearly at the essence of the problem and prevent interest groups from acting in disregard of public and social interest.

With respect to the existing medical services, I feel that the Secretary should conduct a review in several aspects and hope that he can really pay attention. The first problem concerns regional inequality. From the territory's overall medical expenditure, we can see that certain parts of the territory, particularly New Territories West, are being treated unequally. Based on the population, we will find that the average medical expenditure per

patient in New Territories West is particularly low. This might probably be attributed to the fact that the hospital cluster in New Territories West is relatively weak in terms of political power and the role it plays in the power struggle within the HA. As a result, the residents of New Territories West cannot rival those of Hong Kong Island and other parts of the territory in terms of medical services. I think that this situation must be rectified.

The second problem concerns the distribution of resources among individual clusters. Probably due to historical factors or the status of individual doctors, super, independent kingdoms have emerged in individual clusters. They can get whatever resources they want, or whatever they want. Yet, even requests for some basic medicines by some clusters were rejected. This situation, if not reasonably dealt with, is unfair to the patients and medical staff of certain hospitals.

The third problem concerns the services provided in new towns. A shortcoming found recently is that the medical services provided cannot catch up with the influx of population into the new towns, particularly Tung Chung and Tin Shui Wai. Of course, we can demarcate a region to which specific medical services will be provided so that the residents living there can receive the hospital services provided by the cluster to which the region belongs. However, when it comes to distance, there is a serious handicap in the system — it costs \$200 to take a taxi from Tung Chung to Yan Chai Hospital in Tsuen Wan. Late into the night, some patients would simply ring "999" to summon ambulances because they do not want to pay for the expensive taxi fare. This has in turn led to a rise in the cost of medical services in general. Patients who do not wish or are unwilling to summon ambulances will have to wait till dawn when they can go to hospitals by bus for medical consultation. There are also quite a number of patients who, after medical consultation, have to wait till dawn before they can return home by bus.

Insofar as the situation mentioned above is concerned, the fundamental rights of patients are affected by the provision of services. In the numerous meetings held with the HA over the last couple of years, I have called for an expeditious review of and improvement in the services provided in new towns. In brief, we must not wait rigidly for the completion of hospitals. Actually, the services provided in existing clinics can be improved. They may, for instance, provide 24-hour consultation services, set up relatively basic medical services or certain specialist out-patient services in order to ameliorate the regional gap, and

improve certain services provided to the residents of new towns. Let me cite Tin Shui Wai as an example. The original plan of building a second clinic there is now not realizable within the foreseeable future. With a combined population of 300 000 in Tin Shui Wai South and Tin Shui Wai North, there is only one clinic in Tin Shui Wai South, thus resulting in a serious shortfall in the entire medical services provided in the entire region. Although the Secretary suggested the residents therein to visit Tuen Mun Hospital or Pok Oi Hospital for consultation, given that Pok Oi Hospital has received funding to carry out massive expansion, the elderly people are still greatly beset by the problems relating to regional inequality, distance and transportation. Therefore, improving the services in the existing regions may not necessarily call for more resources in general, and yet, the public can be benefited directly.

Another issue I hope the Secretary can note is the acute shortage of dental services. While civil servants are entitled to free dental services, the dental health of the public in general, particularly many of the infirm, is suffering badly. However, proper care cannot be provided due to the charging problem. For Hong Kong, this phenomenon is extremely unhealthy.

For all of these reasons, in conducting an overall review of the medical services, the needs of the grassroots, particularly those of the people of the lower stratum and the special needs of the residents in remote areas, must be taken care of. The authorities concerned must not succumb to the powers of influential private doctors or the authority of private hospitals and thereby suppress or reduce public medical services, thus allowing others to reap exorbitant profits. The Government must conduct a comprehensive view and reform in this area to ameliorate provision for the medical needs of the grassroots. Thank you, Madam Deputy.

MR LEUNG KWOK-HUNG (In Cantonese): The crux of the problem with medical reform is no different from that with other social services or social issues, why? Because the medical policy we are talking about has been subject to a prolonged period of so-called mismatch or inappropriate distribution of resources. It might also represent a mistake made by a bloated bureaucracy or government officials.

It must be borne in mind that Hong Kong underwent rapid economic growth in the '80s and the '90s. Our per capita output, for instance, doubled

between 1991 and 1997. All of us were naturally proud of this wonder of the world. This background must be borne in mind before we can explore the way forward for our medical reform.

Let me cite a very simple example. If we look at society as a single entity, ordinary people labouring hard are actually contributing to society their youth and sweat. In other words, without the damage to their health and the depletion of their lives, the miracle described by me earlier could not have been possible. Let me cite another example. If a capitalist finds the machinery he has been using does not work, he will definitely find someone to fix it. He will not ignore it or throw it away, or else he will have to invest on a replacement. However, when dealing with manpower resources, he will probably not act in this way. He will not care whether his workers have fallen ill, or even died. He might even ask a sick worker to go home to get some sleep, or even find a replacement, though he can choose a healthy one this time. Therefore, if we do not look at things from a people-based angle, we can simply not appreciate that all lives are precious, regardless of wealth, race and colour.

In other words, it is the responsibility of every government to provide a good medical system and hygienic environment. This is also the responsibility of the so-called elites in our society. Otherwise, this society is not going to function. We must therefore consider medical reform precisely on this basis before we can get to the heart of the problem. Medical reform requires money. It is essential to dismantle the bloated bureaucracy. The Hospital Authority (HA) happened to be transformed by the former colonial government into a monster, which was once extremely influential and given more than enough resources. To carry out medical reform, we must start by reforming the HA.

There were many doctors and nurses in my electioneering team. However, they could seldom afford the time to participate in the electioneering activities because their jobs were extremely demanding. Not only were they required to work continuously without being compensated with overtime allowance, they were even forced to forfeit their leave during the period when they were required to work continuously for a long time without taking any leave. Were these doctors and nurses treated as humans? Even farm animals were not supposed to be treated in this way. Doctors and nurses are considered to be respectable professionals. They were even praised as heroes during the outbreak of SARS. In reality, however, they are in such a sorry plight. During my electioneering campaign, a health care worker surnamed CHAN

offered to help me with a bandaged hand, though he was unable to distribute the leaflets. When I asked him about his injury, he told me that he had been working too hard and he hurt his hand when he fell on the ground, though fortunately he was not treating any patients at the time. Such a system surely does not work.

I would like to draw Members' attention to the fact that the HA has employed a large number of consultants. What are they responsible for? It surely costs a lot of money to keep so many consultants. Yet, it is precisely the HA which is treating its cleansing workers with the "417" tactic. By means of such a trick, the cleansing workers are required to work four days continuously for four weeks for less than 18 hours each week. In this way, the HA can treat the workers harshly as the workers are not entitled to any labour compensation or annual leave. This is where reform is due. To carry out the reform, mediocre officials must be eliminated so that more resources can be reserved for health care workers. This is the first point.

Second, another basis of medical reform is that the rights of the grassroots on the medical and health fronts must not be exploited. Such excuses as inadequate resources and the separation of prescription and dispensary can definitely not be accepted.

I told Secretary Dr York CHOW during his visit to this Council that he had to take care of too many things. He complained that he could not do anything without money. Hence, I asked him this question again and again: Given that Hong Kong is now facing an economic recession, can those people who managed to reap profits in the past pay back to society? This is the same as what I have told Secretary Henry TANG — one thing he must do is to revise the tax regime by implementing progressive profits tax, income tax, a tax system for luxury goods, and so on. There is no other alternative except by increasing the revenue of the coffers to support reform. Otherwise, all education and medical matters will be put on hold owing to inadequate resources.

May I ask the senior officials who are present whether they will decide not to seek treatment because of a lack of money? I suppose they will not do so. They will surely borrow money for the treatment. They will even put up a desperate fight in order to save their lives. Why is it that we can find in this community some people who do not have the means and are not able to take care of themselves are required to foot the medical bill on their own just because some

people, though very rich, are reluctant to contribute their money? Why is this situation not found in Germany? This is because Germany has high wage levels. The well-paid German workers can therefore purchase medical insurance. Why is this impossible in Hong Kong? The problem precisely lies in the fact that Hong Kong is indeed a miracle. The authorities concerned must adopt a people-oriented approach in dealing with the medical reform issue. It must not evade the problem of the disparity between the rich and the poor. It should ask the rich to contribute their money to rescue the poor and the sick (*the buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, your time is up.

MR SIN CHUNG-KAI (in Cantonese): Madam Deputy, the spokesmen for the Democratic Party responsible for this area have already delivered their speeches. Under normal circumstances, the Democratic Party will present its views through the relevant spokesmen. However, as medical policy issues are often associated with money, I would like to say a few words to the Secretary.

Dr KWOK Ka-ki, who proposed this motion, is not in his seat. He pointed out right at the beginning that there was an imbalance in the public and private sectors of medical services. I have looked up some data and found that medical expenditure in Hong Kong actually accounts for 5% or so of our GDP. When public medical expenditure rises to more than \$30 billion (approximately \$33 billion), it will account for half of our overall medical expenditure. If calculated in terms of the overall figures, the 5% or so should represent more than \$60 billion, of which \$33 billion was spent on public medical services. The remaining \$30 billion or so represents the expenditure on private medical services, or so-called expenditure on private consultation. Is such a ratio imbalanced? I think a review is really warranted. Of course, I note that expenditure on hospitalization in the public sector, as pointed out by Members repeatedly, stands at 90%. Insofar as overall expenditure is concerned, expenditure on medical services is actually equally split between the public and private sectors.

I have once looked up the expenditure on public medical services in the United States and noted that it is more than 40% (around 44%). Expenditure in

the private sector is even higher. In the case of OECD countries, expenditure on public medical services represents more than 70% of the overall expenditure. We can thus see that Hong Kong has actually not strayed far from other countries. Of course, expenditure on hospitalization is accounted for almost wholly by the Hospital Authority (HA). From a holistic angle, however, the situation is not completely imbalanced. I hope Dr KWOK Ka-ki can respond to this point later.

However, Members should pay attention to a time bomb. The life expectancy of Hong Kong people is relatively long — the average life expectancy of women is around 84 years, and around 70 years for men. I once read a book written by a professor at the Harvard University. Not considered a science fiction, the book tells of the possibility that people born in this generation could possibly live to 120 years old. Should this really happen, medical expenditure would weigh heavily on us. This is indeed a time bomb.

As far as I can remember, the Legislative Council started debating the Mandatory Provident Fund (MPF) retirement scheme back in 1995. After all relevant bills were passed in 1997, subsidiary legislation was immediately dealt with. It had taken quite some time before contributions commenced in 2001. Should we calculate in terms of, for instance, the baby boom years ago, people like me, that is, baby boomers born in the '60s, will have to make contribution for two decades. When they reach their retirement age of 60, their MPF contribution could only possibly enable them to maintain a living standard slightly higher than that of the CSSA recipients. However, it will only be slightly better, not much better.

There are two time bombs facing us at present. While the existing MPF scheme can at least stop one of the bombs from exploding, medical services represent the other time bomb. If we calculate in terms of the overall expenditure, no OECD members, or so-called countries of the rich men club, has medical expenditure representing 5.1% of GDP, as in the case of Hong Kong. For the time being, let us put aside the data mentioned by Dr YEUNG Sum earlier, that is, 14% (or 13.9%) for the United States. However, we can still see that the average of OECD countries is approximately 8.5%. In particular, there has been rapid growth over the past five years. Moreover, we have to look at their age profile as well. At the same time, it should be noted that a larger number of people were born after the Second World War. These countries are presently facing a relatively serious problem with their ageing population. The average number of people of aged 60 years or over in these

countries could possibly be greater than that in Hong Kong (between 15% and 16%, or even higher). Their medical expenditure will therefore grow even more substantially.

(THE PRESIDENT resumed the Chair)

Dr KWOK Ka-ki has, in today's debate, mentioned earlier reports and the Harvard Report repeatedly. Should we fail to start work to stop this bleeding — perhaps I should not use this expression — or find a solution, be it an insurance scheme or other solutions, the bomb I mentioned earlier will appear in two decades. Like me, people who are presently aged between 43 and 44 will naturally have to rely on public medical services at the age of 65. I believe that, without a contributory retirement scheme, this bomb will explode in two decades. At present, medical expenditure in Hong Kong accounts for 5.1% of our GDP. Representing a difference of around 3%, or \$50 billion, compared to medical expenditure in OECD countries which accounts for 8.5% of their GDP on average. If the result of this calculation stands at \$40 billion or so, it is indeed a relatively huge expenditure. The Government is therefore obliged to find ways to resolve this problem.

Insofar as another problem is concerned, the Government must examine the loopholes of the existing medical system with respect to the portability of the public and private sector medical services. I note that some colleagues have mentioned medical records earlier in the meeting. Owing to its determination to slash expenditure, medical records cannot be transferred to private doctors by means of information technology (now we come back to my own profession) to, so to speak, set up a communicable system, so as to enable private medical services to better perform their functions. Of course, this is merely complementary. I still consider it extremely important for the public medical system to provide Hong Kong with a safety net. Let me do some calculation in terms of the ratios between public medical expenditure figures. For instance, the per capita expenditure on public medical services is around US\$4,000 in the United States (the country has an exceptionally exaggerating figure), and around US\$2,100 in OECD countries, of which 70%, or approximately US\$1,500, goes to expenditure on public services. In the case of Hong Kong, however, the per capita expenditure on public medical services stands at around US\$600. Compared with ordinary well-off countries, ours is much cheaper. Is such a medical system not good enough?

I agree with "Long Hair" (Mr Long Hair or Mr LEUNG Kwok-hung) that our medical staff have been working extremely hard. Judged by international standards, our medical system as a whole is quite cost-effective and efficient. If other aspects, including our mortality rate, are taken into account, the medical staff have indeed performed very effectively. However, Secretary, I think it is now opportune to resolve the problem with this time bomb. After resolving the part of the problem concerning retirement, we can at least say that we have stopped the "bleeding". In terms of medical services, however, problems are expected to arise in two decades when baby boomers have all grown old.

With these remarks, I support the motion and the amendments.

MR RONNY TONG (in Cantonese): Madam President, Secretary for Health, Welfare and Food and Honourable colleagues, when I was running in the current term of the Legislative Council Election, I was told that Mr WONG Sing-Chi, another candidate in the Election, has been assaulted. I thus went to North District Hospital to visit him. It was around eight in the morning of a weekday when I arrived at the lobby of the hospital. Although I saw that only a few people were waiting there, it was shown on the display panel that the waiting time was estimated to be two hours and a half. I could not help asking myself this question: Is our medical system caught in a very serious problem? It was most surprising that the waiting time on such a quiet morning could take two hours and a half when only a couple of people were waiting.

In the past three years, the annual expenditure of the Hospital Authority on average was more than \$30 billion. In 2003-04, however, its revenue stood at approximately \$1.2 billion only. Even after the introduction of measures to raise fees at accident and emergency departments and other fees and charges, only \$400 million more was raised. Most of the outstanding balance was borne by the public coffers. Representing 15% of the total expenditure, medical expenditure was double the expenditure on CSSA. Furthermore, the Harvard Report, published in 1999, has even projected that medical expenditure will jump to 21% by 2016. Such a financial situation is extremely worrying indeed.

Despite the huge expenditure on medical services, the quality of public medical services has often been criticized for two major reasons as follows:

- (1) Our constantly ageing population, caused by the falling fertility rate of Hong Kong people, has heightened the community's need for and pressure on medical services; and
- (2) The current charging mode of public medical services has led to an excessive reliance on public medical services, and in turn created a serious imbalance in the public and private medical systems. At present, approximately 95% of the medical services in Hong Kong are supported by the public medical system. In other words, government subsidies exceed 90%.

The current mode of charging actually provides a flat subsidy to people with different incomes and different needs. The exceedingly low charges, together with the 24-hour convenient services, have given the public an incentive to abuse the medical services. At the same time, this has brought enormous pressure on the public medical system, thereby resulting in falling quality of service. The fact that the viability of the private sector is seriously hit has made proper division of labour between the two sectors impossible.

It is even more unfair that people with financial means can purchase private medical services on the one hand and enjoy the readily available public medical services on the other. As a result, a lot of precious social resources are being wasted. However, people without financial means can only opt for the already hard-pressed public medical services. Consequently, the poor, the elderly, the weak or the chronically ill can only keep waiting endlessly. I heard Ms Margaret NG mention yesterday an inmate had to wait for more than a year before he could consult a specialist. This is absolutely unacceptable indeed.

Hong Kong's medical services must be reformed. The Article 45 Concern Group considers that the reform should adopt "those with means pay more, reasonable commitment" as its principle, with the goal of enabling more people with financial means to reasonably share the medical costs, as well as optimizing the utilization of public resources. Our precious public medical resources should be used to take care of those in the community who cannot meet the expenses, such as the low-income earners, the elderly, the weak, the injured, the disabled, the chronically ill, and so on.

I think it is now opportune for us to identify a direction for in-depth study. The Government put forward the concept of Health Protection Account in the Consultation Document on Healthcare Reform published in 2000. Modelling on the contributory mode of the MPF, this concept requires members of the public to deposit a certain percentage of their monthly income into their designated personal accounts so that they can make use of their accrued savings to meet their medical expenses as a reasonable commitment. This proposal has evaded the community-wide medical insurance option in the form of social insurance as proposed in the Harvard Report. The shortcoming of the Report is that the scheme can hardly be sustained financially in the long run because of the excessive reliance on the younger generation to subsidize long-term medical charges by tax payments owing to the ageing population. As such, I consider it necessary for the Government to study the matter prudently in this direction.

In order to manifest the principle of "those with means pay more", I think all relevant programmes must take care of those in the community who cannot afford to meet their medical expenses, such as low-income earners, the elderly, the weak, the injured, the disabled, the chronically ill, or the incapacitated. As such, these people should be exempted from making contribution, and the responsibility of doing so should be assumed by the Government instead to ensure that they can enjoy reasonable public medical services and a more comprehensive medical safety net be built.

Medical reform cannot be achieved overnight. The outbreak of SARS last year not only imposed an enormous burden on our medical services, but also raised the alarm. The problem of health care financing is going to have a profound impact on the well-being of the next generation. Here, I hope that Secretary Dr York CHOW can launch his study and consultation on health care financing at an early date and refrain from leaving this responsibility to his successor or the Secretary of the next term because he has only two years left. Although I believe the Secretary will not treat the matter in this way, I still hope that he can give Hong Kong people a clear direction earlier.

Thank you, Madam President.

MRS SOPHIE LEUNG (in Cantonese): Madam President, this question, though having been discussed repeatedly in this Chamber, could still spark great

excitement every time it was debated. Therefore, we are very grateful to Dr Kwok Ka-ki for bringing up this question again today.

The Liberal Party has always held a firm conviction. Mr Vincent FANG has indeed shared it with Members earlier. After listening to the comments made by Mr SIN Chung-kai earlier, I would like to say a few words on this subject. This is because I would speak on the Liberal Party's medical policy every time it was brought on the table. In particular, Mr SIN mentioned the problem with our ageing population earlier. His reference to a book in which it is pointed out that we can live to 120 years old has really frightened me. In studying the extent of ageing, we must not merely look at the ageing problem. More importantly, we must take into account the commitment of the community as a whole, and these two issues should be examined together.

It has been pointed out that if a person, throughout his life, can begin assuming all of his responsibilities and undertaking the work he is required to undertake in society from the age of 20, he can only produce resources for 40 years should he retire at the age of 60. However, if we calculate in terms of a life span of 120 years, the responsibility of the outstanding 80 years will have to be assumed by society. From this angle, this is extremely worrying in the long run. Mr SIN's comments have indeed brought me this association.

I have also associated this issue with an article written by Mr YEUNG Wai-hong, the publisher of *Next Magazine*, in its latest issue, in which the expression "laws of unintended consequences" has been used. I believe Dr Fernando CHEUNG, Dr Kwok Ka-ki and Dr Joseph LEE should improve their communication. Actually, many other Members should also do the same. In brief, after reading the article just once or twice, something similar to "the road to hell is paved with good intentions" sprang into my mind. The title of the article "Laws of unintended consequences" is — if I remember it correctly, Madam President — "非預知結果的定律" in Chinese.

Another object springing in my mind is buses. The air quality of Hong Kong will be discussed in our next meeting. Many people in Central have made this criticism: Why are so many completely empty or half-empty buses speeding through Central? This is relevant to the question of air pollution. However, if we look at it from the opposite side, we will remember that it was not long ago, probably a decade or so ago, that Members made persistent calls in this Chamber

for the Government to increase bus frequency by providing more buses. This is a remarkable example of laws of unintended consequences. The broader context might be forgotten when we are advocating a certain cause.

Madam President, I was once criticized for spending 10 years on studying in order to understand the medical system and I was ridiculed for the same reason as well. One of the people who said so was Mr WONG Yuk-man. I was ridiculed by him for studying hard for 10 years. I have participated in the work of the predecessor of the Hospital Authority (HA) since 1989. I have learned a lot since then. Of course, as pointed out by numerous Members earlier, the HA has made numerous mistakes, suffered many setbacks, and so on. Madam President, I do have some feelings about the use of a large number of expressions like these. Actually, when compared with many places in Southeast Asia, or even Europe and the United States, the medical system in Hong Kong is widely recognized as excellent.

If I have to name one drawback of this system, I guess it must have been resulted from the laws of unintended consequences. We really wished to turn public hospitals — I wonder whether Members who are present in this Chamber ever visited hospitals before 1989. I believe Dr KWOK Ka-ki was still working in the public sector at that time and should know very well that the system and the condition of public hospitals at that time were absolutely unacceptable. Although we have a sound medical system now, we have, on the one hand, improved this public medical system with a visible hand and, on the other, apparently neglected the joint development of the public and private sectors. This is what we have been lacking over the past decade or so. Never had I imagined that the private sector could have lagged so far behind the current trend, thus pushing the number of people using public facilities from 80% to more than 90%. This ratio is still rising even now.

It is most distressing to find that the health care workers in the public medical sector have been working so hard. Yet, what should be done at the moment? I do frankly hope that every Member in this Council can look at this matter from a broader perspective in relation to 40 years of resource production and 80 years of commitment.

With these remarks, Madam President, I support the original motion and all the amendments.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, I shall state the views of the Hong Kong Federation of Trade Unions (FTU) on its behalf. We will support the original motion and all the amendments.

Madam President, we can say that the issue of medical reform will be brought up for discussions from time to time in this legislature. And, our Panel on Health Services and Panel on Welfare Services will also hold periodic discussions on this topic. This is obviously a long-standing concern of Members. We can see that our health care expenditure has been constantly increasing over the past 10 years, rising drastically from \$14.5 billion in 1992-93 to \$31.7 in 2003-04. Naturally, when viewed against the profile of our population and other factors, this appears to be normal.

Madam President, at different times in the past 10 years, quite a number of documents were published by our Government to consult the public. In 1993, for example, a consultation paper entitled "Towards Better Health" was published. In 1999, there was the Harvard Report, and in 2001, yet another consultation document on health care reform entitled "Lifelong Investment in Health" was released.

In the past, whenever there was a consultation exercise, lots of views would naturally be expressed in society. But very unfortunately, for reasons unknown, the Government would often back off in the middle of discussions. We were thus very worried, worried that such a situation might persist. And, all the government officials in charge of public health in the past, Elizabeth WONG and YEOH Eng-kiong alike, did not have the courage to deal with this issue (I do not know whether it is also the case with Secretary Dr York CHOW).

Frankly speaking, I do not think that there is anything wrong for society at large to advance different views and schemes. We can always sort things out through discussion. I can recall that before the reunification, we were once very close to the point of reaching a consensus, but then, the Government backed off again. Therefore, I must make it a point to advise people not to blame Members representing the grassroots for standing in the way of reforms. Very often, we are prepared to negotiate, but the Government always backs off for reasons unknown.

According to the statistics of the Hospital Authority (HA), after counting in government funding and expected revenue, the HA will still run into a fiscal

deficit as large as \$600 million in 2004-05. We know that there are now 810 000 people aged 65 or above in Hong Kong, representing 11% of the total population. The ageing of our population will become even more serious by 2016 or even 2020. Besides, there are now all sorts of new and unknown viruses, and the SARS outbreak some time ago led to many, many problems. We can see that the demand for health care services is very huge, and the costs of running the whole health care system will thus be enormous.

This afternoon, I met with a number of deputations. During the meeting, we touched upon undesirable medical advertisements, and these deputations expressed many views. I think our existing health care services have already roused the concern of many different sectors. We can also see that the Government has been very much constrained by insufficient resources — in recent years, as a result of resource constraints, the quality of public health care services has been adversely affected. Some Members have talked about the long waiting time and unreasonable price increases of medicines; not only this, while patients were usually prescribed a 16-week medication in the past, they are now prescribed medication for 12 weeks only. I have actually received quite a number of complaints on this in my constituency.

Secretary, I can recall that last year or the year before last, there was a certain survey seeking to rank the 10 most popular government departments. It turned out that the HA was very popular, for it managed to rank first or second on the list. This shows that the people of Hong Kong all know that the existing health care system really treats and cares for the grass-roots people very well. This explains why people permitted the Government to impose a fee on users of accident and emergency services. What I mean is that in the past 10 years, the HA managed to gain the acceptance of people. However, there have been some changes in the services of the HA. The waiting time is getting longer and longer; the medication prescribed is getting smaller; and, there are also frequent price increases. We are scared by all this; we are scared because we just do not know what is actually happening. We know that CSSA recipients can enjoy the services of the HA free of charge. But some patients of chronic illness and senior citizens are not recipients of CSSA. We usually call them the marginal poor, and there are at least 1 million of them. Besides, the number of such senior citizens is also as large as 200 000. This explains why at all the forums we organized during our electioneering campaigns, these people were invariably present, and many senior citizens would raise this problem with us. They are all very scared — they all find public health services excellent, but they are

afraid that prices may rise, or that something like a central medicine list may crop up again suddenly. In fact, every change will scare them. This is the situation now.

The health care system of Hong Kong used to accord equal treatment to all users of its services regardless of wealth. I can remember that this was what Elizabeth WONG told me. She even offered us five options. I think this objective is very good, but now, we are very worried, because the Government is so reluctant to commit itself to the provision of personal health care services. Worse still, it has even been withdrawing step by step. This development really scares us. For this reason, one day after the Secretary's assumption of office, some Members and I hastened to tell him that the issue of health care financing could afford no further delay. We told him that we must not wait until very serious problems have really emerged or until the whole system has collapsed. The situation is that the waiting time is getting ever longer and the prescribed medication ever smaller. Quality medicines are prescribed less and less frequently, or in some cases, they are not prescribed at all. All this worries us a lot. Consequently, the Government should discuss the situation with us in a frank and open manner.

We in the Hong Kong Federation of Trade Unions have been advocating several viewpoints. A few years ago, when we discussed the structure of the HA, we pointed out the over-expansion of its top management and the related consequences. And, there is another point. The concept of primary health care was discussed in the consultation paper published in 1993, but the HA has been extremely slow in implementing this concept. Urban dwellers nowadays suffer from many diseases, and in many cases, patients are hospitalized only when their conditions have developed to a very critical stage. One thus cannot help wondering what has happened to our provision of primary health care services and education. In the case of diseases such as coronary heart disease and breast cancer, lots of money may in fact be saved given adequate prevention. Similarly, in the case of geriatrics, for example, if we can ascertain the causes beforehand, such diseases may also be prevented early.

Besides, I also wish to discuss the imbalance of public and private sector medical services, a topic I have been talking so much about over the past two years. A decade or so ago, the HA provided about 80% of our health care services, and private hospitals were responsible for the remaining 20% or so.

But now, the percentage of public medical services has exceeded 90%, and that of private sector medical services is constantly shrinking. Before his resignation as Secretary for Health, Welfare and Food, Dr YEOH Eng-kiong implemented some measures to separate these two types of health care services. But as I have seen on television today, some private medical practitioners do hold different viewpoints. I think several things can in fact be done. In respect of primary health care, can public-sector organizations and their private-sector counterparts both make some efforts? This problem must be tackled somehow. If not, more and more problems with our health care services are bound to surface. We must not wait until the emergence of very serious problems before we take any actions.

With these remarks, Madam President, I hope that the Government can discuss all the problems frankly with us as soon as possible. Although the Secretary's term of office is left with just two years or so, I still hope that he can discuss all the problems with us frankly. Thank you.

DR FERNANDO CHEUNG (in Cantonese): Madam President, I rise to speak in support of Dr KWOK Ka-ki's original motion and the amendments.

I must thank Dr KWOK Ka-ki for moving the motion, which enables us to discuss this very significant topic. The topic of medical reform is indeed a very difficult one to discuss, because in the process, we are practically confronted with all sorts of contradictory indicators. For example, some Members have remarked that our health care expenditure has been on a constant rise, taking up a very sizeable proportion of the Government's overall expenditure. As pointed out by Mr Ronny TONG, the percentage is now over 15%, and in 2016, it may even reach 21%. All these statistics do worry us a lot.

On the other hand, however, we can see that the proportion of our health care expenditure as a share of the Gross Domestic Product (GDP) is by no means great compared to those of other countries. In 2001, for example, the proportion of Hong Kong's overall health care expenditure in the GDP is just 4.6%, which was far lower than the 8% of Japan and the 13.9% of the United States. That being the case, should we say our expenditure in this respect is great? Or, should we say it is small? In terms of many indicators, our results are very good. Hong Kong people's average life expectancy, for example, is

even longer than that of the Americans, being almost the same as that of the Japanese, who rank first in the world in terms of longevity. The average life expectancy of our males is now 78 years, while that of American males is just 74.1 years; the average life expectancy of Hong Kong women is 83.9 years, and that of American women is only 79.5 years.

If we look at the amounts of resources we have invested and the public health indicators, such as the infant mortality rate, we will see that we have in fact done very well in achieving cost-efficiency. But on the other hand, as mentioned by some Members just now, our waiting time is very long, and those seeking treatment in accident and emergency departments may have to wait several hours. In the case of specialist out-patient clinics, the waiting time for new cases is 13 weeks in the medicine department, 12 weeks in the surgery department and at least six weeks in the Otorhinolaryngology department. Some elderly persons have said that the waiting time for new Glaucoma or Cataracts cases is half a year. What do these indicators tell us? Elderly persons and low-income earners seeking out-patient treatment must start to line up as early as at 4 am or 5 am, and all chips are often allotted very early in the morning.

Some indicators can show that our health care services are just excellent. As pointed out by Mrs Sophie LEUNG, our health care services have indeed achieved very great progress over the past few years and so has our service quality. But on the other hand, we still see huge room for improvement. How are we going to reform the health care system? Are there any problems with our service quality and financing? Should there be any adjustments in the relative proportions of public and private sector medical services. I think there must be thorough discussions. When it comes to the proportion of public resources in Hong Kong's total health care expenditure, it was about 54% in 2001, and in the United States and Japan, the percentages were respectively 44% and 77%. Is this already an imbalance of public and private sector medical services? I think we really need to conduct further discussions.

My purpose of presenting all these facts is not so much to say that our health care system is extremely poor. Nor am I asking the Government to expand the services indefinitely. But I do think that we must examine all the services thoroughly and let members of the public consider the issue of medical reform from the perspective of users.

First, the Government may consider the possibility of establishing a representative committee to set priorities for the provision of medical services. Such a committee should, from the perspective of users, determine which areas need immediate reforms and which do not. I personally agree that in the long run, all Hong Kong people should share the burden of health care expenditure. Therefore, I think that the implementation of insurance schemes, such as a public medical insurance scheme, should be explored.

Some people, especially those with disabilities, are unable to take out any medical insurance despite their wish to do so. For this reason, I think we may consider the implementation of public medical insurance or long-term health care insurance. I hope that public medical insurance schemes can cater for the need of low-income earners, so that they will not be denied medical protection due to their lack of means.

I also hope that we can develop community medical care. I wish to point out that community medical care is not the sole responsibility of the health care sector. The social welfare sector may also make contribution. For example, many elderly persons requiring long-term care, patients of chronic illness and people with disabilities will very much like to live in their own communities. Many community care services rendered by social service agencies, such as day-time care centres for the elderly and improved home and community services, can cater for their needs, thus reducing their demand for in-patient services in public hospitals.

I hope that the Government can attach importance to the contribution of the social welfare sector and invest sufficient resources, so that we can provide back-up to the health care sector.

Finally, I hope that the Government can be guided by principles. When going about any medical reform, it should allow the participation of users as much as possible and accord top priority to the needs of the disadvantaged. I hope that Secretary Dr York CHOW can act with enterprise and vision and initiate discussions on medical reform with us.

Madam President, I so submit.

MR BERNARD CHAN: Madam President, in many ways, Hong Kong's medical services reflect our public sector as a whole. The quality of work is

extremely high. Our people expect it to be that way. Indeed, they would like to see standards improve further. But, at the same time, people do not want to pay more for it.

That, in a nutshell, is the problem faced by many of our public services. It is a particular problem where health care is concerned. Demand for medical services will inevitably continue to grow. People's expectations are becoming higher. Our population is ageing. New research and technology are giving us new and better treatments. All of these will cost more money, but already, our Hospital Authority is in deficit.

The situation is not yet a crisis, but sooner or later we must face facts — we need a more sustainable system of health care provision and funding. There will come a time when many more of us will have to pay a bigger share of our health care costs, one way or another.

I do not believe that people want to see a bigger tax burden and a bigger government. I am sure we need to use a more balanced approach, that is, using the private sector more.

I know this worries some people. They think we might end up in a situation where people who need treatment are charged more than they can afford, or are even turned away by hospitals. Obviously, that would not be acceptable to the community of Hong Kong. But without increased funding, we will see standards decline.

There are various ways to attract more funds into the system. The insurance industry is certainly ready to participate. For example, we believe it would be possible to offer affordable health care coverage to people of working age to supplement public provision.

That would reduce the burden on the Government's finances, and it could help free resources for the elderly and the poor. For the people with the extra coverage, it could mean faster treatment, better quality services and greater choice.

Under such a system, the private sector would provide health care services to a larger proportion of the population, and the public sector might outsource some of its work to the private sector. We would probably also see more

emphasis on value for money. For example, patients might undergo routine surgical procedures outside Hong Kong where costs are lower.

We currently have a centralized system in which well over 90% of hospital care is provided at virtually no charge to users by a nationalized monopoly. It is a great system except for one thing — in the long run, it is going to bankrupt. Indeed, it is already in the red.

For everyone's sake, we need to encourage more private participation in medical services, in terms of both funding and service provision. I would therefore urge all my colleagues here today, and the people of Hong Kong whom we represent, to start thinking about this. The longer we leave it, the harder it will be to maintain the high standards which we have all come to expect. Thank you.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, you may speak on the three amendments. You have five minutes.

DR KWOK KA-KI (in Cantonese): Madam President, before I speak, I would like to thank those Members who have proposed amendments to my motion and the others who have spoken today.

Dr Joseph LEE's amendment shows us that he is worried about the impact of a target-subsidy approach on the allocation of resources in the future. Having listened to his explanation, I may perhaps agree with him. But I must still say that he might have some sort of misunderstanding previously. Actually, the essence of a target-subsidy approach is precisely to focus on the varying needs of patients with different diseases and means and then channel our limited resources to the less financially able members of society, such as the disadvantaged and patients suffering acute diseases. So doing is in fact spreading the risks and utilizing our limited resources more effectively. As for Dr LEE's point on the new generation of health care personnel, I agree entirely

to its addition to my motion. I also think that the health care policy should enable all health care personnel to receive training.

I am also grateful to the other two Members for adding new points to my original motion. To be honest, I myself find that the original motion is already much too long, so I dare not add anything to it. But I am glad to see the additions proposed by other Members, such as Dr Joseph LEE and Mr LI Kwok-ying. Mr LI Kwok-ying proposes to include Chinese medicine services in the planning of health care services. I agree entirely with him. As I mentioned in a previous debate, we do need to nurture a new generation of Chinese medicine talents. I also hope that more research on Chinese medicine can be conducted to gather more evidence of its curative effects from modern medical sciences, because Hong Kong has the conditions of becoming a development centre of Chinese medicine in Asia.

Mr LI Kwok-ying's amendment mentions the premise of adopting a people-oriented approach and refraining from increasing the health care burden on grass-roots people. I also agree to this. But I still wish to draw his attention to a recent survey conducted by the City University of Hong Kong. This survey gauged the views of many Hong Kong people on our health care services. Contrary to my expectation, more than 50%, or even 60%, of the respondents think that the Government's existing policy of funding health care services by tax revenue is not quite so desirable. More than 50% of the respondents are prepared to accept the principle of requiring those with the means to pay more; more than 50% of the respondents also accept the imposition of itemized charges. In other words, they agree that those who wish to receive additional services should be required to pay more. And, also more than 50% of the respondents think that they are capable of paying more, and they are even willing to take out medical insurance. I think this is a very important message. Many Members, especially those representing the disadvantaged, fear that the people of Hong Kong may have to pay more in the future as new services and policies are introduced. But I at the same time believe that many people in Hong Kong, especially those earning higher levels of household incomes, are in fact willing to pay a bit more for health care services. I hope that Secretary Dr York CHOW can study all these findings closely, for I believe they can help the Government formulate a health care financing plan.

Mr Andrew CHENG's amendment seeks to add representatives of patients' organizations to the proposed advisory framework with broad

representation. I agree to this entirely. Basically, it will not be possible to implement any health care policy or financing plan if there is no consent from members of the public, especially patients' organizations in the process of formulation. Mr CHENG's amendment also proposes to enhance primary health efforts including enhanced efforts in prevention of infectious diseases and relevant scientific research. I agree to this even more. I do not think that the Government has allocated sufficient resources to the Department of Health for the provision of health education. The manpower and resources available to the Central Health Education Unit are simply insufficient. I agree that more resources should be allocated.

Madam President, I think all the amendments proposed by the several Members should merit support. Thank you, Madam President.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, before all else, I have to thank Dr KWOK Ka-ki and other Members for proposing the motion and amendments respectively. I also have to thank other Members for their views. I am glad to have the opportunity to share with Members my views on this issue.

Actually, during my many years of work, I, no matter in the position of a doctor or a member of the management, have been dealing with the issues mentioned in the motion continuously; and now as the Secretary, I have to take a keener interest in these issues. Indeed, for years, the health care system of the territory has undergone constant changes in tandem with changes in society. The Hospital Authority (HA) was established in view of the problems prevailing at that time. Certainly, I think, amid all sorts of problems we were facing, we had failed to pay particular attention to the importance of the concurrent development of private hospitals and private practitioners at the time, which has thus led to the present state of affairs. At the same time, we had not made any adjustment to or conducted any study on the costs and charges of our services. As a result, it has become a common phenomenon that many citizens are relying heavily on public medical services today. Given that phenomenon, medical professionals incline to work in the public sector, and a healthy inflow of professionals into the private sector cannot be maintained, affecting the overall quality and long-term development of medical services in Hong Kong.

In my view, the health care system of Hong Kong is not terminally ill at the moment, but I think we are in a premalignant condition, yet to face the deadly

stage of cancer. Thus, we must face the illness squarely, preventing it from deteriorating to a stage where no remedy can be prescribed.

I think the questions raised by Members are more focused over some particular aspects than those I have been thinking. I think we should first consider the situation of the entire forest before we focus on the problems of individual trees or leaves. I am of the view that medical reform (*ringing of mobile phone*) should be introduced gradually, without taking the edge off our existing medical services. What merits do our existing medical services have? First, Hong Kong should take pride in the professionalism and professional ethics of our medical services. Second, it is our professional spirit and professional efficiency. Certainly, some workers may have to work harder because of this, but sure enough, their contribution helps to maintain the existing quality and professional standards of our medical services. Therefore, I believe, no matter how we are going to take our way forward, we must maintain our merits in these aspects.

Moreover, we should not consider the issue purely from the perspective of financing. If the current financing options aim only at maintaining the existing model of service provision, I believe not a single citizen will be willing to pay more. We are looking for a model which can provide better and appropriate care to the public. This should be our goal. Therefore, I will first review the model of service provision, and then study the amount of resources required to maintain our service, and lastly, we will decide on the financing option. Thus, I would like to outline the concept I have in mind now.

First, we have to examine the positioning of the public sector. Members may have heard me mention this on several occasions before (*ringing of mobile phone*). I hope that a regional framework can be established, so that a regional office can be set up in each of the 18 districts as far as possible, organizing all medical, health and welfare efforts. At the same time, it is hoped that the development of certain services can be focused on the district level, such as family physician services, rehabilitation services, care services for the chronically ill and the elderly, and even hospice service can be included. We believe only by doing so can we facilitate patients in using services near their homes, in particular when they are seriously ill or in need of care. At present, different types of services are scattered in different districts, making it difficult for family members of patients to visit them. The concept should not only be

applicable to the public sector; I hope the public sector and the private sector will co-operate. Hospital clusters under the HA have already set up pilot points of this kind. It is hoped that the chronically ill do not necessarily need follow-up consultations at HA clinics, but can obtain services from the private sector for most of the time instead. However, the standard of service of both the public and private sectors should be maintained at an acceptable level.

Moreover, I would like to assist the development of private hospitals and private practitioners in all aspects to enhance their credibility and operation environment. The integration of some existing services is one way (*ringing of mobile phone*) to enable the public and private sectors to work together. This is particularly the case for investment in new technology, for the two sectors may co-operate in this respect. Furthermore, in respect of training, housemen may receive internship training by attachment to private hospitals for a certain period, and so they may fit into the private sector more easily after they have acquired the specialist qualification.

I would like to turn to other services now. I am concerned not only about services related to Western medicine. Last week, I talked about the development of Chinese medicine here. Surely, some Members may consider the present approach a relatively conservative start. However, I think we have to start the ball rolling before Chinese medicine services can be extended to cover in-patient services. As for in-patient services, at the time being, Chinese medicine in-patient service has to be provided with the support of Western medicine.

Moreover, I am concerned about other services. First, it is dental service. Now, our citizens are relying nearly fully on dental services provided in the private sector, thus how best the dental service need of the disadvantaged can be taken care of should be an issue to which we have to pay attention. Another one is psychiatric service. I believe the existing delivery mode of psychiatric service in Hong Kong has been out of touch with the social reality for some time. I hope that the development of psychiatric services will continue in the community as far as possible, so that mental patients can reintegrate into society more easily.

In respect of health care financing (*ringing of mobile phone*), I believe many Members have already mentioned many different financing options.

However, from my personal point of view, we must first draw up some cost estimates before we can review the operation mode of different services. Certainly, the following four approaches cannot be ruled out after all: first, by the "user pays" approach; second, by government investment; third, by the saving approach; and fourth, by setting up an insurance scheme.

I think the greatest financial challenge we are now facing in health care development is, first, the ageing of our population. Given an ageing population, people will somehow fall ill as time passes even if they are healthy now; and a year longer they live, the medical expenses for another year have to be incurred. We have to admit the existence of the problem. Thus, we have to continue our study on how to maintain the health of the elderly to ensure they stay healthy and have a quality living. Moreover, we also hope that the risks of the unfortunate suffering from serious illness can be pooled, so that no one will go bankrupt because of a serious illness. Therefore, I think, no matter what kind of financing option is adopted, it should carry an insurance element. As to whether it should be undertaken by private insurance or public insurance, there will certainly be divergent views. And I think that we cannot rely solely on private insurance, for we must regulate insurance companies, requiring them to undertake the insurance of clients who are taken ill instead of just accepting healthy clients. *(Ringling of mobile phone)*

In respect of my work, I will set up the Health and Medical Development Advisory Committee shortly. The Committee has not held any meetings in the past two years, and the term of office of its members has already expired. I am prepared to set up the Committee within a short time. The meetings will be chaired by me, so I have the responsibility to follow up and work on the relevant issues. I hope the Committee can be set up in the first quarter of 2005 and commence work. By then, we will inform the Panel on Health Services of the timetable and procedures of our work. I believe the task cannot be accomplished by a committee alone. We have to enlist the assistance of many experts and make use of a number of statistics and studies. Moreover, we must conduct extensive consultation. In particular, on the issue of health care financing, I believe we must consult quite widely; we should not only or simply consult the industry, we have to consult many citizens, patients' organizations and District Councils. We all know that it is a great step, a major operation we need to take; it is no ordinary small task. Therefore, we should not act hastily, but at the same time, we can afford no delay. Here, I promise Members that

the relevant framework and timetable will be put forth next year, and I hope Members will express their views enthusiastically then (*ringing of mobile phone*) — sorry, it may be the ringing of my mobile phone. My apologies, Madam President, and I deserve punishment.

PRESIDENT (in Cantonese): This may interrupt your speech. Will you switch it off please.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I do not know how to switch it off. (*Laughter*) However, I am near the end of my speech.

PRESIDENT (in Cantonese): Then, please continue.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): The noise will be much louder if I switch it off. (*Laughter*) Thus, I undertake to start working on the task mentioned shortly. Moreover, I hope Members will understand that more resources have to be put in for introducing financing arrangements, and increases in service charges will be inevitable if additional resources are required. Certainly, we consider that the increases in charges should not be imposed at the expense of the general public, and that the mechanism of granting fee waivers to the needy should be maintained. I have elucidated my tentative work procedures to Members. Frankly, I believe Members will support the motion and amendments put forth today.

I just like to comment on a point raised by Dr KWOK Ka-ki. The medical reform is done not only for doctors and medical professionals, I hope the reform is done for the benefit of the public and our patients. Only by taking this as the premise can we win the support of the public for our work. Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Dr Joseph LEE to move his amendment to the motion.

DR JOSEPH LEE (in Cantonese): I move that Dr KWOK Ka-ki's motion be amended as printed on the Agenda.

Dr Joseph LEE moved the following amendment: (Translation)

"To add "and health" after "That, as the medical"; to delete "(HA)" after "the Hospital Authority"; to delete "with hundreds of young doctors leaving the HA every year to go into private practice, yet" after "year by year" and substitute with "whilst"; to add "and health" after "development of the private medical"; to delete "medical" after "a long-term" and substitute with "health"; to add "and health" after "faced by the medical"; to delete "(b) implement a target-subsidy approach whereby priorities for the provision of public medical services are set according to the importance and needs of the services;"; to delete the original "(c)" and substitute with "(b)"; to delete the original "(d)" and substitute with "(c)"; to delete "specialist" after "to provide proper"; to delete "young doctors" after "training for" and substitute with "the new generation of health care personnel"; to delete "nurture a sufficient number of qualified specialists" after "so as to" and substitute with "tie in with the needs for clinical specialization in medical and health services"; to delete "medical" after "succession gap in" and substitute with "health care"; to delete the original "(e)" and substitute with "(d)"; to delete ", provide training opportunities to existing family doctors and all young doctors engaging in family medicine practice, and assist them in acquiring specialist qualifications" after "enhance the training on family medicine" and substitute with "and community health service so that health care professionals can effectively promote community health and public health"; to delete the original "(f)" and substitute with "(e)"; to add "and health" after "in the public and private medical"; and to delete the original "(g)" and substitute with "(f)". "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Dr Joseph LEE to Dr KWOK Ka-ki's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr LI Kwok-ying, as Dr Joseph LEE's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members on 7 December. In accordance with the House Committee's recommendation which I have also accepted, when you move your revised amendment, you have up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR LI KWOK-YING (in Cantonese): Madam President, I move that Dr KWOK Ka-ki's motion, as amended by Dr Joseph LEE, be further amended by my revised amendment.

Madam President, Dr Joseph LEE's amendment is all very clear. Before this meeting, he issued a letter to all Members, explaining that the development of health care services should be founded on an integrated policy comprising health promotion and treatment. The modern-day health care philosophy is in part about holistic health, which means a person's sound physical and mental health. This will of course cover lifestyles, diets, health education, community health, and so on. The other part is treatment. As mentioned by Dr Joseph LEE, while providing treatment, we should also seek to prevent diseases at the community level. All of us know that prevention is always better than cure. We therefore hope that this message can be disseminated at the community level, thus reducing the demand for in-patient services and in turn the burden on hospitals. Therefore, the theme of all the three points I seek to add is on prevention, and one of these points deals specifically with Chinese medicine services. As Members know, Chinese medicine is essentially about

tonification, nourishment and prevention; I think Members will not disagree. These three points in my amendment are meant to improve Dr KWOK Ka-ki's original motion and Dr Joseph LEE's amendment, and they are also inserted in the hope of improving the Government's medical reform. I hope that Members can support my amendment. Thank you, Madam President.

Mr LI Kwok-ying moved the following further amendment to the motion as amended by Dr Joseph LEE: (Translation)

"To delete "and" after "the public and private medical and health services;"; and to add "; (g) strengthen the efforts in the prevention of diseases and primary health care with a view to reducing the demand for in-patient services; (h) incorporate Chinese medicine services into the scope of health care services planning; and (i) adopt as the premise in formulating a medical policy an approach that is people-oriented and does not increase the health care burden on grass-roots people" after "financing health care"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr LI Kwok-ying's amendment to Dr KWOK Ka-ki's motion as amended by Dr Joseph LEE be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Andrew CHENG, as Dr Joseph LEE's and Mr LI Kwok-ying's amendments have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper circularized to Members. You may now move your revised amendment, and you have up to three minutes to explain the revised terms in your amendment.

MR ANDREW CHENG (in Cantonese): Madam President, I move that Dr KWOK Ka-ki's motion as amended by Dr Joseph LEE and Mr LI Kwok-ying be further amended by my revised amendment.

Madam President, when I spoke for the first time, I already extended my apology to the Secretariat, saying that we were initially a bit worried about Dr Joseph LEE's amendment to point (b) in the original motion, that is, the deletion of "implement a target-subsidy approach". The position of the Democratic Party in the past was that, given its acute deficit, the Hospital Authority must implement a target-subsidy approach, so that priorities can be set. We were forced to accept this approach due to the lack of any alternatives.

However, we have read the letter issued to us by Dr Joseph LEE earlier today, in which he explains how he wishes to deal with the possible resource mismatch by introducing his amendment. And, we have accepted his explanation. I hope Members can note my revised amendment, especially point (h). The Secretary did give a long explanation on this. Although his cell phone kept on ringing, he did give us a detailed account of the future policy direction. When he mentioned this framework, I told myself that it was wonderful. The Secretary has repeatedly emphasized that he has set down a timetable and will launch the work as soon as possible.

But I still hope that the Secretary can note and realize one point, the point that the representation of patients' organizations is clearly stated in our amendments today. We are not simply talking about the kind of public consultation mentioned by the Secretary. When it comes to the topic of this motion, Dr KWOK Ka-ki is the representative of the medical sector and Dr Joseph LI is the representative of the health care sector. But the ordinary residents of Hong Kong should also be given a say. Therefore, we hope that the advisory framework will include representatives of patients' organizations. In

this way, I believe our discussions on policy amendments and health care financing will be like the blossoming of a hundred flowers, thus enabling the Secretary to gain a better understanding of public opinions.

Thank you, Madam President.

Mr Andrew CHENG moved the following further amendment to the motion as amended by Dr Joseph LEE and Mr LI Kwok-ying: (Translation)

"To delete "and" after "the scope of health care services planning;"; and to add"; (j) enhance primary health efforts, including strengthening the prevention of and scientific research on infectious diseases to prevent any outbreak of epidemics in Hong Kong; and (k) ensure that there are representatives of patients' organizations in the relevant advisory framework when reviewing the existing policies and formulating future policy directions" after "grass-roots people"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Andrew CHENG's amendment to Dr KWOK Ka-ki's motion as amended by Dr Joseph LEE and Mr LI Kwok-ying be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, you may now reply, but you have 13 seconds only. (*Laughter*)

DR KWOK KA-KI (in Cantonese): Madam President, I wish to extend my gratitude to all Members, and I hope the Secretary can realize that the passage of the motion and all the amendments is an indication of our strong support for him. However, I also hope that the Secretary can honour his promise and implement all the requests as early as possible during the process of health care reform. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr KWOK Ka-ki as amended by Dr Joseph LEE, Mr LI Kwok-ying and Mr Andrew CHENG be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second motion: Reviewing the basis for charging the trade effluent surcharge and its appeal mechanism.

REVIEWING THE BASIS FOR CHARGING THE TRADE EFFLUENT SURCHARGE AND ITS APPEAL MECHANISM

MR TOMMY CHEUNG (in Cantonese): Madam President, I move that the motion as printed on the Agenda be passed.

In July 1994, the Sewage Services Bill was enacted by the then Legislative Council. On 1 April 1995, the Trade Effluent Surcharge Scheme was implemented and since then, 30 trades and industries have to pay the trade effluent surcharge (TES) in addition to the water and sewage charges. Of these industries, the restaurant trade has even been paying over 80% of the TES.

The TES is based on the assumption that the chemical oxygen demand (COD) in the effluents discharged by a restaurant is 2 000 g per cu m. At present, the sewage charge costs \$1.2 per cu m, whereas the TES (insofar as the catering industry is concerned) costs \$3.78 per cu m.

After the introduction of the TES Scheme, many Members of the Legislative Council then considered the charging standards extremely unfair to the catering industry. They considered that they had been deceived by the Government, for they had not known before the enactment of the legislation that the details of the Technical Memorandum on Effluent Standards were very harsh and that the cost of appeal was exorbitantly high. Many incumbent Members of the Legislative Council also agreed at the time that a comprehensive review of the TES and its charging method was warranted.

In 1995, the Restaurant Trade TES Concern Group, of which I was the convenor, was set up, with a view to strengthening unity in the trade to fight against this unfair surcharge, and this campaign marked the beginning of my political career.

In 1995 and 1996, the catering industry filed a complaint with The Ombudsman, stating that the basis for charging the TES and the appeal mechanism were unfair to it. Finally, The Ombudsman concluded that the complaint was substantiated.

In its final investigation report in May 1996, The Ombudsman pointed out that the Secretary for Planning, Environment and Lands, who was responsible for sewage treatment then, had failed to properly consult the restaurant trade,

that the sampling procedures for determining the basis of the TES were problematic, and that the costs of appeal and laboratory tests were exorbitant. Here, I would like to quote from the report. Madam President, the heading of the report, which was written in English, is "Final Results Report – Complaint Against the Administration by Mr CHEUNG Yu-yan". In paragraph 76 on page 44 of the report, it was stated that "On Complaint Points (c) and (f),SPEL himself confirmed that the decision on the 80% discharge factor was a political decision and that the formula in Annex III was only a conceptual representation and not an exact TES computation method". In paragraph 77, it was stated that "The use of a small sample of only 31 restaurants out of 8 000 restaurants and the reference made to Chinese restaurants in Sydney were also subjects of dispute. The Consultants responsible for the 1991/92 GOS data also conceded that these data were not sufficiently comprehensive for translation of cost to charge". In paragraph 78, it was stated that "This Office notes SPEL's comments on Complaint Point (g), but should like to point out that the testing cost which is requisite for a review is not inexpensive. Unfortunately, this has not been brought to the attention of the restaurant traders before implementation". Madam President, the report is actually very thick. If the Secretary does not have it, I would be glad to give her a copy.

Madam President, today's motion precisely calls on the Government to rectify the mistake by conducting a comprehensive review of the basis of the surcharge and its appeal mechanism.

With regard to the TES, I would like to start with its charging basis. As pointed out by The Ombudsman, the samples taken by the then Environmental Protection Department (EPD) were very limited, for only 31 restaurants had been tested. The sampling process was far from transparent. Worse still, the mean value was adopted as the basis for computation, a point not mentioned by The Ombudsman. There was no environmental protection legislation back then, and colleagues of the EPD had told me that as some restaurants seldom cleaned their grease traps, so results showed a COD value of over 500 000 units. But it could not be known whether it was 800 000 units, 900 000 units or 10 million units. They only said that it was over 500 000 units. They said that as the COD in one of those 30 water samples was over 500 000 units, after dividing it by 30 (assuming a zero COD value for the other samples), the COD of each restaurant would be over 10 000 units, but since the restaurants were only charged for 2 000 units, they said that the restaurants should be thankful for the

very generous discount given to them. We always hold that it is undesirable to use the mean value to calculate the TES and that it is most accurate to adopt the median value as the basis for computation.

We did seek expert advice. At that time, Dr LEUNG Ping-kei, Associate Professor of the Department of Applied Mathematics of The Hong Kong Polytechnic University considered it more scientific to determine the surcharge using the median value of the water samples collected, but the EPD had refused to take this view on board.

The industry considers the COD standard of 2 000 units prescribed for effluent discharged into the water control zones unfair. It is because an environmental protection law was enacted in 1997, under which the catering industry is required to apply for a licence and a restaurant will be liable to prosecution if the COD reaches 2 200 units. The maximum penalty will be a fine of \$200,000 and imprisonment for six months. In fact, 2 000 units and 2 200 units are very close, and it is absolutely unfair to pitch the surcharge at such a high level. Regarding the surcharge, the authorities said that water consumption would be calculated based on the meter reading. While the authorities have to treat the effluents discharged, it could be considered fair to the restaurants since a 20% discount is already given to restaurants. But as pointed out in the report of The Ombudsman, this was a political decision and carried no substantive meaning. The catering industry considers that in many cases, the water used for steaming dim sum or cooking soup or making tea is consumed by the patrons and will hence end up in their stomach, rather than being discharged through the sewers. Why should we have to pay so much?

Madam President, next, I would like to talk about the appeal mechanism. Whenever I said to the Government that the system is unreasonable, it would invariably say that our concern is unwarranted because an appeal mechanism is in place and that we can lodge an appeal if we consider it unreasonable. What the Government had said referred only to the standard of 2 000 units, not any other unreasonable arrangement or circumstances. How does this appeal mechanism work? We need to lodge an appeal to the Government once a year, and on the cost of appeal, a small-scale restaurant has to pay \$20,000 to \$30,000, which is the "minimum charge", whereas those of a larger scale have to pay \$40,000 to \$50,000. I would like to tell colleagues that these are the figures as of the end of last month, and there is no difference between these figures and those seven to eight years or five to six years ago. As at the end of last month,

12 000 catering establishments were required to pay the TES, over 90% or 10 842 of which pay \$36,000 or less in TES yearly. This shows that the cost of appeal is very expensive. To the restaurants, lodging an appeal is not worth it, because they have to pay a certain amount of money to lodge an appeal and their TES will not be waived in full after the appeal. So, I have reminded the Government that in order to maintain this appeal mechanism, if a complaint lodged by a restaurant is substantiated, the restaurant should be allowed to recover the cost incurred for the appeal. If such being the case, we would be very happy, and restaurants in Hong Kong would be willing to appeal. No matter how cumbersome and expensive the process is, they will still appeal for they think that they will surely win. Once an appeal lodged by a restaurant is substantiated, the Government will have to pay for the cost of appeal and also reduce the surcharge. Certainly, the Government does not wish to do so and yet, it still wishes to maintain this appeal mechanism.

Incidentally, I would like to tell Members here how an appeal is processed. For a restaurant which opens from 8.00 am until midnight serving breakfast to dinner, if it lodged an appeal, a laboratory worker would have to arrive at the restaurant at 8.00 am and collect a sample every 15 minutes and take the meter readings. This laboratory worker has to stay in the restaurant from morning till night and cannot leave until the restaurant closes at midnight. The Drainage Services Department will first decide whether the restaurant will be tested for a period of three, four or five days. Then, laboratory personnel will be sent to the restaurant on a specific date to collect the water samples. This is why an appeal is costly. The industry is of the view that if the Government refuses to shoulder the cost of appeal and as the cost is exorbitant, restaurants cannot in the least afford it and so, members of the industry queried the intention of the Government which, in their view, smacks of a "blatant robbery". The Government said that restaurants could lodge an appeal, but the cost is actually beyond their affordability.

Another main point of this motion is to look ahead. I propose the introduction of new and high technologies, hoping that the Government can assist the catering industry because the catering industry is mainly made up of small private operators who are unlikely to engage in scientific research. I hope the Government can provide methods for the conservation of resources. Recently, the Department of Mechanical Engineering of The University of Hong Kong has developed an environmentally-friendly ice-water meat defrosting method which is user friendly and consumes less water for defrosting purposes. According to

Prof LEUNG Kwok-hei who is in charge of this project, the water used by restaurants to defrost frozen meat — not just meat, but also frozen shrimp and chilled shrimp (in the so-called process of "flushing of meat") accounts for 30% of the total water consumption. The utensils for the new method are also easily accessible. He estimated that the new method can save up to 90% of water for defrosting food and hence achieve an annual savings of \$100 million for the industry. In his view, this method has not been widely adopted in the industry because it is difficult to change the old habits of the users. Another reason is the misconception that the quality of food will be affected. If the Government can provide assistance and step up publicity, I believe the concerns of the industry can be dispelled.

Scientific research may not be affordable to all industries given the high cost. So, in the long run, the Government should take the lead to conduct research in new and high technologies and provide funding for such studies, in an effort to help reduce wastage and improve the quality of the effluent in the industry. I hope the Secretary can later on propose some specific measures in this connection. I wish to emphasize that even if new and high technologies that can mitigate water pollution are developed, it is still necessary to put in place a comprehensive charging and appeal mechanism before assistance can truly be provided to the catering industry.

Finally, I wish to say that nine years ago The Ombudsman already suggested in the report that the Government should fully consult the catering industry. Paragraph 79 of the report stated that the then Secretary for Planning, Environment and Lands had undertaken to review the basis for charging the TES and its appeal mechanism and also consider the recommendations made by The Ombudsman. However, the responsible policy bureau was changed; so were the responsible Secretary of Department and Director of Bureau. Over the past nine years, six officials had been put in charge of this issue at different times. Now I wish to ask Secretary Dr Sarah LIAO to provide assistance to us and solve this problem for the industry.

Before the old problem is solved, the Secretary for the Environment, Transport and Works proposed Stage 2 of the Harbour Area Treatment Scheme at a cost of \$20 billion early this year, imploring support from the Legislative Council and members of the public. All I can say is that the catering industry is very worried about it, particularly seeing that the amendment of Mr Martin LEE calls for "polluter pays". In fact, the sewage charge now is by no means borne

by polluters, for half of it is paid by the Government. Concerning "polluter pays", I will later on speak on it in my response to the amendment. I hope the Government will review the TES afresh and come up with a new, practicable and inexpensive appeal mechanism. With these remarks, I hope colleagues will support my motion.

Mr Tommy CHEUNG moved the following motion: (Translation)

"That this Council urges the Environment, Transport and Works Bureau to expeditiously conduct a comprehensive review of the basis for charging the trade effluent surcharge and its appeal mechanism with a view to ensuring that the charging scheme is fair and reasonable, thereby alleviating the heavy burden on the catering industry; furthermore, the Government should also assist the catering industry in introducing new and high technologies so as to further conserve water and reduce the discharge of effluent."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Tommy CHEUNG's motion be passed.

PRESIDENT (in Cantonese): Mr Martin LEE will move an amendment to this motion, as printed on the Agenda. The motion and the amendment will now be debated together in a joint debate.

I now call upon Mr Martin LEE to speak and move his amendment.

MR MARTIN LEE (in Cantonese): Madam President, my amendment is already printed on the Agenda. The Victoria Harbour, a place nurturing Hong Kong's development, has not only provided Hong Kong with a quality port which facilitates trade. It also carries the collective memories of Hong Kong people, whether from the firework display during the Lunar New Year every year or the many lights on both sides of the harbour every night. The Victoria Harbour is the common wealth of all Hong Kong people, and it is a consensus in the community of Hong Kong to improve the water quality of the Victoria Harbour.

At present, Hong Kong has a population of close to 7 million. Added to this is the development of businesses and industries. About 2.2 million cu m effluent is produced in Hong Kong every day, enough for filling 1 200 standard swimming pools in the Olympics Games. Worse still, much of the effluent which has not been fully treated is directly discharged into the Victoria Harbour, resulting in deteriorating water quality in the Victoria Harbour. The Democratic Party has all along supported the Harbour Area Treatment Scheme (HATS). As early as in 1994 we already supported the provision of funding for HATS (Stage 1), under which sewage in urban Kowloon and northeast Hong Kong Island is conveyed through the deep tunnel system to the central treatment plant on Stonecutters Island for treatment before discharge into the waters west of the Victoria Harbour. Although the works in Stage 1 were completed in 2001 and full-scale operation has commenced and there has also been improvement in the water quality of the Victoria Harbour, only chemical treatment can be provided under the system at this stage and sewage still cannot be treated effectively and comprehensively. We, therefore, urge the Government to expeditiously implement works for Stage 2A of the HATS and draw up a timetable for the works under Stage 2B as soon as possible for public consultation, with a view to further improving the water quality of the Victoria Harbour.

Madam President, at the United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil, in June 1992, the principle of polluter pays was extensively discussed for the first time and endorsed by the representatives of various countries attending the meeting. In accordance with this principle, Hong Kong introduced the Sewage Charging Scheme on 1 April 1995. Since the introduction of the sewage charge, dischargers are required to pay for the cost of sewage treatment services according to the quality and volume of the sewage discharged. To maintain the charge at a level affordable to the community, the Government, when determining the level of sewage charge in 1995, set the target of recovering only the costs of operating and maintaining sewage treatment facilities, whereas the construction cost of the facilities will continue to be borne by taxpayers. The merit of the polluter pays principle is that the public will realize that they have to shoulder the cost of sewage treatment services and in order to pay less water tariff, they must reduce pollution and conserve water accordingly. Certainly, reduced pollution will mean reduced operating cost for sewage treatment. Meanwhile, if the polluter pays principle is put into effect in determining the level of the charges, the operating cost of the

HATS could also be recovered for the Government. Therefore, the Democratic Party has all along supported the polluter pays principle, in order to reduce pollution and water consumption and hence reduce the cost of sewage treatment. In the long run, the burden on society as a whole would be eased, and we could proudly save the beautiful Victoria Harbour for our descendants.

Madam President, as the economy is in the doldrums, the community is gravely concerned that the TES will have negative effects on certain industries which consume an enormous amount of water in their operation and therefore hopes that the level of the TES can be kept at an affordable level. I do appreciate this concern of some people, and I think we should be able to come up with an all-win proposal. So, on behalf of the Democratic Party, I propose an amendment on the basis of Mr Tommy CHEUNG's original motion to express our position and views.

The Democratic Party agrees with the part of Mr Tommy CHEUNG's original motion on urging the Environment, Transport and Works Bureau to expeditiously conduct a comprehensive review of the basis for charging the TES and its appeal mechanism. At present, in addition to the general sewage charge, the Government also levies the TES on 30 industries on the ground that the wastewater discharged by these industries is particularly polluting. However, the level of the TES is determined by the level of pollution created. Since the introduction of the TES, the reaction of the industries affected has been different. Some have adopted effective measures, including effective management practices and the introduction of high technologies, to reduce pollution and water consumption. In order to ensure that the surcharge is fair and reasonable, it is necessary for the Government to review the existing basis for charging the TES and its level, with a view to truly giving effect to the polluter pays principle.

Besides, the Government has imposed a flat TES rate on all operators in certain prescribed industries among the 30 industries. This may lead to an unfair situation, because the strength of polluting effluent discharged by individual operators in each industry may vary greatly. A flat surcharge rate is obviously unfair to operators whose sewage load is below the industry average. Certainly, we in the Democratic Party understand that a flat surcharge rate is necessary for administrative reasons. Regrettably, the existing appeal mechanism is cumbersome, and operators must prove that the volume of

wastewater discharged by them does not exceed 85% of the prescribed water consumption before they can apply for a reduction in the general sewage charge or the TES. Under this mechanism, there is hardly any channel for operators discharging wastewater below the average volume to seek redress. Given massive water consumption by businesses and industries, this defect in the system may put individual operators under a heavy burden. The Democratic Party considers that the appeal mechanism must be reasonable in order to do justice to the operators.

Moreover, although operators paying the TES can apply for a revised TES rate, they have to arrange for a reassessment of their effluent strength by an approved laboratory at their own cost. However, the small and medium operators in general may not be able to afford the cost of laboratory tests, as this may bring more loss than gain. The Democratic Party considers that if the reassessment result is affirmative, the Government should pay for the expenses incurred by the appellant in conducting laboratory tests on his effluent discharge, in order to alleviate the burden on the reasonable operators.

Nevertheless, we take exception to the position of Mr Tommy CHEUNG's original motion of specifically asking the Government to alleviate the heavy burden of the catering industry and to assist the catering industry in introducing new and high technologies so as to reduce the discharge of effluent solely for the protection of the interest of the catering industry. We certainly appreciate that he did so because he represents this industry. We also deeply understand that in times of an economic downturn, the TES has put a very heavy burden on the catering industry. These, we do understand. But given the principle of 100% cost recovery for sewage treatment, coupled with the fact that the catering establishments are business enterprises, if the Government specifically provides assistance to the catering industry, it would subject other industries and domestic users to a heavier burden and taxpayers would hence be subsidizing their profit-making activities, which is against the principles of fairness and polluter pays. To alleviate the burden of water tariffs, the Government should assist all the affected persons and industries (including the catering industry). For example, the Government should vigorously implement measures that can effectively mitigate pollution and conserve water, including the introduction of new technologies, to the benefit of all Hong Kong people. Only in this way can the cost of sewage treatment be reduced and our burden of water tariffs alleviated.

To protect our harbour, each and every citizen of Hong Kong and all trades and industries should make varying degrees of commitment. We call on the Government to conduct a comprehensive review of the basis for charging the TES and its appeal mechanism and also to assist the persons and businesses affected by the sewage charges by, among other things, introducing new and high technologies, in order to further conserve water and reduce pollution. We in the Democratic Party believe that only a comprehensive review and universal assistance will benefit all Hong Kong people and accord more with the principle of fairness.

Madam President, if our amendment is negated, we cannot support Mr Tommy CHEUNG's original motion.

With these remarks, I beg to move.

Mr Martin LEE moved the following amendment: (Translation)

"To delete "thereby alleviating the heavy burden on the catering industry" after "fair and reasonable," and substitute with "and that the polluter pays principle is put into effect"; to delete "catering industry in introducing" after "should also assist the" and substitute with "affected persons and businesses in adopting various means including"; and to delete "so as" after "technologies"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Martin LEE's amendment to Mr Tommy CHEUNG's motion be passed.

MR CHAN KAM-LAM (in Cantonese): Madam President, the polluter pays principle is intended to make polluters know that the production of pollution will have cost implications, thus inducing them to reduce the level of pollutants discharged. We believe that under a mechanism whereby the charges are pegged to the level of pollution, businesses will pay more attention to environmental protection and the problem of pollution caused by trade effluent can hence be mitigated. However, the prerequisite is that the enforcement of the mechanism must be fair and accurate but unfortunately, under the existing mechanism, there are still unreasonable arrangements which run counter to the

polluter pays principle. Last year, the Government received 639 cases of appeal against the TES, 94% of which involved the generic COD value and 544 of such cases were substantiated, representing a success rate of as high as 85%. This precisely shows that the existing mechanism has not calculated the TES accurately. Apart from causing more administrative formalities and expenses to the businesses, this is also unfair to the TES chargeable enterprises.

We stress that the sewage charging mechanism must be fair and reasonable, and we urge the Government to expeditiously conduct a review of it, because whether or not environmental pollution is serious and whether or not the various fees and charges relating to business operation are reasonable are crucial factors that determine whether the business environment is good or bad. Besides, only when a fair and reasonable charging mechanism is in place can enterprises be convinced and willing to shoulder the cost of their production of pollution. Only when such a mechanism is in place can they be encouraged and motivated to conserve water and reduce the discharge of pollutants, thereby reducing the operating cost and boosting economic benefits.

Moreover, as also admitted by Secretary Dr Sarah LIAO, the existing mechanism for calculating the TES payable by individual industries is unfair, and if the HATS can be launched smoothly, the review of the sewage charges to be conducted next year will include a reassessment of the level of pollution in various industries and the rate of the charges. The Democratic Alliance for Betterment of Hong Kong supports the review. But attention must be paid to the fact that although the HATS has aroused public concern on the need of a review of the sewage charges, these are two separate issues that should be dealt with independently and cannot be lumped together. Since the Government has admitted anomalies in the sewage charging mechanism, disregarding whether the HATS will be launched or not, a review is still warranted. We hope that the Government will not use the review of the sewage charging mechanism as a chip to fight for the endorsement of the HATS.

Madam President, I remember that the Government published in 1997 the consultancy report on the review of the TES Scheme, which was subsequently discussed in the Legislative Council in 1998 and 1999. With regard to the appeal mechanism, the consultancy report proposed to revise the procedures for reassessing effluent strength by, among other things, replacing the current sampling method of "flow proportional composite sampling" by random "grab

sampling". Meanwhile, in order to facilitate the adoption of "grab sampling", it was proposed that the sampling and testing work be taken up by the Government, instead of private laboratories commissioned by the operators at their own cost, just as the operators have been doing now.

In fact, the existing TES appeal mechanism is indeed plagued with problems. For example, the appointment of a private laboratory and the collection of water samples have wasted much effort and time of the operators. Even when some \$20,000 or \$30,000 are spent on laboratory tests, the outcome would only be a reassessed TES rate for one year, which means that the operator will have to go through the procedures for lodging an appeal all over again next year in order to have the TES rate reassessed. This process is costly and time-consuming, and is not in any way cost-effective to the operator. As suggested in the consultancy report, the merit of the new testing method is reduced cost of laboratory tests. Making the Government responsible for the laboratory tests can save operators the trouble of hiring a laboratory on their own, and this is precisely an improvement to the shortcomings of the existing mechanism. However, this proposal has not yet been implemented so far. The Government has clearly stated that the review of the sewage charging mechanism to be conducted next year will cover the appeal procedures. We hope that the Government, through this review, can give effect to this recommendation of the consultant as soon as possible.

I wish to emphasize that the TES does not concern individual industries only. It is not our wish to see that operators in whatever industry have to fold their business as a result of them not being able to afford unreasonable charges. In our discussion, Members often cited the catering industry as an example. It is only because the catering industry accounts for 80% of all TES chargeable businesses and is therefore hit harder, and it is more common in the catering industry that operators are charged with unreasonable TES. In fact, members in the restaurant trade have repeatedly reflected to us that the actual COD value of effluents discharged by many restaurants is far lower than the standard as assessed by the Government. As a result, they are made to pay much higher TES for no reason at all, thus undermining their commercial viability. We must not forget that restaurants are a labour-intensive industry providing abundant jobs for low-skilled workers. For this reason, an expeditious review of the calculation of the TES and its appeal mechanism can not only alleviate the pressure of their operation, but also alleviate the pressure of unemployment in Hong Kong.

We agree that it is the responsibility of every citizen and all trades and industries to protect the environment and reduce effluent discharge, and also to comply with the polluter pays principle. It is equally important to improve the business environment in Hong Kong and put in place a fair charging mechanism for industries and businesses. Here, I urge the Government to expeditiously conduct a comprehensive review of the basis for charging the TES and its appeal mechanism, with a view to ensuring that the charging scheme is fair and reasonable.

Madam President, I so submit.

MR LI KWOK-YING (in Cantonese): Madam President, Hong Kong is a tiny place where many restaurants can be found, and this has earned us the reputation of the Gourmet's Paradise. But behind this Gourmet's Paradise, the people of Hong Kong have to pay a heavy price, because the discharge of a huge amount of pollutants and wastewater from restaurants has been seriously affecting our living environment.

The Government has all along sought to control pollution by restaurants solely by levying sewage charges on the trade, without actively working out ways to solve the problem of trade effluent. In fact, a more forward-looking way is to target actions at the source of pollution and propose concrete measures to reduce the production and discharge of effluent, including capitalizing on the development of high technologies and directing efforts to education. This can instill in restaurants an awareness of water conservation and enable the polluter pays principle to be put into practice continuously.

Reducing effluent production can lower the operating cost of restaurants and achieve the objective of environmental protection, thus killing two birds with one stone. At present, sewage charges account for a substantial part of the operating cost of restaurants. Despite improvement in the economy, the catering industry has not yet fully recovered. If efforts can be made to reduce effluent, the burden of the industry can be eased and the business environment of the industry improved. According to Mr WONG Shek-sing, Chairman of the Lei Yue Mun business association which represents 20-odd restaurants, sewage charges and water tariffs accounted for 6% of their operating cost on average. It shows that while a review of the sewage charging mechanism is necessary, it is only a symptomatic treatment rather than a root cure. Given that the current

sewage charges are based on the water consumption rate, in order to truly reduce the sewage charges and ease the burden of the catering industry, the most pragmatic way is to start from water conservation and study whether there is any wastage of water. This is a cost-effective approach which can achieve the objective of protecting the environment.

Water conservation is one of the most effective ways to reduce sewage discharge. In order to control the cost stringently, a clever restaurant operator should have a good understanding of how water is used in the restaurant in the course of operation. The Government should educate and encourage restaurant operators to devise a process for auditing water consumption, in order to ascertain whether there is any wastage. I particularly mentioned a water consumption audit process because many restaurant workers, when washing vegetables or dishes, are accustomed to turning on the tap and letting water run profusely all the time, thus throwing a considerable amount of water down the drain. So, if restaurants can start with administrative measures to remind their staff not to rashly turn on the tap, it can reduce the production of effluent and the expenditure on sewage charges can in turn be reduced.

To this end, co-operation between government departments and the catering industry is utterly important. The best example is the pilot scheme on water conservation. To assist restaurants to reduce their water consumption, a six-month water-saving scheme was implemented jointly by the Chinese Cuisine Training Institute and the Environmental Protection Department on a trial basis in 2003. Under the scheme, an environmentally-friendly water-saving device commonly used by restaurants in Japan was tested for its benefits in water conservation. I do not have the results of this pilot scheme, and no high technology whatsoever was involved in this scheme. But it is important that the Government should step up co-operation with the industry. The relevant government departments should conduct more studies on ways to conserve water and reduce effluent production, with a view to providing the industry with effective and practicable solutions to address the sewage problem.

Apart from the introduction of high-tech facilities, pollution can also be reduced in the daily operation of restaurants by, for example, keeping kitchens and restrooms clean and recycling useful resources. Take waste oil in restaurants as an example. If waste cooking oil can be properly collected and stored and then sent to the factory for processing, the waste oil can turn into soaps, fertilizers, plastic materials, and so on, which have economic benefits.

In Taiwan, it is the practice of Western fast food restaurants to send waste oil to the factory for processing. This is conducive to the image of the company and can contribute to environmental protection. But in Hong Kong, there is no explicit recycling channel available in this regard. The Government can start from this area to assist the industry to reduce pollution and take this opportunity to publicize the social responsibilities of enterprises.

Moreover, given that the effluent strength is factored into the calculation of sewage charges and TES, if more can be done in respect of sewage treatment, the expenditure on sewage charges can be effectively reduced. Improper treatment of sewage can lead to many problems. For example, the effluent from the dim sum and dish-washing units in the kitchen of a restaurant may be discharged to the sewers direct without being filtered through a grease trap. In this connection, if a grease trap can be installed in the restaurant to reduce the level of pollutants in the effluent, the strength of effluent can thus be reduced and this will directly reduce the expenditure on sewage charges.

In fact, it is certainly good to introduce high technologies for the purpose of conserving water and hence reducing pollution. However, we do appreciate that to some small and medium restaurants, it is downright impractical for them to invest heavily on initiatives to reduce pollution. But as long as work is carried out even in some trivial aspects, for example, using environmentally-friendly water-saving devices to avoid wastage, the burden of the catering industry can still be eased.

All in all, the Government must shoulder the responsibilities of educating the catering industry and assisting the industry in conserving water and avoiding wastage. Meanwhile, it is necessary to review the sewage charging mechanism, with a view to achieving cost-effectiveness and enhancing the industry's awareness of environmental protection.

Madam President, I so submit.

MR CHEUNG HOK-MING (in Cantonese): Madam President, environmental protection has become an issue which the world is most concerned about and a goal to strive for. The "polluter pays" principle is gradually accepted by the people of Hong Kong. It is unfortunate to see that ever since the sewage charge

was levied in 1995, the Government has come under fire in its calculations of the TES. Many Honourable colleagues have mentioned earlier that there were some 600 appeals last year alone against the TES, with 80% coming from the catering industry. More than 80% of these cases were substantiated. The strength of effluent and the volume of effluent discharged were reassessed. Again the catering industry took up most of the cases. From this it can be seen that there are indeed problems with the present basis used to calculate TES.

Dr Sarah LIAO, Secretary for the Environment, Transport and Works, admits that there are problems with the present appeal mechanism which is also time-consuming. The SAR Government plans to streamline the present cumbersome appeal procedures when it conducts a review of TES next year. I agree very much with this. It is because many small food establishments would rather suffer in silence than spend some tens of thousand dollars on arranging laboratory tests for effluent samples used in an appeal. And so reluctantly they have to pay the TES which is very expensive and unreasonable.

In my view, the greatest problem with the treatment of effluent in Hong Kong does not lie in the charging scheme and the appeal mechanism, but in the lack of effective strategies on the part of the SAR Government to handle the problem of effluent discharge. This is especially true in the introduction of new and high technologies to conserve water and reduce effluent discharge. With respect to the recycling of domestic sewage, what the Government is doing is still in a trial stage. On the contrary, some large private housing estates have already taken a great step ahead of the Government and the residents there have enjoyed benefits from it.

In Palm Springs, Yuen Long, for example, which we are familiar with, great success has been achieved. The estate has a treatment plant of its own and it has been in operation since 1993. It is capable of treating 1 500 cu m of wastewater daily. Wastewater produced by commercial tenants and residents are collected and sent to the plant. After filtering and biochemical treatment, the pollutants and organic matters are removed. The water then becomes as pure as natural river water. This kind of purified wastewater can be used in watering plants, washing the streets, flushing toilets in the club house and giving water supply to the fountain, and so on. It can be recycled completely and it can meet public needs for water in the estate. As this kind of water still contains some bacteria and metals, when it is used to water the flowers and

plants, it is even better than potable water as it has more nutrients. Hence plants can grow better. The greatest advantage of this treatment facility is that the wastewater can be recycled to achieve an annual saving of about \$60,000 for the estate. As for the expenses in sewage discharge paid by residents and commercial tenants, an impressive sum of about \$2 million can be saved every year.

Earlier on, Dr LIAO, in answering my question on the delays in drainage works in the rural areas, admitted that only 100 or so of the some 800 villages in the New Territories have their wastewater directed to a sewerage system. Excuses like technical problems and lack of resources were put up to cover up the ineptitude in the departments. The success of the Palm Springs with its own treatment plant is really valuable reference for Dr LIAO and her subordinates. The example will help speed up the tackling of the sewage problem in the rural areas, thereby reducing mosquito pest, and prevent the raging of fatal mosquito-spread epidemics like Japanese encephalitis, dengue fever, and so on, in Hong Kong. Moreover, I have also received complaints from many pig farmers. They point out that the septic tank system which the authorities require farmers to use is ineffective and its operation is costly. I hope the authorities can take active measures to study into the introduction of some new technologies, make the septic tank system less costly and more efficient. Instead of forcing farmers out of work or taking away or undermining their chances of survival, this will help reduce the financial burden of the farmers and enable their business to grow. This is exactly what a responsible government should do and it is the direction which government departments should go. It is only in this way that the public confidence can be won again.

Madam President, I so submit.

MR WONG TING-KWONG (in Cantonese): Madam President, Hong Kong is a Gourmet's Paradise and one can find all kinds of great food and exotic cuisines here. However, the catering industry in Hong Kong is beset with problems related to environmental pollution such as oily fume, unpleasant smell and trade effluent brought about by cooking. Now residential and business water consumers have to pay sewage charges, and there are 30 trades including the catering industry which are required to pay the TES because they discharge effluent at a strength higher than that of domestic sewage.

Most of the effluent discharged by food establishments has excessive amounts of oils and fat and this leads to serious water pollution. The TES levied on the catering industry is calculated at 80% of the volume of water supplied. Business consumers who consider that the sewage charge rates are unreasonable may ask an approved laboratory to reassess the effluent strength at their own expense. If it is proved that the volume of wastewater does not exceed 85% of the volume of water consumption used to calculate the sewage charge or TES, then the consumer may apply for a reduction in the sewage charge or TES. The revised TES rate will be valid for one year.

Previously, some restaurants, in a bid to make sure that they would only pay TES which they considered reasonable and avoid the discharge of too much effluent, would hire a laboratory at their own expense to conduct tests on sewage strength. Then due to policy amendments, the frequency was changed to once every year. But the costs involved have become some \$20,000 to \$30,000 a year. For large restaurants, they may be barely able to shoulder these additional expenses. However, for the small restaurants, the sewage charge for one year will come to some tens of thousand dollars as well and so even if they think the charge is not reasonable, they would rather pay. This is because if they lodge an appeal, they will need to spend some \$20,000 to \$30,000, and when added to the money they have to pay the laboratory every year to reassess the effluent strength, it would be time-consuming and not financially viable.

It is due to this reason that the present appeal mechanism is branded as impractical and not user friendly. The existence of these loopholes renders the appeal mechanism almost useless. We suggest that the validity period under the appeal mechanism be extended to three years so as to spread out the costs of laboratory tests when an appeal is lodged. This will also reduce the financial burden of the small and medium-sized restaurants. The appeal mechanism itself should be simplified in order to reduce time and effort.

Madam President, although the "polluter pays" principle is a correct major principle, in fact many food establishments are using environmentally-friendly ways to conserve water and reduce the discharge of effluent. These include the use of less cooking oil as well as the installation and use of grease traps. A grease trap can effectively separate fats in the sewage so that the lighter fatty substances can float on the water surface. Other measures include using biodegradable and non-phosphoric detergents, installing environmentally-

friendly dishwashers that can reduce COD in the water and washing the floor with water which has been used to wash the dishes.

For the catering industry which consumes huge amounts of water, the sewage charge and TES are indispensable cost items for the industry. On top of that, the Environment, Transport and Works Bureau has made it clear that in the following year when the Harbour Area Treatment Scheme (HATS) Stage 2 is implemented the sewage charge will be increased by 30% and the TES as much as three times. These will translate into great pressure for the catering industry in operation.

The industry will certainly oppose any further increase in TES. Some people say that the Individual Visit Scheme has lifted the restrictions for travellers to come to Hong Kong to shop and spend, hence the retail sector will stand to benefit. But as there are a great number of food establishments in Hong Kong, consumers are left with an equally huge array of choices. Fierce competition among the food establishments has served to make the slice of the cake small as business is spread out among them. When added to the fact that the Hong Kong economy has been seriously battered after the Asian financial turmoil, despite the recuperation during the few years past, the living style of the people has already changed, so restaurants as well as the entire catering industry cannot resort to a price hike again. If the marginal costs of doing business are increased, the catering industry will really find it hard to bear any more.

Since the Secretary for the Environment, Transport and Works has admitted that the current charging scheme for TES is unfair to the catering industry and as the sewage charge will soar with the implementation of HATS, there is really a need to conduct a review of the charging scheme of sewage charge. This will prevent dealing a heavy blow to our business environment when the sewage charge will surge by a great extent.

Madam President, I so submit.

MS AUDREY EU (in Cantonese): Madam President, the original motion moved by Mr Tommy CHEUNG today only talks about the catering industry and so it has looked at the issue from the perspective of the industry alone. I agree with the former part of his original motion, that is, on the appeal mechanism for TES and the charging basis which are not fair. This is what we learn from

newspaper reports. As a matter of fact, Secretary Dr LIAO also admits that the present charging scheme for the calculation of TES for the catering industry is not fair. I therefore hope that she can review the situation expeditiously, and regardless of whether this motion will be passed today, I hope this will be done as soon as possible.

As for the appeal mechanism, it can be said to be going well overboard. It is not acceptable and goes against the spirit of the rule of law. If it is said that 90% of the appeals are substantiated and that the sewage charge can be reduced by 60%, then clearly the mechanism is unfair. Then there is also the problem that appeal expenses in the region of \$20,000 to \$30,000 will have to be paid in advance. Thus this problem must be examined and changes made, for some aggrieved parties are not being treated fairly and the channel which they can have their appeal allowed is blocked. So in this respect we totally support the motion moved by Mr Tommy CHEUNG.

It is more difficult with respect to the latter half of the motion. For whenever we talk about sewage charge, this is no longer a problem faced by one industry alone but by the whole of Hong Kong. The interests of all the people of Hong Kong are at stake. Sewage treatment would involve huge investments and they are essential. We know that before the Harbour Area Treatment Scheme (HATS) Stage 1 commenced in end 2001, as much as 1.7 million cu m of wastewater are discharged into the Victoria Harbour every day. That is why we cannot afford to sit on the problem and do nothing about it. It is unfortunate that work in this regard started late and so water quality in the Victoria Harbour has only gone from bad to worse.

Some \$8 billion was spent on HATS Stage 1 and for HATS Stage 2, if it is finalized, would mean works costing as much as \$20 billion. Such a huge sum of money is to be paid from public coffers. As for operating expenses, in 2000-01, the revenue from sewage charge collected can only meet about half of the costs and the other half has to be paid by taxpayers. In newspaper reports, and of course I am aware of the fact that the catering industry pays most of the TES, Mr YEUNG Wai-sing, President of the Association for Hong Kong Catering Services Management, points out that the expenses taken up by sewage charge and TES in the some 11 000 food establishments in Hong Kong occupy 0.87% and 1% of their operating costs. Considering these percentages, one cannot say that they would mean huge expenses for the industry. However, if

we cannot adhere to the "polluter pays" principle in everything, then other people in society will be affected as they will have to subsidize a particular trade.

Actually, as we look around the world, water tariffs and sewage charges are all on the rise. For example, in August the tariff for business, commercial and industrial consumption of water in Beijing Municipality was increased from RMB 4.4 yuan per cu m to RMB 5.6 yuan. Water used by the catering industry also rose from RMB 5.4 yuan per unit to RMB 6.1 yuan per unit. These increases were levied not just because of rising costs but also because of the greater awareness of environmental protection. More and more people buy the idea that sewage charges should be paid by the polluters as this can encourage them to discharge less effluents.

Often the costs of sewage treatment are greater than that of supplying potable water. In Britain, on average, each family there will pay £122 for the water supply and £136 as sewage charge.

As industries have almost died out in Hong Kong, it comes as no surprise that the catering industry has become the trade which pays most of the TES. I hope one point can be established today and that is, sewage charge and TES are not targeted at the catering industry but they are to be collected from all polluters. Therefore, the issue at hand is not just a question of operating costs, but also social costs.

Currently, there are many environmentally-friendly water-saving devices on sale and it is reported that as much as 30% of water consumption can be saved. The Environmental Protection Department (EPD) is presently testing these devices. I hope the EPD can work closely with various trades and industries and encourage the use of this kind of devices, and it should introduce some new and high technologies to further reduce the discharge of effluent. Besides, the Government should review the current classification system and arrive at some finer sub-categories under the category of restaurants so that the various degrees of pollution caused will be better reflected.

Lastly, I would like to mention one thing and that is, many operators of roadside cooked food stalls like to dump the wastewater and food sauces into the gutters. This will not only block them but such acts are shirking their responsibility in paying the sewage charge. I hope that the authorities can step up enforcement against such acts.

On the motion today, I support the "polluter pays" principle which is the principle mentioned by Mr Martin LEE in his amendment. I also support the first part of the original motion. But when it comes to the call for efforts to alleviate the burden of the catering industry, if I am to lend my support, other trades will follow suit and invoke the same principle. As a result, a heavy burden will have to be borne by society. So, Madam President, I am afraid I cannot lend my support to this part of the motion.

Thank you, Madam President.

MR HOWARD YOUNG (in Cantonese): Madam President, with respect to the collection of sewage charge and TES by the Government, as Mr Tommy CHEUNG mentioned earlier, there have always been unfair calculations and the appeal procedures are complicated. Even Dr Sarah LIAO, Secretary for the Environment, Transport and Works, also admits that problems do exist and certain areas should be reviewed.

I hope very much that Dr LIAO could act on her words and review the existing charges and appeal mechanism expeditiously. It is because the charges are not only affecting the catering industry but also the tourist industry which has become the engine for the recent economic boom, for hotels which are the key players in the tourist industry also have to pay such charges.

In levying the surcharge, the authorities only calculate the surcharge for different trades based on the COD values. Other chemical pollutants and their contents are simply ignored and not assessed. Paints and industrial chemicals trades, for example, will release various chemical substances, but the related sewage charge and TES are lower than those charged on the catering industry. Does it mean that the water discharged by the paints and industrial chemicals trades is less polluted than the water discharged by the catering industry? When water samples are taken to determine the charges, often the authorities will collect samples from places with the worst water quality such as the kitchens in the hotels. No attempt is made to work out the charge by using an average value.

However, as hotel patrons use water in a cleaner manner and as large investments are made in the hotel business, often some more

environmentally-friendly methods are used to treat sewage. Hence the impact of the surcharge on the industry is slightly reduced. But still expenses in this regard take up a substantial percentage of the operating costs of hotels.

In addition, the existing appeal mechanism is complicated and it is unreasonable in many respects. For example, the businesses are required to bear the laboratory fees of as much as \$20,000 to \$30,000. The appeal process is time and effort-consuming. When water samples are taken for purposes of appeal, the procedure employed is the same with that for the determination of charges, that is, samples are taken in places with a high concentration of effluent. Even when an appeal is allowed, the results are valid for one year only. All these are hurdles in the appeal process imposed on the businesses. That is why even if people in the trade have grievances, only a few of them would appeal.

Madam President, I would like to point out that if we are to make our tourist industry more attractive to the tourists, the first thing that has to be done is to lower the operating costs. In my opinion, the TES is both an exorbitant and unreasonable charge and this state of affairs must be rectified. If the catering industry is left to shoulder this exorbitant and unreasonable charge, it would no longer be able to offer good food at attractive prices. This will not do any good to Hong Kong as an international city at all.

Madam President, I so submit.

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

MR SIN CHUNG-KAI (in Cantonese): Sorry, I am picking up the microphone.

We in the Democratic Party have all along supported the implementation of the Harbour Area Treatment Scheme (HATS). Stage 1 of the HATS went full steam ahead in 2001. Now 70% of the sewage discharged into the Victoria Harbour is treated. A 90% improvement has been seen in the water quality in the eastern side of the Victoria Harbour. A recent survey finds that there is abundant and diverse coral growth in the eastern side of the harbour and so this proves that water quality in the harbour has indeed improved.

We demand that construction of the first phase of the HATS Stage 2 project, that is, Stage 2A, should begin as soon as possible. A timetable to implement Stage 2B should be devised and the public should be consulted at the soonest.

The Government stipulates that 30 trades should pay not only the sewage charge but also the TES. The reason is that these trades discharge effluent at a strength higher than that of domestic sewage. However, with rapid economic and technological advances, the strength of effluent generated by each trade is subject to change. Therefore, we demand that the Government should review the current charging scheme such that the "polluter pays" principle can be truly put into practice.

The fact that the Government imposes a flat rate for TES on all business undertakings in a certain trade may be unfair. It is because the strength of the wastewater produced by one operator may be vastly different from that produced by another. A flat rate will create an additional burden on those operators with a volume of wastewater discharged less than the trade average.

With HATS Stage 2 already in the pipeline, operation costs in future are bound to surge, hence there is pressure to revise the sewage charge. We demand that the Government should continue to freeze the rates for sewage charge and introduce remission measures.

Non-domestic consumers must prove that the volume of wastewater discharged into the public sewerage system will not exceed 85% of the water consumption used in the calculation of sewage charge and TES before they can apply for remissions in sewage charge and TES. Such a mechanism has the effect of barring some commercial consumers from lodging complaints. These consumers have a volume of wastewater discharged into the public sewerage system lower than the specified amount, but it exceeds 85% of the volume of water consumption required for the calculation of sewage charge and TES.

Now a consumer who has to pay TES may apply to revise the TES rate and have the strength of his effluent reassessed at his own expense by an approved laboratory. If the reassessment is successful, the Government should bear the expenses of laboratory tests of the appellant. If appellants are asked to pay, this will impose obstacles to consumers who want to lodge an appeal.

Madam President, the motion today only addresses some designated trades but not all of them. That is why the Democratic Party proposes an amendment. However, I would like to make use of this opportunity to point out that, to a certain extent, the TES also carries a tax element.

Over the past few years the Democratic Party has suggested to the Financial Secretary that a green tax should be introduced. This is because in the view of the Democratic Party, some incentives in taxation should be offered to make Hong Kong more environmentally-friendly. As a matter of fact, this is in line with the global trend. Countries in Europe are environmentally conscious and they have introduced some kind of a green tax, and even an eco-tax recently. When we talked with the Financial Secretary about this, he was of the view that this belonged to the policy portfolio of the Secretary for the Environment, Transport and Works. The reason for the Democratic Party to raise this idea of a green tax is this kind of tax is revenue neutral. Let me cite an example. Now there is a difference in the prices of polyfoam lunch boxes and environmentally-friendly lunch boxes, with the former being cheaper. If a tax is levied to narrow the gap between the prices of polyfoam lunch boxes and environmentally-friendly lunch boxes, this will become an incentive to encourage people to use the latter. By the same argument, we think that the Secretary should give serious thoughts to introducing this kind of green tax in all domains of environmental protection.

The debate today, regardless of whether it is on the TES or sewage charge, the concept is to make people conserve water and pay for sewage treatment works through the imposition of taxes. This is something we fully support. However, we have proposed an amendment to Mr Tommy CHEUNG's motion mainly because we do not want to address certain trades only and we wish to look at the matter from a holistic perspective. Actually, apart from the sewage issue, we hope that the Secretary can consider taking the further step of introducing in other areas an environmental protection tax and an eco-tax which is very popular in other places. I hope the Secretary could issue a consultation paper like other Directors of Bureaux do on this tax proposal.

Recently, we have received some consultation papers which are about some not quite urgent matters such as on wine duty. Actually, this subject has been under consultation for many years. Colleagues from the Liberal Party are very concerned about wine duty, but that is not related to the motion topic today. But green tax is a big issue. I hope the Secretary would work on that and

consult the public, for this is not just a sales tax; this green tax is something we should also study into.

With these remarks, I support the amendment.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, you may now speak on Mr Martin LEE's amendment. You have five minutes.

MR TOMMY CHEUNG (in Cantonese): Madam President, I do not think I need as many as five minutes. I would like to talk about Mr Martin LEE's amendment. He said that I represent the catering industry and so I am always thinking about trades related to the catering industry. I admit that the catering industry is my main concern. But that does not mean that other trades have never come into my mind.

An amazing thing is that of all the TES collected, some 84% to 86% comes from the catering industry. The catering industry takes up 16% of the total water consumption. But as sewage charge is calculated together with the TES, the catering industry then pays more than 40% of the sewage charge and TES. Of the 30 trades which are required to pay TES, one trade alone, that is ours, has swallowed 84% to 86%. That is why I make special mention of the catering industry in my motion.

I have never seen the 29 other trades complain to The Ombudsman about the problems in the appeal procedures and the excessive charges. It remains of course, that some related trades such as the tablecloth washing industry and even the 29 trades often complain that charges are excessive. However, there has not been any concrete discussion on the appeal mechanism or the rate determined from the outset. In 1996 The Ombudsman compiled a lengthy report on the seven complaints made by us. In our opinion, six of these complaints were substantiated. Mr Martin LEE suggested that the scope be expanded to all the 30 trades. That is perfectly fine with me, for I do not see any grounds to

oppose it. Talking about new and high technologies, our views are actually consistent. But insofar as the "polluter pays" principle is concerned, I would like to talk briefly about it.

The "polluter pays" principle was adopted right from the beginning when charges were first collected under the related legislation. Therefore, it is very difficult to oppose that. But I would be very upset when people mention it. Many years ago, as the buildings did not have toilets, human excreta had to be collected and government rates were not required. Some time later as there was a need to dispose of the rubbish, so government rates were collected. Actually, the Government added in something unnoticed and began to charge us. What was that? They were the underground sewers. The Government likes to say that it pays the money for the capital expenditure, but the repairs and maintenance costs have to come from the trading fund. Then the thing on Stonecutters Island would come to our mind. But to everyone's surprise, the Government included all underground sewers into the scope of the trading fund. Then all kinds of sewers, be they decades old and in need of replacement or those which have burst, are all to be replaced with money from the trading fund. When public housing units are put up for sale, usually all the electric wires and drains are repaired. But the Government is not doing that. Once the laws are passed, it adopts the transfer tactic and the people have to pay for the repairs and maintenance.

Talking about the "polluter pays" principle, in 1995 and 1996 we asked why the trading fund and the Stonecutters Island project were to be handled by the Drainage Services Department and the Water Supplies Department. We also queried why these projects were not briefed out. Often the Government would invoke the "polluter pays" principle and say that since taxpayers would not have to pay, so we should not bother about the costs. In this way it is like the Government is hosting a party and we foot the bill. The most outrageous thing about it is that the catering industry has been made to foot 86% of the bill.

Coming back to the "polluter pays" principle, it really sounds very attractive, but as many Members have said, since it is determined that the TES will be levied on owners of premises with wastewater the COD value of which is above 2 000, but it would only be unreasonable to treat all restaurants as having the same COD value. What about those which have 1 800, 1 900, 1 300, 1 200 or 600? What is the Government going to do about them? Will TES be levied on them? But most if not all of these restaurants cannot afford to file an appeal.

So even if we support the "polluter pays" principle, there are great problems with the fees and charges and the appeal mechanism under the relevant legislation.

As for the amendment, though Mr Martin LEE who proposes it has taken away all the essence of my motion and suggested that the scope of application be expanded, we in the Liberal Party still very much support him after listening to his speech. Maybe he does not understand that more than 80% of the levy comes from the catering industry. Now he suggests that the scope of application be expanded and that consideration be given to the remaining some 10% of the trades and industries when new and high technologies are to be introduced. I have no objection to that. Thank you, Madam President.

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Madam President, the motion of Mr Tommy CHEUNG is divided into two parts. He urged the Government to expeditiously conduct a comprehensive review of the basis for charging the TES and its appeal mechanism on the one hand, and urged the Government to assist the catering industry in introducing new and high technologies so as to further conserve water and reduce the discharge of effluent on the other. Mr Martin LEE's amendment proposed that the "polluter pays" principle be introduced to all industries.

First of all, I wish to speak on the position of the Government. According to the policy of the Environment, Transport and Works Bureau, we should promote overall water management, protect water resources and actively improve the water environment, which includes rivers and ocean. We also urge each and every member of the public, every family and every business operator to support environmental protection in word and deed. Meanwhile, under the "polluter pays" principle, we would promote the administration and amenities of environmental protection in the context of social cost and cost-effectiveness.

Just now Mr Tommy CHEUNG mentioned that the catering industry took up 86% of the total TES and that was unfair to the industry, considering the industry was not the biggest effluent producer, and the volume of effluent produced by other industries might be much higher than the catering industry. I hope Members can understand that with regard to water for other industrial use, let us take water for factory use as an example, we require the industrial discharge to go through an intensified sewage treatment, no matter the

wastewater contains whatsoever chemicals or heavy metals, the discharger should carry out a filtration process for the effluent before discharge. Besides the filtration process, they have to perform the ion exchange process, (I do not know the exact name in Chinese) before the effluent was discharged into the sewage system and carried to the sewage treatment plant. For that reason, an additional process is required for industrial wastewater. As to the catering industry, only a grease trap is required in the process, and depending on the number of process involved, we would request a certain degree of biological treatment, but we will not require the catering industry to carry out intensified treatment, thus the two are somewhat different. As the catering industry accounts for 72% of our accounts population (that is, in the total number of trade accounts), one can see that the catering industry is a major industry in Hong Kong.

The sewage charge and TES are two different types of charging schemes. Just now Members have debated a lot on the two different schemes. Sewage charge is a charge on common domestic sewage, and we can obtain an average. Sewage charge has been maintained at \$1.20 per cu m since its introduction in 1995. In the same way as water tariff, domestic consumers are billed for their sewage charge at a four-month interval, with a concession for the first 12 cu m for a four-month period. The TES is levied on certain trades because the pollution strength of the wastewater discharged by them exceeds the strength of sewage of domestic households and other trades, as those effluent contain special contaminant, the Government has to pay additional cost to treat the effluent, thus 30 trades are required to pay the surcharge. One could see that we have two different charging schemes.

When the TES was first drawn up, the objective was to streamline the relevant technical and administrative work. We could envisage that the operation and management of each trade, or even the operation within a certain trade, could be varied. For that reason, just as I explained earlier, during the sampling process, the COD (chemical oxygen demand) value, which is set at 2 000, is only a mean value. It is very likely that the disparity is quite huge even within the catering industry itself. Considering the technical complexity, process and administrative work involved, we therefore drew up this simple means to lay down the charging basis for TES.

We consider that the COD can reflect the pollution strength of the effluent more accurately because the higher the COD the more expensive the treatment cost. Moreover, under the effluent emission rate system, the emission rate of

each organization is different, if the water consumed which needs not go through the sewage treatment system can be discounted, then the charging mechanism will be fairer.

We understand that there would be a lot of disputes under this mechanism, the Government therefore set up an appeal mechanism specifically. Nevertheless, as I explained just now, the appeal mechanism has its own problem too, that is, we must obtain the data through chemical analysis before we can prove the actual effluent discharge volume. The problem does not only lie in the chemical analysis process, even the sampling process has a lot of problems. We should understand that in the course of taking the effluent sample, we should find out whether the relevant restaurant or food establishment is operating any polluting processes, or it intentionally pours large quantities of fresh water into the sewer to influence the sample being taken by us, as they may be aware that the sampling process is being carried out. For that reason, the sampling process is quite time-consuming, and we have to conduct it throughout the day, so that restaurants cannot reduce the effluent volume in an unscrupulously way. In this connection, the charge for this is very high, thus it cannot be compared to the TES. Since the laboratory test fees paid by the individual appellant are possibly even higher than the TES that he has to pay, thus a lot of operators, especially small restaurant operators, consider that it is not worthwhile to appeal. For that reason, I consider that the system itself is open to question and there is a need for review.

Nevertheless, I do not agree with the viewpoint of Mr CHEUNG, that this unreasonable situation has constituted an excessive burden on the catering industry, since the rate of TES paid by the catering industry is just \$3.78 per cu m. Last year, of the 11 912 catering industry TES accounts, the average surcharge that each of them had to pay was just \$1,266 per month, which accounted for around 1% of their cost. Ms EU also mentioned earlier that it only accounted for 1% of the cost in this respect, in which half of the accounts (that is, a large number of small-scale eateries) have to pay a surcharge less than \$500, and only 16% of them have to pay TES over \$2,000, thus the food establishments which pay more than \$2,000 in TES are mostly large-scale restaurants.

In fact, since the implementation of the collection of sewage charge and TES, the Government has been reviewing them on an annual basis, with a view to striking the right balance between cost recovery and the affordability of the public. In spite of the fact that a large number of sewerage facilities have been

completed one after another, the Government has not adjusted the rates. On the contrary, in the last two financial years, having regard for the overall situation of society and business environment, the Government has taken the initiative to introduce relief measures for sewage charge and TES with a view to alleviating the burden of members of the public and improving the business environment. In view of the severe economic doldrums at that time, the authorities offered concessions amounted to \$53.30 million in 2002-03 and \$44.10 million in 2003-04 respectively. In fact, in the past few years, in respect of sewage treatment, regardless sewage charge or TES, the Government has not been able to achieve the objective of cost recovery as only 50% of the total cost has been recovered, and the remaining cost has become social cost.

I believe members of the public and the trade generally accept the "polluter pays" principle and consider that the pollution produced by the industrial and commercial sectors should be borne by the relevant operators, and the responsibility should not be borne by all taxpayers. For that reason, we have identified industries which will discharge a higher level of pollution than others, and we will require them to pay a surcharge, which is a practice that answers the anticipation of society.

As to the determination of TES and the appeal mechanism, we will analyse the data we have obtained over the past few years and examine whether we can formulate a fairer charging scheme for the local industries. Moreover, we will study if we can streamline the complicated appeal mechanism. I believe Mr CHEUNG will also remember that we studied ways to improve the appeal mechanism in 2001, and just now Mr CHAN Kam-lam also mentioned the study. Staff of the Drainage Services Department will conduct sampling of discharge at irregular intervals, so as to minimize the inconvenience caused to business operators in addition to alleviating their financial burden. We hope the study can be launched as soon as possible so that we can discuss the mechanism with Members and win the support from all sides.

As to the second part of the motion, that is, "the Government should also assist the catering industry in introducing new and high technologies so as to further conserve water and reduce the discharge of effluent", in fact, we have been taking the initiative actively to provide all industries the latest information on environmental protection, with a view to assisting business operators to reduce pollution.

The Environmental Protection Department (EPD) launched the "Helping the Restaurant Trade Environmental Programme", a partnership programme, at the end of 2000. The programme sought to provide the trade technical support, practical waste reduction proposals, education and relevant programmes, and to enhance the environmental protection awareness of the workers of the catering industry, in addition to providing tailor-made waste-reduction measures. At the same time, a special task force was established to assist the trade's implementation of the scheme of reducing sewage discharge.

Moreover, the EPD has also set up a website for the catering industry which provides them information on environmental protection, and it will host regular seminars and workshops to propose various water saving and waste reduction solutions based on the actual operation and experience of the trade. In 2002, we held the Environmental Exhibition and Conference for the Food and Restaurant Trade to show the trade environmental protection technologies and equipment. In the past two years, we have conducted specific study tours to Japan and Guangdong for the catering industry, so as to enable the trade to learn the experience of other cities. We have also conducted a water saving programme through the Chinese Cuisine Training Institute in the hope of incorporating new waste reduction technology into the programme by way of water saving measures, so as to reduce the effluent strength and quantity produced by the trade. All of these measures show that the Government is actively assisting the trade.

Conversely, we have also taken care of other industries, such as the manufacturing industry, bleaching and dyeing industry and laundry service industry, since the water saving measures are also applicable to them. Moreover, we have constantly disseminated information on new and high technology through the website. We hope to conduct further discussions with the industry on the implementation of a water resources management scheme, so that we can further improve the use of water resources.

With regard to the issue of the disposal of livestock waste by farmers raised by Mr CHEUNG Hok-ming, in fact, the dehydration process only consumes very little energy, so I do not agree with their opinion that the cost is too high. Moreover, the Government spends about \$14 million each year on the collection of livestock waste for centralized treatment, in which part of them would be converted into fertilizers. But as Hong Kong has not much farmlands

to consume the fertilizers, the surplus is therefore dumped at landfills. By the way, I wish to say that livestock waste has contaminated places and rivers in the New Territories, and the accumulation of waste at river banks have caused serious pollution problems. We have received numerous complaints in this regard. I hope farmers will actively participate in our livestock waste disposal scheme voluntarily in order to share the responsibility.

As to privately-built small-scale sewage treatment works in smaller communities, such as Palm Springs mentioned earlier, are totally feasible. Nevertheless, since the scale is smaller, the treatment cost would be higher than that of a centralized government treatment works. With regard to residential areas which undertake the sewage treatment works on their own, the EPD will monitor them closely to ensure that the pollution level of the treated effluent is in compliance with the requirement set out by the Water Pollution Control Ordinance (WPCO) before it is discharged into rivers, so as to prevent pollution.

Furthermore, the EPD has been actively liaising with relevant professional bodies and it has joined the Hong Kong Productivity Council and tertiary institutions in looking for the latest waste reduction technologies applicable to different sectors. The Environment, Transport and Works Bureau has started the experiments in several water recycling projects. In the process of treating sewage, there are ample opportunities for us to adopt different standards to reuse the treated sewage at different levels. We still have to communicate with the public on an extensive basis in order to make them accept the concept of waste water reuse.

With regard to the "polluter pays" concept mentioned by Mr Tommy CHEUNG earlier, he considered that the trading fund has hidden the cost of sewers to some extent. In fact, I wish to emphasize that all the "polluter pays" issues that we have been discussing so far are only aimed at operating cost recovery. All the capital investments will not be included in the "polluter pays" principle, even the depreciation of infrastructures will not be included, and only the operating cost will be included. Perhaps Mr CHEUNG misunderstood that the cost was incorporated into the scheme of deep sewage collection tunnel, but we have just included the power tariffs for the electric pumps, rather than the actual construction cost of the entire scheme. In fact, we just adhere to the principle in recovering the operating cost in the promotion of the "polluter pays" scheme.

Lastly, I hope Members will understand that in terms of the overall economic development of society, each trade should bear its share of responsibility in the context of environmental protection. Members should not misunderstand that reducing the operating cost is the Government's only objective. In fact, if the cost is not borne by the polluters, it will become a social cost. If we can do better in environmental protection, we can bring significant impact on the prosperity of society and development of economy. Everyone in this world has high hopes for the environment, our tourism industry should not neglect this issue. We should enhance our environmental protection level through the reduction of pollution, as everyone should bear his own responsibility in environmental protection. In so doing, we can implement the "polluter pays" principle.

Just now Mr SIN Chung-kai mentioned the introduction of a green tax or an eco-tax. I can tell Members that we have studied this issue too. However, like TES, the problem lies in the question of how we can assess the impact on the environment. In particular, the crux of eco-tax lies in how we assess the pollution on the environment and ecology caused by a commodity in the production process, and how much the polluter should pay in order to balance the cost. We are actively studying this controversial assessment means. Just as we should review the assessment means and appeal mechanism of the TES, we are also looking at this issue in our study. For that reason, we welcome the trade, every sector and Members to put forward their views in this respect, so that we can jointly discuss and study a pragmatic proposal to protect the entire environment and reduce pollution.

Thank you, Madam President.

PRESIDENT (in Cantonese): Cantonese): I now put the question to you and that is: That the amendment, moved by Mr Martin LEE to Mr Tommy CHEUNG's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, you may now reply and you have three minutes.

MR TOMMY CHEUNG (in Cantonese): Madam President, it is really a rare occasion as the Council meeting can finish so early. *(Laughter)* So I will finish my reply as soon as possible. Actually, there are only three minutes and it would not make too much a difference. I would like to comment on a few points made by the Secretary earlier.

Before that, I wish to express my gratitude to the eight Members who have spoken. An overwhelming majority of them support my motion, especially the part on appeals. Even Mr Martin LEE, who amends my motion, also queries why after an appeal by a restaurant is substantiated, the Government is not required to pay the costs. I agree with his view. The Government really should pay the costs. I think more than 90% of the restaurants which appeal can have their appeals substantiated. I do not think the Government will need to change anything at all. All it has to do is to undertake that once an appeal is substantiated, it will pay the money. Then everything will be fine.

Some Honourable colleagues asked why it was not done once every three years. I share their point. I have often asked the Government why it is not three years or five years. Since an environmental protection law is enacted and a licensing mechanism is in place, and officers from government departments can walk into a restaurant any time and, without having to get permission from it, take water samples for testing, then why can this not be made once every three years because the authorities can inspect any restaurant at any time they like?

The Government always say that the charging scheme should be simple and so a COD value of 2 000 is taken as the standard. However, when an appeal is lodged, the Government will say that we restaurant guys are not to be trusted. So it sends some people to watch over us and tests are conducted from morning till night and everything is so harsh and strict. The Secretary

mentioned a very interesting thing. She said that back in 2001 she had discussed that with us and asked why we had not agreed then. At that time the Government said that effluent was to be tested by people from the Drainage Services Department. Just think. The Government is afraid that we restaurant guys will cheat, but can we trust it conversely? On the one hand it collects money from us while on the other it says that it will do the testing for us and see how we lodge our appeal. In such circumstances, who will say yes? The method suggested by the Government — I would not say that it is a dirty trick — but it is something which we in the catering industry will get scared once it is mentioned. So how can we support it? Can things be made simpler? Must tests be done over a period of four or five days? Must water samples be taken every 15 minutes, not every 30 minutes or every hour? No answer is given by the Government.

The Secretary loves to say that a charge of 1% is very small an amount. I can tell the Secretary that nowadays when people make an investment of tens of million dollars and even as they can have a turnover of \$1 million, it is not easy to make a profit of \$10,000. So please do not come to a hasty conclusion that it is only 1% of the costs. As a matter of fact, 1% is a lot of money. If every government department wants to collect 1%, then the Government might as well take over the restaurant business. In the past Bowen LEUNG loved to say that this was just the price of a barbecue pork bun. But now I can say that this barbecue pork bun will turn into an expensive dish of abalone. Therefore, I hope very much that the Secretary, having heard the speeches of Members, will know that things are not right with the appeal mechanism and the charging scheme and she must do something expeditiously. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Tommy CHEUNG, as amended by Mr Martin LEE, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think that the question is agreed by a majority 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 as amended passed.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 2.30 pm on Wednesday, 15 December 2004.

Adjourned accordingly at two minutes past Nine o'clock.

Appendix I

WRITTEN ANSWER

Written answer by the Secretary for Housing, Planning and Lands to Mr LEUNG Yiu-chung's supplementary question to Question 2

As regards whether the Housing Authority (HA) had obtained the consensus of the Members of the Legislative Council in mapping out the formula for setting the existing Waiting List income and asset limits, the HA conducted a comprehensive review of the mechanism and formula for adjusting the Waiting List income and asset limits in 2001 and 2002. In the course of the review, we consulted extensively various sectors of the community on the adjustment mechanism. We also discussed with Members of the Legislative Council Panel on Housing on different proposals for improving the adjustment mechanism at the Panel meetings on 3 December 2001, 20 December 2001, 7 January 2002 and 25 February 2002. Members adopted a motion at the meeting on 7 January 2002 asking the HA to relax the formula for deriving the Waiting List income limits with reference to the following proposals:

- (a) to include the rent for flats of sizes below 20 sq m and bedspaces in the calculation of housing expenditure;
- (b) to calculate the rental expenditure per square metre according to household sizes;
- (c) to include an element of "contingency money" equivalent to 10% of the household income in the calculation of non-housing expenditure; and
- (d) to calculate the non-housing expenditure using the average of the second lowest quarter expenditure group, that is, only the 26% to 50% of the expenditure group should be used as the basis for calculation.

Having considered carefully the views and suggestions from different quarters in the community, the then Rental Housing Committee and Home Ownership Committee of the HA decided at their joint meeting on 28 February 2002 to adopt a series of improvement and relaxation measures to rationalize the formula to better reflect the needs of the community. The improvement measures are set out at Annex.

WRITTEN ANSWER — *Continued*

As can be seen from Annex, the HA indeed took on board quite a number of proposals put forward by the Legislative Council Panel on Housing in formulating the improvement measures. For example, for the purpose of assessing housing expenditure, the rents for flats below 20 sq m and those for bedspaces were included in the calculation of the unit rents per square metre. And so was the concept of differential rents for different household size. In addition, the HA accepted Members' proposal to include an element of "contingency provision" in the limits. Since contributions to the Mandatory Provident Fund are excluded in the calculation of applicants' income, the HA considered it more appropriate to set the level of "contingency provision" at 5% rather than at 10% as proposed. As regards Members' proposal for removing the lowest 25% expenditure group in the calculation of non-housing expenditure, the HA believed that instead of taking such a broadbrush approach, a more targeted approach would be to exclude the elderly and non-working households in calculating the household expenditure. This was to take account of the fact that the expenditure pattern of these households might be very different from that of households with non-elderly and working members.

Over the past three years, the income and asset limits were reviewed according to the improved formula. The Legislative Council Panel on Housing was consulted in each annual review. During the discussion on the limits for 2004-05 in March last year, the Legislative Council Panel on Housing and the Subsidised Housing Committee of the HA suggested to revisit the mechanism for setting the limits in next year's review. We are now making preliminary preparation for the review and will consult various sectors and Legislative Council in due course.

Annex

Improvements to the mechanism
for setting Waiting List Income and Asset Limits endorsed in 2002

- (a) including all private flats below 70 sq m saleable area for deriving the unit rents per square metre;
- (b) adopting the differential unit rents per square metre for the respective household size in assessing the housing expenditure should these be higher than the overall average unit rent;

WRITTEN ANSWER — *Continued*

- (c) excluding the expenditure pattern of those households comprising solely elderly or non-working members in deriving the non-housing expenditure;
- (d) providing an allowance equivalent to 5% of the total household expenditure as a "contingency provision" in the calculation of income limits for the Waiting List applicants;
- (e) using data from the fourth quarter of the previous year for conducting the annual review; and
- (f) as a standard practice, the income and asset limits so derived from the revised formula should be adopted.

Appendix II

WRITTEN ANSWER**Written answer by the Secretary for Financial Services and the Treasury to Mr Bernard CHAN's supplementary question to Question 5**

Regarding remittance between Hong Kong and the Mainland, the Hong Kong Monetary Authority (HKMA) has no control on inward and outward remittance between Hong Kong and the Mainland, whether such remittance is denominated in Renminbi (RMB) or in Hong Kong Dollar or other foreign currencies. However, since the capital account of the Mainland is not yet fully opened and RMB is not freely convertible, the mainland authorities have imposed restrictions regarding inward and outward remittance transactions between mainland China and other places (including Hong Kong).

For those people from the Mainland who have moved to Hong Kong and who wish to transfer their assets from the Mainland to Hong Kong under the "Provisional Measures for Management of Transfer, Sales and Payment of Foreign Exchange Relating to Personal Assets", they have to convert the proceeds from asset sale into Hong Kong Dollar or other foreign currencies before making remittance to Hong Kong. Remittance in the form of RMB is not allowed for this purpose. And for all cross-border remittance denominated in Hong Kong Dollar or other foreign currencies, approval from the mainland authorities is required. There is no control by the HKMA on such remittance.

Since the transfer of assets under the aforementioned provisional measures from the Mainland to Hong Kong is done through remittance in the form of Hong Kong Dollar or other foreign currencies, the remittance transactions concerned do not fall under the existing scope of Hong Kong banks' RMB business. Currently, RMB remittance between Hong Kong and the Mainland is subject to restrictions imposed by the mainland authorities since cross-border RMB fund flows are involved. Hong Kong residents can remit RMB from Hong Kong to saving accounts on the Mainland under the same names, subject to a daily remittance limit of not more than RMB 50,000 yuan per person. The unused portion of such outward remittance can be remitted back to accounts in Hong Kong under the same name. Verification is required but there is no time constraint or daily limit for the remittance of unused RMB funds.

WRITTEN ANSWER — *Continued*

The HKMA currently requires banks in Hong Kong to provide information about their RMB business on a regular basis, including such information as the number of transactions and the total amount of inward and outward remittance between Hong Kong and the Mainland. The collection of these data is for statistical purpose only, and should not be regarded as controls on RMB remittance between Hong Kong and the Mainland.