

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 26 April 2006

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

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

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

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

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI, J.P.

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

THE HONOURABLE WONG YUNG-KAN, J.P.

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

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

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE LAU KONG-WAH, J.P.

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

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 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 LAU CHIN-SHEK, J.P.

THE HONOURABLE MA LIK, G.B.S., J.P.

PUBLIC OFFICERS ATTENDING:

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

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

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

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., J.P.
SECRETARY FOR HEALTH, WELFARE AND FOOD

CLERKS IN ATTENDANCE:

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

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

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

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

PRESIDENT (in Cantonese): A quorum is now present. The meeting shall now start.

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>
Chinese Nationality (Miscellaneous Provisions) Ordinance (Amendment of Schedule — Fees Revision) Order 2006.....	67/2006
Hong Kong Special Administrative Region Passports Ordinance (Amendment of Schedule — Fees Revision) Notice 2006.....	68/2006
Immigration (Fees Revision) Regulation 2006	69/2006
Registration of Persons (Fees Revision) Regulation 2006	70/2006
Employees Retraining Ordinance (Amendment of Schedule 2) Notice 2006	71/2006

Other Papers

No. 84 — Report No. 46 of the Director of Audit on the results of value for money audits - March 2006

- No. 85 — Audited Statement of Accounts of the Quality Education Fund together with the Director of Audit's Report for the year ended 31 August 2005
- No. 86 — Audited Statement of Accounts of the Education Development Fund together with the Director of Audit's Report for the year ended 31 August 2005
- No. 87 — Audited Statement of Accounts of the Language Fund together with the Director of Audit's Report for the year ended 31 August 2005
- No. 88 — Approved Estimates of Income and Expenditure for the financial year 2006/2007, Securities and Futures Commission
- No. 89 — Annual Report 2005
Kowloon-Canton Railway Corporation

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Fire Services in Rural Areas

1. **MR DANIEL LAM** (in Cantonese): *Madam President, some village representatives in the New Territories have complained to me that the Government, on the grounds that the population densities in the majority of the rural areas in the New Territories are on the low side, does not provide resources for constructing rural roads and providing infrastructures such as standard-compliant fire prevention equipment and supporting hardware in these areas, thus impeding the provision of fire and ambulance services to these areas. In this connection, will the Government inform this Council whether:*

- (a) *it will expeditiously review its policy on the provision of vehicular accesses to the rural areas in the New Territories, lower the minimum population density required thereunder, and expeditiously construct roads for small vehicles in the villages in the New*

Territories currently not provided with vehicular accesses, to enable small rescue vehicles' access to the villages;

- (b) it plans to provide the fire stations in the rural areas in the New Territories with sufficient numbers of and suitable small fire engines, fire motorcycles and ambulances; if so, of the details of such plans; if not, the reasons for that; and*
- (c) it will install supporting hardware, such as standard pedestal hydrants or fire hose reels, within individual villages in the New Territories?*

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

- (a) Currently, there is no standard under which the provision of rural roads is based on population density. Minor works projects to improve the infrastructural facilities and the living environment of rural areas are carried out by the Home Affairs Department (HAD) under the Rural Public Works Programme. According to the existing mechanism, District Working Groups, comprising members from the relevant District Councils, representatives of rural and local organizations and government departments, are in charge of drawing up and considering proposals on road projects and other projects in rural areas, in the light of the circumstances of individual villages. Taking into account the actual need and technical feasibility of the proposed projects as well as appropriate allocation of resources, the District Working Groups will decide whether to take forward individual projects, and if so, their implementation priorities. Once a view has been made, the projects will be submitted to the Central Steering Committee of the HAD for its consideration and approval. If villagers have any suggestions on road improvement works or other related works projects in their villages, they are welcome to raise their suggestions with the HAD or the relevant District Working Group.
- (b) At present, the Fire Services Department (FSD) has already provided suitable small fire engines, fire motorcycles and

ambulances to meet the needs of individual rural areas in the New Territories. However, due to size constraint, these vehicles can only be equipped with simple tools and equipment, thus limiting the services provided. The FSD does not intend to procure additional small fire engines and ambulances at the current stage, but will reconsider whether additional provision should be made in accordance with the actual need.

- (c) The FSD carries out frequent inspection in rural areas and, having regard to the local situation and actual need of the individual areas, provides suggestions to the Water Supplies Department (WSD) on the installation of additional fire hydrants to improve the water supply for fire-fighting. The FSD and WSD also receive requests from individuals on the installation of additional fire hydrants from time to time.

The WSD has been positive and proactive in responding to requests concerning the installation of fire hydrants and swan-neck fire hydrants in villages in the New Territories. It is the current practice of the WSD that once requests for the installation of such facilities are received from villagers, the WSD will inform, co-ordinate with and seek advice from the FSD. Having consulted the FSD and confirming the technical feasibility of the proposed installation, the WSD will plan for and install the necessary fire service equipment and carry out the associated pipework, having regard to the priority accorded by the FSD and the financial position of the WSD of the year. Villagers are welcome to put forth suggestions on the location of additional fire hydrants to be installed.

Fire service installations such as fire hose reels are equipment to be installed within buildings, and not public areas. Such equipment is intended for indoor use and hence it is the responsibility of the owners rather than the Government to install and maintain such fire service installations.

MR DANIEL LAM (in Cantonese): *Thanks to Secretary Michael SUEN for his reply. We certainly think that the Secretary and the departments concerned*

have made appropriate efforts to improve the infrastructural facilities in the rural areas of the New Territories, but I must still say that there is room for further improvement. Will the Secretary inform this Council whether he will join hands with the departments concerned to conduct another review of the policy, with a view to ascertaining whether there is any need for increasing the usage of infrastructural facilities?

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

As pointed out in my main reply, in case of necessity, there are channels through which the Government can consider such facilities. Naturally, apart from this, we will also consider access roads for fire engines, because in some locations, such access roads may not be wide enough for fire engines due to various reasons. In such cases, we will have to consider other alternatives, such as the adoption of identical facilities or the installation of additional fire-fighting facilities. Although fire engines may not be able to gain direct access, there must at least be fire hydrants, so that in case of incidents, the needs of the situation can still be properly catered for.

MR CHEUNG HOK-MING (in Cantonese): *President, I wish to ask the Secretary a question on figures. May I ask him whether there are any statistics on the number of cases in the past 15 or 20 years where rescue work in the rural areas of the New Territories was hindered either by the fact that the access roads concerned were less than 4.5 m in width, or by the absence of any access roads for fire engines? Besides, are there any statistics indicating casualties resulting from delay in rescue work?*

PRESIDENT (in Cantonese): Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, we do not have any statistics on this.

MR CHEUNG HOK-MING (in Cantonese): *President, will the Secretary please check whether there are any such statistics and give us a written reply after the meeting?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, we will check whether there are any such statistics afterwards. If yes, we will submit a written reply. (Appendix I)

MR ALBERT CHAN (in Cantonese): *President, I understand that the installation of facilities is sometimes opposed by village representatives for "fung shui" reasons, one example being the installation of optical fibre by the PCCW Limited. In this case, optical fibre could be installed only after three years of argument. From this, we can see that what is involved in many cases is actually villagers' attitude. In regard to the reply of the Secretary a moment ago, my understanding is that many of the problems related to rural villages, such as the inability to install infrastructural facilities, are in fact caused by the lack of any overall planning for these villages in this respect. Will the Secretary consider the possibility of drawing up clear planning for rural villages, designating the locations of roads, accesses for fire engines, pedestrian links and various public facilities? Once there is planning for such facilities, the problems mentioned by Mr Daniel LAM can be solved. Will the Secretary consider this proposal?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Naturally, we will provide infrastructural facilities as long as we are capable of doing so. Members can therefore notice that basic road facilities are already provided. But these roads may not be up to the required standards because in many cases, problems relating to private lands and ownership are involved. For instance, before constructing a road, it will be necessary to request the villagers concerned to permit others to pass through the lands they own. Or, it may be necessary to ask them to donate their lands. All this will pose constraints. Despite the constraints, however, we will do our best to provide such facilities. Although many village roads are not up to the required standards, they can still provide access to most village locations.

MR ALBERT CHAN (in Cantonese): *President, the Secretary has misinterpreted my point. He talked about the donation of lands, but there is actually no such government policy. If the Government deems it necessary to construct a road, it will carry out land acquisition and offer compensation to the villagers concerned.*

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

MR ALBERT CHAN (in Cantonese): *Will the Secretary consider the idea of carrying out planning for infrastructural facilities? My focus was on planning, but the Secretary's reply was about implementation. Will the Secretary consider the possibility of planning?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): My reply just now already covered this aspect. Basic planning and facilities are already available. What Mr CHAN referred to are large-scale improvement projects, such as road widening, which are aimed at bringing about further improvements. But this will involve the problem of lands I mentioned just now. Policy-wise, we will consider whether it is possible to regard these facilities as public facilities and carry out land acquisition. We will therefore consider the matter in detail in this direction.

MRS SELINA CHOW (in Cantonese): *It is pointed out in part (a) of the Secretary's main reply that District Working Groups will assess such proposals and requests and decide whether to take forward individual projects, and if so, their priorities. This is suggestive of a mechanism of some kind. But may I ask the Secretary whether the relevant operational procedures are subject to any timeframe? For example, is there any performance pledge specifying the length of time required for reaching a conclusion? Have enough efforts been made to respond to the requests of villagers and various organizations? If there is no timetable, will consideration be given to the formulation of one?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): District Working Groups are under the charge of my colleague, Secretary Dr Patrick HO. I shall enquire with him after this meeting to see if there is any relevant information and then submit a written reply. (Appendix II)

MRS SELINA CHOW (in Cantonese): *Excuse me, President. If there is no timetable, will he also relay the demand for one to the Bureau?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I shall do so accordingly.

MR HOWARD YOUNG (in Cantonese): *President, in the Secretary's reply on fire services facilities in rural areas, many facilities such as roads, fire motorcycles and fire hydrants are mentioned. But I can remember that when I went hiking in the past, I often saw that in addition to these facilities, fire-beaters were also provided for the use of hikers in case of hill fires. Fire-beaters, however, are not mentioned in the Secretary's reply. May I ask whether such facilities are still provided under the current planning guidelines? Or, are these facilities deemed outdated and no longer suitable?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, Mr Howard YOUNG is very observant. As we can observe when we go hiking, the facilities he mentioned are indeed provided along hiking trails for putting out hill fires. But these facilities are not meant for putting out fires in housing estates. They are just intended for putting out fires caused by weeds. Such facilities and the facilities mentioned in the main reply therefore belong to two separate categories: one is for putting out hill fires and the other for dealing with fires in housing estates. They are in fact different.

MR LI KWOK-YING (in Cantonese): *It is mentioned in part (b) of the main reply that the services provided by small fire engines, fire motorcycles and ambulances are limited, and that there is no plan to purchase any new vehicles. It is, however, also mentioned that additional provision or otherwise will be considered in accordance with the actual need. May I ask the Secretary what he means by the actual need? Does he mean that consideration will be given only when there are losses of human lives and properties, or casualties?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, the Government will consider whether additional provision should be made in accordance with the actual need. Let me use an example to illustrate my point. The roads on the outlying islands are narrow, and the time will certainly come when there is a need for replacing the small fire engines or ambulances currently

in use. The Government will take account of the actual need of the time and consider whether it is necessary to purchase new types of small vehicles suitable for use on the narrow roads.

MR LI KWOK-YING (in Cantonese): *President, a point of elucidation. The Government is talking about additional provision, mere replacement, instead of the purchase of any new equipment, right?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, replacement is also included. If there is any need for increasing facilities, we will definitely do so.

MISS TAM HEUNG-MAN (in Cantonese): *I wish to ask a question on performance pledges. Currently, the Fire Services Department requires all its fire and ambulance services to meet the pre-set performance pledge of arriving at the scenes within the specified response time. In the past three years, how many cases of emergency services for villages in the New Territories could meet the performance pledge of arriving at the scenes within the specified response time? Do the authorities find the situation acceptable? If not, what improvement measures will be implemented?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, it is true that there are such performance pledges. For rural and remote areas, our performance pledge is that the personnel concerned should arrive at the scenes of fire within nine to 23 minutes. Let me perhaps offer Members some statistics on the percentages in the past three years. Our performance pledge is 92%. In 2004, we recorded 94.68%, meaning that we exceeded the performance pledge. In 2005, it was 87.93%, which means that we failed to meet the performance pledge. In the first quarter of this year, we again exceeded the performance pledge, recording a rate of 95.58%.

PRESIDENT (in Cantonese): Last supplementary question.

MR LAU KONG-WAH (in Cantonese): *The Legislative Council frequently holds discussions on the access road for fire engines in Kau Lung Hang, Tai Po. This access road concerns fire services and ambulance personnel because it is accessible only to small fire engines instead of large ones. And, small fire engines must be deployed to the scene from very far-off places. May I ask the Secretary whether the construction of this access road is subject to any timeframe?*

PRESIDENT (in Cantonese): Which Secretary is going to answer this question?

SECRETARY FOR SECURITY (in Cantonese): Madam President, I do not have any information on this. Can I give a written reply to Mr LAU Kong-wah's supplementary question? (Appendix III)

PRESIDENT (in Cantonese): Second question.

Collection and Dissemination of Information on Property Transactions

2. **MR LEE WING-TAT** (in Cantonese): *President, regarding the collection and dissemination of information on property transactions, will the Government inform this Council whether:*

- (a) *it compiles statistics on the number of uncompleted property transactions involving signed Provisional Agreements for Sale and Purchase; if so, of the number and total value of residential units involved last year; if not, whether it will compile such statistics and regularly publish the number of uncompleted transactions and the reasons therefor;*
- (b) *there are provisions in the existing legislation which are targeted at acts to mislead the market with non-bona fide property transactions; if so, of the enforcement of the relevant legislation; if not, whether it will consider enacting legislation to prohibit such acts; and*
- (c) *it will, by drawing reference from the stipulations on disclosure of transactions in the stock market, consider requiring property*

developers to disclose major transactions and property transactions with connected persons?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, Hong Kong has a well-developed property market. Property transactions are conducted in accordance with free market principles. Both the buyer and seller are bound by contract. There are also statutory provisions against fraudulent behaviour and misrepresentation.

My main reply to the three parts in the main question is as follows:

- (a) Generally speaking, over 90% of all formal Agreements for Sale and Purchase registered at the Land Registry do not come with registration of corresponding provisional agreements. Moreover, we have no way of knowing when or whether a provisional agreement will be completed, and the reason for a transaction not being completed. In addition, relevant statistics from the Land Registry are not classified by residential and non-residential transactions. Hence, we are not able to provide the number of residential transactions and the transaction value involved based on the available information. Due to the above reasons, we will not compile such statistics on a regular basis.
- (b) In order to maintain the fair and smooth operation of the property market, acts of fraud or misrepresentation involving use of false transaction information to mislead the market must not be tolerated. Resorting to fraud in the course of a property transaction may amount to a criminal offence and offenders may be liable to prosecution under the Theft Ordinance (Cap. 210); in terms of civil liability, at common law where a misrepresentation amounts to fraud, an action for damages in tort for deceit is possible. Also, pursuant to the Misrepresentation Ordinance (Cap. 284), a person who makes a misrepresentation inducing another person to enter into a contract may also be liable for damages.

From 2003 to 2005, the police pressed 116 charges against 47 persons for fraudulent behaviour in relation to property transactions. Over 90% of the cases were successfully tried and convicted. It

should be noted that these figures cover various types of property fraud, such as mortgage fraud, use of false instruments, and so on, and there is no breakdown of statistics on the category of releasing false property transaction information. Hence, these statistics from the police which I am providing reflect all prosecutions related to property fraud rather than specifically to the use of false property transaction information to mislead the market.

- (c) The operation of the property market is vastly different from that of the securities market. The securities market involves listed companies, and the activities of each listed company may affect the interests of the investing public. Property transactions are no different from ordinary transactions involving contracts that affect the interests between a buyer and a seller. Any dispute on the transaction may be dealt with through civil litigation, and if fraudulent behaviour is involved, criminal prosecution action may be taken according to relevant provisions of the law. Moreover, as a property transaction involves a contract signed by a buyer and a seller, it may not be feasible to require a developer to disclose information in relation to the buyer without the buyer's consent. With the current mode of operation and transparency of the property market, the interests of home buyers and investors are adequately protected. We, therefore, see no justification for requiring any contractual party involved to disclose their own background information to the public.

MR LEE WING-TAT (in Cantonese): *President, in the main reply the Secretary said that Hong Kong has a well-developed property market. I think the Secretary will agree that when the market is well-developed, the buyer can readily access accurate information on transactions. However, the information on property prices and transactions disseminated by property developers or real estate agents in the market now is often misleading.*

President, my supplementary question is: In part (b) of his main reply, the Secretary pointed out that the use of false property transactions to mislead the market or acts of misrepresentation will constitute a criminal offence. But over the years, it seems that not one single property developer has faced criminal

prosecution for disseminating false information. I would like to ask the Secretary if he agrees that there are huge difficulties in enforcing this ordinance on property transactions and so, this ordinance is hardly enforceable and even exists in name only. I am referring to its application in property transactions.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I do not have the relevant information on hand to prove the validity of the allegation made by Mr LEE Wing-tat just now. I think in making any allegation, one must have regard to the circumstances at the time and the evidence. Other people do not know what evidence the allegation is based on.

I think the best way is for the person affected to directly lodge a formal complaint with the police, so that the police will conduct detailed investigations according to the information provided by the person and then look into whether actual prosecution can be instituted depending on the circumstances. I think only through this process can all illegal practices be revealed and unscrupulous elements be brought to justice.

MR MARTIN LEE (in Cantonese): *Does the Administration agree with a view held by many people in the community and that is, if the supervision of property transactions can be as stringent as that over securities transactions, so as to provide the public with the same protection, then, during Mr CHIM Pui-chung's imprisonment, the other prisoners beside him might be property developers or even major property developers?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I have no comment on Mr Martin LEE's view and comments.

MR SIN CHUNG-KAI (in Cantonese): *President, in the main reply the Secretary said that property transactions involve only the interests of the buyer and seller and that they are different from financial transactions and stock transactions which involve investors in the entire market. This is exactly why I would like the Secretary to clarify this: If there is a false transaction or disclosure of false information — not false transaction, only false disclosure — is it that the information disclosed has no reference value at all to other people?*

PRESIDENT (in Cantonese): Have you asked your supplementary question?

MR SIN CHUNG-KAI (in Cantonese): *Yes, I have.*

PRESIDENT (in Cantonese): Please sit down if you have asked your supplementary question, so that I can ask the Secretary to give a reply.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I think to any person, any information will have reference value depending on the person's position, but as Mr SIN has said, it only has reference value. Honestly, what we are talking about here is property transactions, which are different from buying vegetables in the market; they are not as simple as that, for they involve personal investment in property. I think many people will agree that insofar as such an important transaction is concerned, the buyer must be vigilant and make all necessary preparations.

I think people will generally hire lawyers to be their representatives and then decide, according to the information obtained, to what extent the information is true or to what extent they will need to check the information provided by the opposite party against that at the Land Registry. I think this is what most people have been doing. I think if they have really done so, the chances of them being affected by acts of fraud or misrepresentation will be minimized.

But in the final analysis, I must reiterate what I have said in the main reply and that is, acts of misrepresentation or fraud will amount to a criminal offence, and these acts will lead to convictions under the existing legal framework. So, please do not think that the Government has not provided any protection in this respect.

MR ALBERT HO (in Cantonese): *President, from the Secretary's attitude in his reply to this question today, we understand why prosecution cannot be laid despite the fact that many people do feel that market manipulation and price rigging exist in the property market. But in the securities market, investigations are conducted and even prosecutions are instituted in many cases.*

As I can see from parts (b) and (c) of the main reply, especially from what the Secretary said in part (c), it is inconvenient even to ask for information of the buyer because this will involve the privacy of the buyer who has the right not to disclose his information. But in another paragraph, the Secretary did not suggest ways to step up supervision or the establishment of a regulatory framework. I would like to ask the Secretary if he agrees that under the existing framework, or insofar as the powers currently conferred on the authorities are concerned, there is not a sound system in place for them to monitor market manipulation as effectively as their monitoring over the securities market, thus impeding enforcement by the Government and making it necessary for the Government to rely on the complainants? However, the complainants are often unwilling to come forth for many reasons, such as the complainant may be given compensation, and so on. Does the Government agree that the existing system is inadequate and so, it is necessary for the authorities to conduct a comprehensive review in order to effectively deter market manipulation and price rigging in the property market?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, we often hear of price manipulation and market rigging, but I hope that Members or any person who have substantive evidence to prove these acts will report to the police, so that the Government can conduct investigation into these acts according to law and the statutory powers conferred on us. As I have said, if these acts do exist, let us bring the law-breakers to justice, and this is the most effective way to combat these offences, instead of engaging in empty talk about how the procedures can be improved. President, the procedures are already there, and if somebody is really breaking the law on this, we must report these acts.

As to whether a lot of the information now available is incomplete, I think that is not the case. What kind of information are we talking about here? It is information on the buyer and seller, and such information will be registered with the Land Registry upon completion of the transaction and by then, all such information will be made public and any person paying the required fee can inspect such information in detail. We, therefore, consider it unnecessary to enact legislation separately on the disclosure of information.

MR ALBERT HO (in Cantonese): *The Secretary did not answer my supplementary question directly. I asked whether the Government agreed that it*

does not have adequate powers under the existing system or a good system is lacking for conduct of investigation and so, in many cases, investigation cannot even be initiated? Does the Secretary agree with this? He seemed to be saying on the contrary, that investigation is unwarranted because we do not have the evidence.

PRESIDENT (in Cantonese): Please sit down. You do not have to comment on how he answered the question. Secretary, do you have anything to add?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I think I must clarify this again. It is because as I said earlier, the existing legislation has already provided adequate protection and so, certainly, the answer is that no other action is necessary.

MR JAMES TO (in Cantonese): *President, the Secretary should know very well the relevant procedure. If he cannot see the loophole in it, then I will point it out to him for his comment, and this is my supplementary question.*

According to what the Secretary said earlier, the buyer is vigilant and the market is well-developed, and the relevant information is also registered with the Land Registry, and so on. However, will the Secretary please bear in mind that even though that is true, that would happen only a month or two later, because when new flats are offered for sale, there is often exclusive information. That is, the developer, after obtaining information on the sales of flats, will use this advantage to make statements on how many flats have been sold. But in the end, the truth may be that not even one single flat is sold. I would like to ask the Secretary this: Since members of the community can only learn of the sales figures or transaction figures from information unilaterally released by the developer in the month before registration, and if the Secretary also considers that the information is false, is it necessary to improve the legislation, in order to more effectively bring them to justice?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I do not know what Mr TO would be thinking when he purchased a flat. This may sound unfair, because we do not buy a flat every day. But I

think when buying a flat, I personally will not just look at how many flats have been sold in that property development and decide to buy a flat if many flats are sold but refrain from buying when nobody is buying. My decision on whether or not to buy a flat does not depend on this very simple indicator. As I said earlier, this is a major investment decision, and we need to know a lot of information other than that about whether or not other people are buying the flats. We should not join the queue for buying flats when seeing other people queuing up. That should not be our mindset in purchasing property.

So, we need to know what kind of investment we wish to make. Do we wish to live in that district, or how is the school net in that district, so that we can prepare for our children's future schooling? These are factors that we need to consider. As for the other factors, such as the management fees, we also need to find out the details. Meanwhile, as regards the internal conditions of the building, we can already see them when we purchase the flat. So, President, I think a decision must not be made on impulse or in a blink of an eye or in a flash, and what is more, nothing can be changed once a decision is made. A decision should not be made in such a way. We have plenty of time to make consideration.

MR JAMES TO (in Cantonese): *President, the Secretary has not answered my supplementary question. I was referring to legislation, that is, under such circumstances, is it necessary to enact legislation to make improvement expeditiously? What I mean is that in his reply, was the Secretary saying that the figures published by the developers absolutely cannot or should not be taken as a major reference and legislation is, therefore, unwarranted? President, he did not answer this part of my question.*

PRESIDENT (in Cantonese): Mr James TO, please sit down. If the Secretary did not answer your supplementary question, I would like you to tell me which part of the question was not answered by him. Your supplementary question is actually very simple. You were asking whether the Government considers it necessary to improve the current situation, right?

MR JAMES TO (in Cantonese): *To make improvements in legislation.*

PRESIDENT (in Cantonese): Right. In that case, let me see if the Secretary has anything to add. According to what I have heard, he already gave a reply, but let us see whether he still wishes to add anything.

MR JAMES TO (in Cantonese): *President, if you said that he already gave a reply, unless the matter itself.....*

PRESIDENT (in Cantonese): You do not have to argue with me. Please sit down. Many Members are waiting for their turn to ask questions.

MR JAMES TO (in Cantonese): *President, I would like to ask why you would think that he already replied my question.*

PRESIDENT (in Cantonese): He already gave a reply. Simple enough, like his answer to the supplementary question asked by Mr Albert HO just now, his reply was that there is no such need. But since you insisted that he must say it in specific terms, I, therefore, give him a chance to say so.

MR JAMES TO (in Cantonese): *OK.*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I have nothing to add.

MR JAMES TIEN (in Cantonese): *President, I think buying shares is different from buying property, and everyone buying the shares of the HSBC is all the same. But when it comes to buying property, some may buy it only because its "fung shui" is good and not for any other reason.....*

PRESIDENT (in Cantonese): Please ask your question.

MR JAMES TIEN (in Cantonese): *President, my question is about the release of false information in part (b) of the main reply. As far as I understand it, there should not be a case of misrepresentation once a contract is signed. If I buy it at \$9,000 per sq ft while it is actually worth only \$8,000 per sq ft, other people need not bother about whether or not I have paid more than its worth, for this is my own business. Does the Government agree with what I have said? If I signed this contract and paid the stamp duty, there would be no question of misrepresentation, so to speak. Does the Government agree with this view?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): *President, I think I will need to seek legal advice before I can give a reply in writing. I think I do not have adequate understanding, and I do not wish to mislead Members. Please allow me to reply in writing later. (Appendix IV)*

PRESIDENT (in Cantonese): *Last supplementary question.*

MR CHAN KAM-LAM (in Cantonese): *President, although I agree with the Secretary that property purchase is a very important personal decision, we are often affected by external information when buying property. So, if the Government considers it unnecessary to do anything, I certainly think that this is inappropriate. More often than not, we can see developers and real estate agents.....*

PRESIDENT (in Cantonese): *Mr CHAN Kam-lam, will you please ask your supplementary question?*

MR CHAN KAM-LAM (in Cantonese): *I am asking my supplementary question now.*

Developers and real estate agents will often manipulate the market or even disseminate some information through the media. Will the exaggerated information become a factor inducing the people to buy property? This is possible. Under such circumstances, the buyer may feel that he entered the

market and bought his flat because of some false or inaccurate information that he had received. So, to avoid such disputes, will the Government step up regulation of, for instance, industries and trade associations relating to property development and even the media, or require them to exercise self-regulation in order to prevent the recurrence of similar situations?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, in fact, I have already said this in my main reply. Perhaps let me explain this scene more. Under the Misrepresentation Ordinance, a person who makes a misrepresentation inducing another person to enter into a contract may have to shoulder legal liabilities even though fraud is not involved in such misrepresentation, and the person is also liable to making suitable compensation on conviction.

PRESIDENT (in Cantonese): A number of Members are waiting for their turn to ask questions, but they do not have a chance to do so today. I hope that Members can follow up this issue through other channels.

PRESIDENT (in Cantonese): Third question.

Informing Relatives of Death of Deceased

3. **MR ALBERT CHAN** (in Cantonese): *President, I have recently received a request for assistance from a member of the public, who said that a member of his family had passed away without the relatives' knowledge, and the Government had subsequently buried the body in the Sandy Ridge Cemetery, Sha Tau Kok, without informing the deceased's relatives. It was not until six months later that the police informed the relatives of this person's death. As the Cemetery is situated in the closed area, making it difficult for him to visit the grave of the deceased, he has requested the authorities to arrange for the burial of the deceased in another cemetery as soon as possible. However, under the existing government requirements, he has to go through complicated procedures and pay a high fee to make such a change. With limited financial means, he has not yet been able to claim the body and bury it in another cemetery. In this connection, will the Government inform this Council:*

- (a) *whether the authorities have measures to inform the persons' relatives when persons die; if so, of the details, and the reasons for burying the deceased without informing their relatives;*
- (b) *whether the authorities will improve the measures mentioned in (a) above to ensure that the authorities will exhaust every means to inform the relatives of the deceased, and only when they cannot be contacted will the authorities bury the deceased; if they will, of the details; if not, the reasons for that; and*
- (c) *regarding the situation in which the authorities bury the deceased without informing their relatives, whether the authorities will consider simplifying the procedures for family members to claim the bodies of the deceased and bury them elsewhere, as well as exempting or reducing the relevant government fees and charges; if they will, of the details; if not, the reasons for that?*

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

- (a) If a person passes away in a place other than a hospital, the police will make local enquires at the scene of the discovery of the body, which will be based on any items that may be found on or with the body, in the premises/at the location where the body was found, and with persons in the vicinity who may know or have knowledge of the deceased, to ascertain as far as possible the details surrounding the death and the contact details of the family members. Searches will also be made in the police computer databases, if necessary, to see if he/she is wanted or has been reported missing. More detailed checks will be undertaken by the police where the deceased remains unidentified, the death is suspicious, or the Coroner directs that a full investigation be conducted.

Meanwhile, an autopsy will be performed on the deceased by a Government Forensic Pathologist to determine the cause of death. The unclaimed body will be retained in the Mortuary concerned for one month after the autopsy. Where the Coroner has directed a

death investigation be conducted, and should it be necessary to require the body to be kept intact for this purpose, or any related criminal investigation, the police may request the Mortuary to extend the retention of the dead body.

In case the family members of the deceased are located and notified of the death before the expiry of the one month period or any requested extension for investigation into the death, arrangements may be made for the identification and disposal of the body, if the body is no longer required for the purposes of any police investigation. If the body is still unclaimed after the period, the Mortuary will inform the Food and Environmental Hygiene Department (FEHD) to remove the dead body for burial.

After receiving notification from the mortuary requesting the removal of unclaimed dead bodies, the staff of FEHD will remove them from the mortuary concerned and arrange for their disposal.

- (b) The police make every endeavour to locate the family members of the deceased as soon as possible after the discovery of the body. Generally, the work to collect the necessary information for the identification of the dead, such as recording the fingerprints and DNA sampling, will be completed within the first few days.

The procedures for disposal of unclaimed dead bodies in a public mortuary are aimed at balancing the need for time to investigate into the death and to locate and inform the family members, the storage capacity of public mortuaries and the need to dispose of the dead body within a reasonable time. It also allows for the extension of retention of the dead body in the Mortuary where necessary. The body will start decomposing during storage in the Mortuary. After a month, the decomposition will have reached an extent that would make facial identification very difficult. It would then become appropriate to dispose of the body as soon as possible or else the mortuary will be faced with hygiene problems. The Administration considers that the above arrangement is reasonable.

Nonetheless, the Government will consider reviewing the procedures for the handling of unclaimed dead bodies. In

particular, the police will examine ways by which they may enhance the process of identifying and locating any family members, to enable as early a notification to be given as possible.

- (c) Any person who wishes to claim back the remains of an unclaimed dead body already disposed of by the FEHD can make an application to the FEHD. The existing procedure for such application is already very simple. If the applicant can provide documentary proof of his/her relationship with the deceased, he or she will be able to claim back the remains of the dead upon payment to the FEHD the fees involved in the previous removal and disposal of the dead body.

There is no mechanism in place for the FEHD to waive or reduce the above fee. However, if the family members of the deceased have financial difficulties, they can approach the Social Welfare Department (SWD) for assistance. The SWD will consider each case on its own merits.

MR ALBERT CHAN (in Cantonese): *President, I have been handling this case for four months. The family of the deceased was suddenly informed by the SWD yesterday that an amount of \$20,000 or so could be allocated from a certain fund to enable them to reclaim the body. This may have something to do with the Secretary's coming to the Legislative Council today to answer this question.*

President, I wish to pursue part (b) of the main reply, in which the Secretary mentions that the police would make every endeavour to locate the family members of the deceased as soon as possible after the discovery of the body. In the case I am handling, the responsible police officer had shelved the case without processing it any further, and a realization had suddenly dawned on him six months after. So he made an enquiry with the Immigration Department (ImmD) and he could immediately find out the information of the family members of the deceased, including his mother, his brother and his children, and he could contact them immediately. However, the deceased had already been buried in the Sandy Ridge Cemetery, and for six months. Can the Secretary or the Security Bureau give us a reply on how the so-called practice of "making every endeavour" works? With regard to the present casual practice, will the Security

Bureau review it comprehensively and make improvement to it, so as to prevent Hong Kong people from facing the dismal situation of having no family members attending their ultimate ceremony?

SECRETARY FOR SECURITY (in Cantonese): Madam President, in this particular case, the police had acted in accordance with the existing guidelines. The police had not shelved the case for six months without doing anything. After discovering the body, the police had conducted an investigation immediately. For example, they had interviewed the landlord of the deceased and also searched the body of the deceased for items such as identification documents; the police had also checked with its computer records, to see if the deceased was wanted or had been reported missing. After completing the above work, the police did not find the cause of his death suspicious. At that time, it is true that the police had not approached the ImmD or other departments to further investigate so as to see whether they had any relevant records. And the explanation given by the police was, if it was necessary for them to check the identity card information with the ImmD, normally it would take about one month before a reply is forthcoming. By then the decomposition of the body of the deceased will have reached an extent that is beyond identification.

Of course, after this incident, the police also feel that there is room for improvement to the practice in this regard, so that in future when it is necessary to search for such information, they can do it in a more detailed manner. In part (b) of our main reply, we also mention that we agree that the police should review the existing practice to see if there is room for further improvement.

MR LEUNG YIU-CHUNG (in Cantonese): *President, can the Secretary clarify part of the supplementary question? Mr Albert CHAN mentioned just now that the family of the deceased can now receive a grant to handle the relevant affairs, is this true? If so, will this become a policy that will continue to be implemented in future? Of course, we do not wish to see the recurrence of similar problems. But in fact, recently such problems did not just occur in this department; in fact, similar problems have also emerged in another department. The main point is, we do not wish to make the family of the deceased face difficulties, both in terms of mental stress and material needs, including money. In this regard, has the*

Government been exceptionally kind this time, or this is a policy that will be implemented?

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, according to our preliminary information, the deceased is not a recipient of Comprehensive Social Security Assistance (CSSA). Generally speaking, CSSA recipients may enjoy fee waivers and funeral assistance after they have passed away. However, since the deceased is not a CSSA recipient, if his family applies for removal of his body, there is no mechanism in place for the FEHD to waive the fee concerned. Therefore, the SWD employed other methods to help the family of the deceased. With regard to the situation of the family of the deceased, as far as I know, the application was submitted by the ex-wife of the deceased on behalf of their children; while the children at the moment are not working, his ex-wife is a CSSA recipient. In view of their present situation, the SWD exercises its discretion and applies for some money from a certain fund to help them. All along, the SWD has held a viewpoint: If anyone cannot obtain assistance under the existing mechanism, they will get the required assistance through some other channels.

MR LAU KONG-WAH (in Cantonese): *President, in this incident, the family concerned basically finds the location, Sha Tau Kok, where the deceased was buried, inconvenient in terms of accessibility as it is within the closed area. That explains why they wish to remove the body to another cemetery. May I ask the Government, if similar situations should emerge in future, whether the deceased will be definitely buried in Sha Tau Kok without any other alternatives?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, if there are unclaimed dead bodies found, be they in public mortuaries or in hospitals, or if their families are unwilling to take care of the burial of the dead bodies, the FEHD will bury them all in the Sandy Ridge Cemetery.

PRESIDENT (in Cantonese): Mr LAU Kong-wah, has your supplementary question not been answered?

MR LAU KONG-WAH (in Cantonese): *President, my supplementary question is: Is it "without any other alternatives"? Or must they be buried there?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, as far as I know, this types of dead bodies will be buried in the Sandy Ridge Cemetery as a matter of course.

MR ALBERT CHAN (in Cantonese): *President, I wish to follow up the Secretary for Security's reply on the police's handling mechanism. It is because, as far as I am aware, according to the present handling procedures of the Hong Kong Police Force, if the files of the police do not contain any information that can facilitate the investigation, as a matter of procedure, they will make enquires with the ImmD. With regard to that case, we do not understand why the responsible police officer had not conducted any investigation, nor had he followed up the relevant information. However, after six months, he suddenly realized that the case had not been handled, so he proceeded to make enquiries with the ImmD. So, he immediately identified the information of the family members of the deceased, including his children, his mother and his elder brother. The problem is, according to the Chinese way of thinking, the people would feel most upset and miserable if they do not have family members or friends attending their funerals. The Secretary said in his main reply that the police would make every endeavour to locate the family members of the deceased as soon as possible. Then is it true that there were many methods which the police had not used? And in future, will the police really make every endeavour to locate family members of the deceased as soon as possible, as the Secretary has said? In addition, please list out the methods that the police must adopt? Regarding the FEHD, before eventually burying the deceased in the so-called "unmarked burial grounds", is it true that the Department should exhaust all its attempts to locate the family members of the deceased, so as to prevent the occurrence of the deceased being buried without his/her family members attending the ceremony?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, in this case, since the cause of death was not suspicious, so the investigating officer had not approached the ImmD immediately to enquire of the information of the

family members of the deceased. Instead, he would only do so when he was handling the estate of the deceased. In addition, it would usually take one to two months for the ImmD to process such police enquiries; therefore, this is not the most direct method of locating the family members of the deceased. However, after going through this case, the department will study how the present procedures can be improved. For example, the police may make enquiries with the ImmD at an earlier time in order to identify the information submitted at the time of making certain applications, as well as urging the ImmD to speed up processing such cases of application, so as to boost the chance of locating the family members of the deceased before the deadline for disposing his body.

PRESIDENT (in Cantonese): Secretary for Health, Welfare and Food, do you have anything to add?

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I think, insofar as the FEHD is concerned, firstly, we do not have the manpower; and secondly, we do not have the resources to undertake the work in this regard. Therefore, we will not duplicate the work of the police.

MR JAMES TO (in Cantonese): *President, I would like to follow up Mr Albert CHAN's supplementary question. I heard the Secretary for Security's reply. Of course the FEHD will not have the manpower to locate the family members of the deceased. It is because the police possess so many resources and many networks and it is almost the last department doing this work. Earlier on, I heard the Secretary say that, since it is not suspicious, so they put a full stop there. You must bear in mind, human relations are very complicated. The critical point is, even if it is not suspicious — I am not sure if the Government agrees that — as a policy, as Mr Albert CHAN has said just now, since it is important that a deceased should have someone attending his funeral, locating family members as soon as possible is also a very important job? If you agree, all the things that follow will naturally fall in place, and then resources and procedures will be improved as well. However, as the Secretary, if you do not agree with this point, then you will do it very slowly since you find nothing suspicious. Naturally, many deceased will then be buried in the Sandy Ridge Cemetery.*

SECRETARY FOR SECURITY (in Cantonese): Madam President, when I said not "suspicious", I was describing the cause of death of the deceased as "not suspicious". It is because the Coroner had ruled that the deceased had died of natural causes. Of course, I agree with what Mr James TO said, that locating for the deceased his family members is a very important issue. We completely agree with this. That is why I had mentioned in the main reply that we feel there is room for making improvement to the existing mechanism. Let us wait and see how we can do better in future in notifying the family members of the deceased as soon as possible.

MR LEUNG YIU-CHUNG (in Cantonese): *President, I only wish to follow up the Secretary's remark just now. He said that there is room for further improving the procedures for locating the family members of the deceased. As far as I know, insofar as this case is concerned, the records of both the deceased and his family members existed in the files of the police. That is, at an earlier time, due to some special reasons — I am not going to disclose the reasons here — their information did exist in the record of the police. Only by seriously checking with their own records, the police would definitely locate the information in the files. However, this time, had the police done that? Regarding the room for improvement mentioned by the Secretary, can the Secretary tell me the situation of such room? In which direction should the improvement be directed? Is it the effort to look up the information of family members from the files of the Police Force? Or anything else?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, what Mr LEUNG has said is rather unfair. He mentioned something and at the same time withheld something. He refused to disclose everything. According to my record, the police had really done some internal checking to see whether such information existed in their own records. As for our direction of improvement efforts in the future, we shall study, if the police cannot find any information after conducting searches in the internal records, whether it is possible to make enquiries with other departments, such as the ImmD or other departments, which have stored a large quantity of information of our citizens. We hope to establish a mechanism and speed it up to facilitate search for information in other departments. We shall work in this direction.

PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, has your supplementary question not been answered?

MR LEUNG YIU-CHUNG (in Cantonese): *Not so, may I make a clarification, since the Secretary said that I was being unfair?*

PRESIDENT (in Cantonese): Regarding this point, I think you may clarify it outside the meeting.

MR LEUNG YIU-CHUNG (in Cantonese): *All right.*

PRESIDENT (in Cantonese): Last supplementary.

MR LAU KONG-WAH (in Cantonese): *President, in the main question, it was mentioned that, in order to claim back the body of a deceased, one has to go through complicated procedures and pay a high fee. But the Secretary replies that the procedure is simple. Actually which version is true? Besides, is the fee really expensive? Can the Secretary clarify this?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, when I said the formalities were simple, I mainly meant that the family member on the one hand should provide documents to prove their relationship, that is, to prove that the applicant is a family member of the deceased; and on the other hand, a funeral and burial fee is payable. Only these two aspects are required. I believe this is already the simplest procedure. However, with regard to this case, I believe the present problem lies in the fact that the family members of the deceased do not have the money and hope to obtain other sources of financial assistance. I think this is the part that they find most complicated.

MR LAU KONG-WAH (in Cantonese): *President, the Secretary has not answered whether the fee is really very expensive.*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I do not have the information on the relevant fees of this specific case. Generally speaking, the FEHD's fee for burying the deceased will not exceed \$4,000. However, if the dead body has to be removed to another place for burial, of course it would incur an additional fee, which should fall between several thousand dollars to \$10,000. Besides, it may incur the payment of some other fees. I think the place in which the family members wish to bury the deceased and the ceremony they wish to hold will have an implication on the amount of fees required. Therefore, we do not have the information on the exact amount of money they have to pay.

PRESIDENT (in Cantonese): I said just now that it would be the last supplementary question. Mr Albert CHAN, maybe you want to present some information to prove what the Secretary has said is inconsistent with the facts. But I cannot use the Question Time on handling this issue. I hope you can share the information you have with the Secretary after this meeting, so that he can further follow up the issue.

PRESIDENT (in Cantonese): Fourth question.

Review of Personal Data (Privacy) Ordinance

4. **MR JAMES TO** (in Cantonese): *President, according to the Personal Data (Privacy) Ordinance (the Ordinance), where, after investigation, the Privacy Commissioner for Personal Data (the Commissioner) is of the opinion that a data user has contravened a requirement or a data protection principle of the Ordinance, he may issue an enforcement notice to him to remedy the contravention. The data user will commit an offence only if he contravenes the enforcement notice. In this connection, will the Government inform this Council whether:*

- (a) *it will conduct a comprehensive review on the Ordinance, and consider empowering the Commissioner to institute prosecutions directly against those who have seriously contravened data protection principles; and*

- (b) *it will allocate additional resources to the Commissioner for deploying additional manpower to initiate investigation into cases in which he suspects that the Ordinance has been contravened?*

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

- (a) Since the Ordinance came into effect in 1996, we have liaised closely with the Commissioner to review how to improve the Ordinance in order to resolve the problems encountered in the course of implementation. The Commissioner is now reviewing whether contravention of data protection principles should be made an offence. When the Commissioner submits his detailed recommendations to the Home Affairs Bureau upon completion of the review, we shall examine the feasibility of the proposals. In examining the recommendations, we shall take into account how contravention of data protection principles is dealt with under privacy legislation in other jurisdictions, the seriousness of such contravention, whether there is an upward trend in contravention of data protection principles, and so on.
- (b) The Commissioner has established a well-tested and cost-effective system to follow up cases of possible contravention of the Ordinance before deciding whether to conduct further investigations. The Commissioner comes to know of cases of possible contravention of the Ordinance by data users through various channels, such as media reports, complaints and reports by the public. Depending on the seriousness of a case, he may initiate self-initiated investigations immediately, or conduct a compliance check before deciding whether to carry out formal investigations.

In 2004 and 2005, the Commissioner handled 1 085 and 1 140 complaints, conducted 63 and 139 compliance checks, and carried out formal investigations into 39 and 24 cases respectively.

If the Commissioner requires additional manpower to step up law enforcement, he may submit an application to the Government in accordance with the procedures of the Resource Allocation Exercise.

MR JAMES TO (in Cantonese): *Actually, I have been prompted to ask to this question by the recent massive leakage of information from the Independent Police Complaints Council (IPCC). It is now 10 years into the implementation of the Ordinance, and much progress has since been made in this respect (that is, in respect of the protection of personal data and the related technologies).*

It seems that the most that the Government will do is just to look at the Commissioner's report when it is completed. But does the Government think that as a Policy Bureau, the Bureau concerned should also conduct a review? Has the Government done so? Besides, does it think that it is feasible to vest the Commissioner with the direct authority of initiating prosecutions? Does it think that this can provide the public with greater protection of their privacy?

SECRETARY FOR SECURITY (in Cantonese): *Actually, the reason for our inability to complete a comprehensive review of the Ordinance is highly complex because it involves many issues with far-reaching consequences. Besides, the Ordinance is different from ordinary legislation in one respect — while it is an offence to contravene certain provisions of the Ordinance, most of these provisions are about questions of principles and questions of principles are open to interpretation. For example, what sorts of contravention should be treated as an offence? In this regard, we must conduct detailed studies.*

What is more, since the implementation of the Ordinance in 1996, we have been conducting discussions with the Commissioner on how best to perfect the Ordinance. And, throughout all this time, there have been quite of a number of unexpected incidents, such as the one that has recently occurred. The Commissioner has already said that they may conduct special studies on certain provisions of the Ordinance as a result of the recent incident. We must respect the Commissioner's decision to pay particular attention to some special incidents.

Actually, we have been holding discussions with the Commissioner on various ways of perfecting the Ordinance. Some of the ideas include vesting the Commissioner with the power of search, seizure, removal and detention in the course of investigation, empowering the Commissioner to initiate prosecutions and relaxing the requirement that the Commission must, within 45 days from the date of receiving a complaint, inform the complainant of his decision not to carry

out any investigation or continue with the relevant investigation. Consideration is also being given to whether the Office of the Privacy Commissioner for Personal Data (the Office) should charge any fees for its services.

As for the proposal on vesting the Commissioner with power of initiating prosecutions direct, we must conduct detailed studies. We must, for example, study the privacy legislation in other jurisdictions, the powers vested with the regulatory authorities under other local legislation, and so on. Another point is that if the Commissioner is to be vested with direct power of prosecution, it will be necessary to adopt supporting measures in respect of manpower and staff training. For instance, if the enforcement staff of the Office of the Commissioner is to be authorized to initiate prosecutions direct, they must have expertise in criminal investigation. At the same time, we must also consider the resource implications of the proposal concerned.

MS EMILY LAU (in Cantonese): *President, the various panels of the Legislative have all raised questions on the Ordinance and the powers of the Commissioner. The Commissioner has always replied that his job is very difficult because he does not have any powers, manpower and resources. Investigation into the Yahoo! incident started at least half a year ago, or even before that, but there have been no findings so far. The Commissioner has also said that he wishes to conduct an investigation into the IPCC incident, but nothing has happened either. Whenever we question the Commissioner, he will invariably reply that he does not have any resources and powers. I think this will render the whole Ordinance largely useless.*

President, are the authorities aware of this situation, and have they received any requests for additional funding from the Commissioner? Besides, should the Government set up an ad hoc committee or assign some people to review the Ordinance or put forward some amendments as soon as possible?

SECRETARY FOR HOME AFFAIRS (in Cantonese): Actually, over the past 10 years since the establishment of the Office in 1996 or 1997, there have been increases in resource allocation. There has been an increase of some 20% in respect of resource allocation, and the establishment of the Office has also expanded by some 20%. Therefore, instead of remaining unchanged, resource

allocation has actually been increasing in response to the changing needs of the times. As Members are aware, despite some financial difficulties over the past 10 years, we have still increased the allocation of resources. Therefore, when it comes to resource allocation, as long as the Commissioner can put forward sound justifications that are in line with our overall policy direction, the Home Affairs Bureau will certainly render support. Nevertheless, that is still dependent on support of the Financial Secretary and the Financial Services and the Treasury Bureau ultimately. Therefore, when it comes to resource allocation, as long as the Commissioner can put forward sound justifications, we will certainly render support.

Second, in regard to the conduct of a review, I wish to point out that over the years, many incidents connected with personal data privacy have occurred. One recent example, the IPCC incident, is also about problems with Internet security. The Commissioner will conduct an investigation into each of these incidents. Therefore, in this regard, whether we can take actions will have to depend on the evidence collected by the Commissioner and the advice he offers.

MS EMILY LAU (in Cantonese): *The Secretary has not answered whether the Commissioner has ever requested the authorities to increase resource allocation on the ground of insufficient manpower. Besides, will the authorities consider the establishment of an ad hoc committee for review of the Ordinance?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): In regard to this first part of the supplementary question, I can reply that the Commissioner has indeed asked the Government to increase manpower allocation. But we are unable to entertain the request at this stage. To begin with, we notice that some of the posts in the Office are still vacant, meaning that there are posts yet to be filled. Furthermore, we also notice that part of the resources previously allocated to the Office is still not exhausted. For instance, in 1996 or 1997, we reserved a sum for installing various facilities and computer equipment to keep a register of data users. But half of the funding has still remained unused so far.

MS EMILY LAU (in Cantonese): *The Secretary has not answered the second part of the supplementary question, that is, the part on the establishment of an ad hoc committee.*

SECRETARY FOR HOME AFFAIRS (in Cantonese): In this connection, if the Commissioner really recommends the Bureau to establish an ad hoc committee to look into which provisions of the Ordinance require a review, we will consider his proposal.

DR LUI MING-WAH (in Cantonese): *In 2004 and 2005, the Commissioner received more than 1 000 complaints each year. May I ask the Secretary how many of these complaints were proved to be genuine contraventions of the Ordinance on the part of data users?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I do have not such information to hand. Please permit me to submit a written reply to Dr LUI Ming-wah's supplementary question after the meeting. (Appendix V)

MISS TAM HEUNG-MAN (in Cantonese): *Since the inception of the Office, the number of substantiated complaints has always remained low in comparison with the total number of complaints. If my memory is correct, there were just a couple of cases. Will the authorities please inform the Council whether this is due to the laxity of the Ordinance or any difficulties in investigation encountered by the Office? If both are the case, what types of improvements will the authorities make? If both are not the case, what reasons can the authorities give?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Miss TAM Heung-man has referred to an actual figure. We do notice that the number of prosecutions has been smaller than the number of complaints. What this indicates is that in many cases, the complaint was unable to meet the requirements of initiating prosecution. This may not necessarily have anything to do with the laxity of the Ordinance. And, one must bear in mind that the legislation was actually scrutinized by the Legislative Council before passage. I therefore think that the Ordinance should already be able to protect the personal data privacy of those in need.

As for the question of powers, the Commissioner has been reviewing whether he is vested with sufficient powers to conduct investigations under the Ordinance.

MISS TAM HEUNG-MAN (in Cantonese): *President, the Secretary has not answered my supplementary question.*

PRESIDENT (in Cantonese): Miss TAM Heung-man, has your supplementary question not been answered?

MISS TAM HEUNG-MAN (in Cantonese): *No, President. There were just two substantiated cases, but the total number of complaints was 1 000. How can the Secretary claim that there is nothing to do with the laxity of the Ordinance? The Secretary has not answered the question direct.*

PRESIDENT (in Cantonese): Miss TAM Heung-man, I am sorry to say that what you have just raised was not part of the supplementary question you asked just now. Please wait for another turn.

MRS SOPHIE LEUNG (in Cantonese): *It is mentioned in part (a) of the Secretary's main reply that the Commissioner is now reviewing whether contravention of data protection principles should be made an offence. May I ask the Secretary when we can expect to see the completion of this review?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): At this stage, we are unable to fix any completion date for the review. We are still waiting for the Commissioner's review report and findings.

MR LAU KONG-WAH (in Cantonese): *President, the total number of complaints received has been quite large in comparison. But in many cases, it was impossible to initiate any prosecution. And, of the several dozen cases of investigation, just two were substantiated. It seems that after so many years, nothing much can be achieved. Does the Secretary think that the existence of all this is justified in terms of cost-effectiveness?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): The Ordinance was enacted with reference to the personal data protection legislation of other

jurisdictions. Before its enactment years back, it also received the endorsement of the Legislative Council. As for enforcement, I believe that successive Commissioners have always been dutifully adhering to the spirit and principles of the Ordinance.

As a matter of fact, the Ordinance can give expression to most of the recommendations made in the Law Reform Commission Report published in 1994. As far as our understanding goes, the mode of enforcing the Ordinance is based on the data protection legislation of other countries such as the United Kingdom. Since the Ordinance has been in force for 10 years and the Commissioner has recently expressed the need for reviewing whether contravention of data protection principles should be made an offence, we will definitely review whether the enforcement mode of the Ordinance is cost-effective. I am convinced that privacy is priceless, something we should all protect.

PRESIDENT (in Cantonese): Fifth question.

Increasing Fees and Charges for Public Health Care Services

5. **DR YEUNG SUM** (in Cantonese): *Madam President, the Chairman of the Hospital Authority (HA) told the media that he hoped to substantially increase a number of fees and charges for public health care services this year, in order to maintain the quality of such services and prevent abuse. In this connection, will the Government inform this Council:*

- (a) *whether it knows the rationale put forward by the Chairman of the HA to substantiate his claim about the abuse of health care services and the ability of increased fees and charges to reduce such abuse, and whether the authorities will, before deciding whether or not to agree to the fee and charges increases, explore whether they can use other methods, such as improving the service delivery model and operation, and so on, to reduce inappropriate use of health care services;*
- (b) *of the number of submissions which opposed the substantial increases in fees and charges for public health care services*

received by the authorities in their consultation last year on the future service delivery model of health care services; whether the authorities, in studying whether or not to increase the fees and charges, will respond to these opposing views and consider putting in place a mechanism, whereby any adjustment in fees and charges for health care services must have the support of the public or their representatives; and

- (c) *whether the authorities will consider devising a set of clear and objective criteria to determine whether or not to increase the fees and charges for public health care services, such as linking the fees and charges for public health care services to the median income of the public for assessing and calculating such fees and charges?*

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

- (a) The public medical services currently provided by the HA are heavily subsidized. As a result, some users of HA's services may not be aware of the actual costs of the services they received, which may in turn lead to abusive use of such services and wastefulness of medical resources. It is, therefore, an important task of the Government to instil a more appropriate sense of value amongst the public so as to reduce instances of abuse and misuse.

The Administration and the HA are now conducting a new round of review of public medical fees, with a view to targeting government subsidies on patients and services most in need as well as redressing the imbalance between the public and private services. In the review, we would also examine the existing fee waiver mechanism for public medical services to ensure that adequate services remain accessible to persons in economic hardship, including those not receiving Comprehensive Social Security Assistance.

At the present moment, the review is still in progress. Pending outcome of the review, the Administration and the HA would not have preconceived conclusion or decision on any possible proposals, including the possibility of increasing public medical fees.

Increasing public medical fees is indeed only one of the feasible options for reducing the misuse of medical services. The Administration and the HA would consider other options, including strengthening collaboration between the public and private medical sectors, so as to ensure that our limited resources are used most effectively on those with genuine needs.

- (b) In July 2005, the Health and Medical Development Advisory Committee issued the discussion paper "Building a Healthy Tomorrow". The main objective of the discussion paper is to explore the future service delivery model for our health care system. Amongst the topics discussed are elements that should be incorporated in the future delivery model, collaboration between the public and private medical sectors, positioning of the various medical care services, and the direction and principles for moving towards the future delivery model.

About 600 written submissions were received from various sectors of the community in response to the discussion paper. Of the submissions received:

- Seven submissions opposed clearly any proposal for increasing the fees for accident and emergency services, specialist out-patient services and the supply of drugs in public hospitals.
- Fifteen submissions supported increasing the fees for such services so as to discourage the misuse of public medical services and redress the imbalance between the public and private medical sectors.
- Besides, two submissions supported in principle that medical fees should be increased, but suggested at the same time that the Government should establish some benchmarks for the determination of medical fees by private medical organizations.

We also received 77 messages posted on the Public Affairs Forum of the Home Affairs Bureau in response to the discussion paper. Of these messages:

- Seven respondents were of the view that improper use of accident and emergency services and ambulance services had put extra strain on the HA's stringent financial resources. They suggested that the fees for these services should be increased so as to reduce abuse.
- Four respondents considered that the existing medical fees were too low. They supported increasing medical fees and that patients should be charged different levels of fees based on their affordability.

While the discussion paper was not published to solicit views on public medical fees particularly, we will take into consideration the views received from the public in respect of patients' affordability and consult the Legislative Council when evaluating any fee revision proposal.

- (c) The Administration already has in place a set of comprehensive criteria for the review of public medical fees. The factors that will be taken into account include the overall costs of the public medical services, the level of government subsidies, how to better target existing government subsidies on patients most in need, and the need to instil a more appropriate sense of value of the HA's services amongst users, so as to reduce abusive use and wastefulness of medical resources. In addition, we will consider the affordability of users and provide a safety net for those in need.

In the provision of public medical services, the Administration has four priorities areas, which include, amongst others, the low-income group and the underprivileged, and the provision of acute and emergency care services. We will give due regard to these service priorities in our consideration of any fee revision proposal. Therefore, the factors that need to be taken into account have to be comprehensive and wide-ranging. Affordability of members of the public is also one of the crucial factors to be considered. The important point is that we already have in place a well-established fee waiver mechanism to provide a safety net for those who need to use public medical services but have difficulty in paying for the fees, and to ensure that they would not be deprived of the appropriate medical care due to financial hardship.

DR YEUNG SUM (in Cantonese): *Madam President, the accident and emergency services used to be free of charge. But the Government and the HA said that in order to reduce abuse, a fee of \$100 is charged for the services.*

Now, the Chairman of the HA said again that abuse must be reduced and so, there is news about increasing the hospitalization fee from \$100 to \$500. Can the Secretary tell us whether this review of the medical fees is meant to reduce abuse or to cut the Government's commitment for medical expenditure in an attempt to force or encourage or actively encourage some patients to turn to private hospitals for medical consultation?

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I must stress that the reduction of government subsidy for health care services will not continue, and we have even decided to gradually increase government subsidy at a rate of about \$300 million in each of the next three years.

In this regard, I have already given an explanation at the meeting of the Finance Committee. As for any fee adjustment made by us, it is most important that the public understand the value of the services and at the same time, we also hope that the public will not abuse the services because of inexpensive fees by, for instance, seeking medical consultation over and over again for no reason. It is because if they queue up for out-patient or accident and emergency services, patients genuinely in need of care may be denied access to service, or treatment may be delayed. In this connection, we must strike a better balance.

DR YEUNG SUM (in Cantonese): *A follow-up on my supplementary question. Will the Secretary encourage or further turn patients to private hospitals for medical consultation through the charging of fees? Is this his intention? The Secretary did not answer this point.*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, we are not thinking about turning a majority of patients to the private sector. This is not our intention, because the capacity of private service is limited and so, we only hope that members of the public will have a proper sense of value and that they will not queue up for medical services even when

they are not sick, for this would prevent patients genuinely in need of medical service from receiving the necessary care. This is the most important objective.

PRESIDENT (in Cantonese): A total of 12 Members are waiting to ask supplementary questions. Members who have the chance to ask a supplementary please be as concise as possible, in order to enable more colleagues to ask supplementary questions.

DR JOSEPH LEE (in Cantonese): *Madam President, in the main reply the Secretary mentioned that the Government has a comprehensive mechanism to ensure that people who cannot afford the medical fees are provided with a safety net. In fact, we can see that private hospitals have already increased their fees, while public hospitals are also thinking about increasing their fees too. If we look at the middle class and elderly people without income, they are caught in the middle. So what can they do? I would like to ask the Secretary this: In relation to what he said in the main reply, are there services provided specifically for the purpose, such as the actual operation of a second safety net, so as to truly benefit these people?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): The HA has in place a safety net which is very comprehensive to help the low-income group and Comprehensive Social Security Assistance (CSSA) recipients. So, if the fees will be adjusted, it will certainly depend on the rate of the adjustment before a decision can be made on the need to provide another safety net or the need to adjust the existing safety net. On this point, we do not have a predetermined position for the time being.

MR FREDERICK FUNG (in Cantonese): *President, the Secretary has said many things which he himself is not sure of today, such as whether the fees will be increased. The answer that we are given today is more of a general nature. The Chairman of the HA, whose status is very important, had nevertheless made remarks with certainty about medical savings and a fee increase for accident and emergency services. Who is telling the truth, the Chairman of the HA or the Secretary? Or did he reveal some underlying thoughts — the thoughts*

expressed by those at their meeting? Why are there such opposing and different attitudes and positions? If what the Secretary has said is true, will he instruct the Chairman of the HA not to make any comment rashly in the future?
(Laughter)

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I think Mr Frederick FUNG has asked two supplementary questions. Which one should I answer?

MR FREDERICK FUNG (in Cantonese): *President, these two supplementary questions are related. In fact, there is just one supplementary question.*

PRESIDENT (in Cantonese): Secretary, please sit down first. Mr Frederick FUNG, will you please explain how they are related.

MR FREDERICK FUNG (in Cantonese): *In fact, there is only one supplementary question.*

PRESIDENT (in Cantonese): Right.

MR FREDERICK FUNG (in Cantonese): *It is because the two positions are different. Then who is telling the truth? If the Secretary was telling the truth, does it mean that the other person, that is, the Chairman of the HA, should stop making any comment. So, this is one supplementary question.*

PRESIDENT (in Cantonese): Secretary, you are at liberty to choose how you will answer the question.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, the HA is a statutory body. Its Chairman certainly has his

own position and he represents the view of the HA. I also hope that the HA, as a responsible body, can manage its own manpower and finance as far as possible, especially its services to the public. Therefore, we certainly have different views and make different comments at different times.

Insofar as policy decisions are concerned, we will make decisions jointly with the HA. So, I believe we both are telling the truth, and we both are analysing this issue. The HA has also conducted a review at our request to consider how, in adjusting fees, the rate of increase will affect its service and finance. In this regard, it is the responsibility of the HA to carry out work in this area.

Certainly, if we really have to implement any measure, it is necessary to consult members of the community first. It is also necessary to consult the Legislative Council before making a decision as to how it should be implemented.

MR FREDERICK FUNG (in Cantonese): *President, the Secretary did not answer my supplementary question, because there is discrepancy in what the Secretary has said and that is, he said that many issues are still pending, and that consultation and negotiation are required and so, no conclusion has yet been reached. But on the other hand, the Chairman of the HA has made a conclusion. So, my question was about which is true and which is not, rather than the truthfulness of the Secretary's statement.*

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

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, as far as I know, the HA has not yet reached a conclusion on its fee-charging policy and the level of fees.

(Mr Frederick FUNG rose in an attempt to express his views)

PRESIDENT (in Cantonese): Please sit down. We are not having a debate here.

MR ANDREW CHENG (in Cantonese): *President, in his reply to Dr YEUNG Sum's question earlier, the Secretary made a remark. He said that if a person is not sick, he had better not queue up for medical consultation; and in the main reply, he also kept on saying "abuse". I wish to tell the Secretary that, when it comes to queuing up, hospitalization, and so on, a person who is not sick actually will not wish to be hospitalized or to queue up for out-patient service. I would like to ask the Secretary this: In a society where the population is ageing, we do appreciate the need to review the medical fees, but should medical fees be reviewed with the implementation of a universal model of health care financing and the support of a system of community medicine, rather than consistently shifting the responsibilities onto the patients and alleging them of abusing the service?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese) Madam President, with regard to the situation and definition of abuse, I think they have been explained on many occasions by the HA and academics engaging in studies on health care services. We are not saying that many people or some people will abuse the service. The main reason is that the fees are low. Meanwhile, we hope that all medical resources will be treasured, whether in the public or private sector, in order to effectively contribute to the health of members of the community as a whole. So, in this respect, a detailed review is certainly warranted.

However, can some fine tuning be made to the fees or any other factor be introduced to induce the public, whether they be patients or health care personnel, to make certain changes, especially in respect of their behaviour, so that these services can better take care of the general public? All these are what we need to take into consideration.

Certainly, I have given an undertaking to Members that insofar as the overall health care reform is concerned, especially in respect of financing, I hope to provide some analysis and put forward views expeditiously in the middle of this year. We will at the same time submit proposals on the adjustment of medical fees. We hope that Members will consider the two issues together rather than dealing with them separately.

MR TAM YIU-CHUNG (in Cantonese): *President, the Chairman of the HA mentioned that the abuse of service at some public hospitals is very serious.*

The number of in-patient attendances was about 860 000 in each of the past three year. How many of these attendances were considered abuse of service and what is their proportion? If the situation is alleged as serious in the absence of these figures, is such allegation merely an impression?

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, we do not have an overall analysis of abuse by service users. But in individual reviews, such as that of accident and emergency services or out-patient service, we can see that some people, whose health problems are not considered very serious, have received services over and over again for a very long period. For example, after implementing the triage system at accident and emergency departments, we find that the problems of many patients should be handled by family doctors, but these people had used the services at accident and emergency departments. If patients need to queue up for accident and emergency services, medical service would be delayed for patients whose conditions are truly critical. This situation has been mentioned in reports of the HA or those of many academics, but in general, we have not conducted any detailed analysis of these figures, because it is not easy to do so.

MISS CHAN YUEN-HAN (in Cantonese): *President, I would like to follow up the supplementary question asked by Mr TAM Yiu-chung earlier. With regard to the abuse of service, the Government cited accident and emergency departments as an example and provided statistics. In fact, the figures have proven that the number of attendances rose again after a period of time. According to the analysis at that time, the charging of a fee for accident and emergency services had not brought about significant changes as a result of abuse, and this is a finding of an analysis conducted by the Government about nine months ago. In this connection, how does the Government look at the information on abuse? According to the information that I have obtained, some people do not seek medical consultation at accident and emergency departments mainly because they will be charged \$100 for the service. I obtained this information during my work in the district. Many elderly people dare not seek medical consultation because of this fee of \$100. The Government must indeed treat the word "abuse" with great caution because when.....*

PRESIDENT (in Cantonese): What is the supplementary question you wish to ask?

MISS CHAN YUEN-HAN (in Cantonese): *Yes. President, that is why I wish to tell the Secretary that he must not invariably resort to a fee increase as a solution whenever he heard of "abuse". Has he considered that a fee increase or additional charges will deter some patients from seeking medical consultation at public hospitals, resulting in these patients ceasing to seek medical treatment on their own? Has he conducted a survey on this? I hope that the Government can fully understand their situation, and I hope that it will not use the word "abuse" rashly.*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, as far as I know, for people who cannot afford that \$100 or the fee for consultation at out-patient clinics, we have a mechanism in place to help them. So, the existing safety net has indeed provided assistance to many people in the low-income group, including the non-CSSA recipients. This safety net, which has an extensive coverage indeed, can be considered as sound.

MR WONG KWOK-HING (in Cantonese): *President, in part (b) of the main reply the Secretary cited the 600 submissions received from various sectors of the community, but he only said that seven of them opposed the increase of public medical fees, and 19 were inclined to support the fee increase in principle. I would like to ask the Secretary through the President why the Secretary did not mention the other 500-odd submissions but only cited this ratio of 7:19? Is this an attempt to mislead the Legislative Council because at a glance, it seems that the views in general are supportive of increasing medical fees at public hospitals? Is the Secretary trying to mislead us?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, we have received some 600 submissions which gave us their views on a great variety of issues, and since the question only asked about the fees of public hospitals, we can only extract this part of the information. As for the other submissions which did not put forward any view on this particular issue, we certainly will not explain them here. With regard to submissions expressing views on other issues, such as how the elderly should be taken care of, how we should address the need for medical insurance in the future, and so on, they are not related to the scope of the question asked by Dr YEUNG Sum and so, we have only extracted the views and responses relating to the fees of

public hospitals. This is not meant to mislead or to lead the public because after all, the number is very small.

PRESIDENT (in Cantonese): We have spent more than 20 minutes on this question. Last supplementary question.

MR LEE CHEUK-YAN (in Cantonese): *President, I think the Secretary should withdraw the remark that he has just made about some people who are not sick queuing up for out-patient service. I think this allegation by the Secretary is sweepingly general and arbitrary. What justifications does the Secretary have to prove that some people who are not sick have queued up for out-patient service? President, I think the Secretary has abused the word "abuse", especially earlier*

PRESIDENT (in Cantonese): What is your supplementary question?

MR LEE CHEUK-YAN (in Cantonese): *President, my supplementary is the question that the Secretary did not answer earlier. If the Secretary said that some people who are not sick have queued up for out-patient service, will there also be people with no health problem being hospitalized? If the Secretary said that some people are hospitalized even though they have no ailment, that would be even more outrageous, and if the Secretary does not think that people without any ailment would be hospitalized, then how could a fee of \$500 be charged? It is because there is the proposal of increasing the hospitalization fee to \$500. Therefore, this proves one point and that is, the Secretary has abused "abuse", and charged a fee purely for the purpose of charging a fee, not for deterring abuse.*

PRESIDENT (in Cantonese): Mr LEE, the Question Time is not a time for debate. It will be enough as long as you have asked your supplementary question.

MR LEE CHEUK-YAN (in Cantonese): *I have already asked my question. The Secretary explained earlier why it would be increased to \$500. How could*

it be fair to increase it to \$500? It is because people with no ailment are unlikely to be hospitalized.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): I think Mr LEE Cheuk-yan should talk to the health care personnel in order to have a clear picture of the situation. Certainly, I have served in the medical sector for some 20 to 30 years, and I know that there are indeed patients seeking hospitalization even though they have no ailment at all. Of course, there may not be a large number of them but most importantly, our policy must discourage these people from doing. Therefore, we consider that insofar as health care reforms are concerned, the charging of fees is a very important measure, and if we look at all the countries and territories elsewhere, other than those places where the people have paid a lot of money or an insurance system is in place, the medical fees in all the other places are not as low as those in Hong Kong and government subsidy is also not as high as that in Hong Kong. On this point, I think Hong Kong must positively consider the need for health care service reform.

MR LEE CHEUK-YAN (in Cantonese): *President, I asked the Secretary earlier whether the fee of \$500 is meant to prevent abuse or purely for the sake of charging a fee?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, as I have said earlier, we do not have a predetermined position on how much will be charged and so, I do not have to answer this supplementary question

PRESIDENT (in Cantonese): Sixth question.

Built Heritage Conservation Policy

6. **MR PATRICK LAU** (in Cantonese): *President, regarding the built heritage conservation policy (heritage policy), will the Government inform this Council:*

- (a) *as the public consultation on reviewing the heritage policy was already concluded in May 2004, why the authorities have not yet announced the new heritage policy, and when they plan to announce the new policy;*
- (b) *whether the new heritage policy will provide guiding principles for urban renewal and town planning exercises; if so, of the relevant details; if not, the reasons for that; and*
- (c) *of the existing policies and long-term strategies for avoiding discordance between the urban development direction and the heritage policy?*

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

- (a) The Government's current heritage conservation policy is to support and promote the conservation of heritage in Hong Kong with regard to the following fundamental principles:
 - (i) To conserve but not to take over ownership;
 - (ii) Conservation should be based on heritage value, not simply the age of a building;
 - (iii) A balance between conservation needs and economic cost should be maintained; and
 - (iv) Private property rights should be given due regard.

In 2004, the Home Affairs Bureau (the Bureau) embarked on a Review of the Built Heritage Conservation Policy with a view to developing a holistic approach and formulating effective implementation measures to enhance built heritage conservation work. Since the review involves complicated issues such as cultural and heritage value, public interest, private property rights, and planning and land matters, and so on, we considered it essential to consult the public with a view to building a general consensus before formulating the implementation measures. Accordingly, the Bureau launched a public consultation exercise from February to

May 2004, focusing on broad policy issues including: (a) what should we conserve, (b) how do we conserve, and (c) how much and who should pay. The consultation exercise received positive response from the community with more than 500 views received. We reported the results to the Legislative Council in November 2004. In general, the community recognized the importance of built heritage conservation and called for greater efforts by the whole community on this front.

Taking into account the views collected from the public consultation, we are in the process of formulating the strategy and proposed improvement measures for built heritage conservation. The proposed improvement measures mainly include: innovative and sustainable adaptive re-use of conserved built heritage; better co-ordination of heritage conservation work; formulation of a holistic approach, assessment criteria, different methods of conservation, and strategy on enhancing community participation; strengthening of heritage education and publicity, and introduction of appropriate planning tools and economic incentives to encourage private property owners to conserve built heritage. As the conservation work involves different complex issues, we have to work out a holistic approach that will enable Hong Kong to take a comprehensive view on what, and how many, heritage items to conserve, and see through the whole conservation process from identification of heritage items for conservation to adaptive re-use and management. Since the improvement measures involve land use and town planning, ownership and development rights of private properties, and deployment of public resources, we need considerable time to assess the feasibility of different measures and sort out the implementation details and seek legal advice as necessary. We hope to complete the work as soon as possible on the proposed improvement measures for consultation with the Legislative Council, the concerned parties and the public as appropriate.

(b) and (c)

The rapid development of the Hong Kong economy has given rise to increasing public expectation for improved living standard, as well

as better town planning and living environment. There are also growing concerns about the impact of the urban renewal process on the historical and cultural ambience of the old districts in Hong Kong and the social network of the local residents. Built heritage conservation, urban renewal and town planning are closely interrelated with each other. At present, we seek to suitably conserve built heritage with historical value during town planning and urban renewal process through a series of legal and administrative procedures.

The Hong Kong Planning Standards and Guidelines (the Guidelines) promulgate the detailed guidelines on heritage conservation for the protection of heritage (monuments, historical buildings, and archaeological sites), landscape, customs and traditions. The Guidelines are reviewed from time to time to keep pace with the community development and public expectation. The Guidelines have an extensive coverage of important issues on built heritage conservation policy and planning work.

Hong Kong is rich in cultural heritage. It is important to rehabilitate and preserve unique cultural heritage as this not only accords with our objective of sustainable development but also facilitates the retention of the historical characteristics of different districts. Heritage conservation also implies respect of local activities, customs and traditions. The concept is to conserve not only individual items but also their wider urban and rural setting. As such, when preparing statutory or non-statutory land-use plans, due consideration is given to heritage conservation aspects by the relevant authorities. For example, according to the Guidelines, the existing declared monuments are covered by appropriate land-use zoning on the relevant statutory town plan. Moreover, they are listed in the Explanatory Statements of the statutory plan and it is necessary to have prior consultation with the Antiquities and Monuments Office (AMO) of the Leisure and Cultural Services Department on any development or rezoning proposals affecting these sites or buildings. As for the graded historical buildings which have the potential for conservation, we would as far as possible encourage the owners or developers to conserve the whole or part of a historical building through the existing town planning

mechanism and conditions under land deeds. As a whole, due regard is made to the Government's heritage conservation policy in the context of town planning.

In processing planning proposals made under the Town Planning Ordinance which may affect archaeological/historical sites or buildings or their surroundings, the Planning Department will consult the AMO. Views and comments of the AMO will be submitted to the Town Planning Board for consideration to help ensure that both town planning and heritage conservation issues are duly considered.

As regards urban renewal, the Urban Renewal Authority (URA) adopts a holistic and comprehensive approach to renew the old urban districts, which includes the conservation of historical buildings within its project areas. In taking forward its urban renewal projects, the URA will adhere to the heritage conservation policy of the Home Affairs Bureau and works closely with the concerned bodies and Government departments, including the Antiquities Advisory Board (AAB) and the AMO, with a view to preserving the historical buildings within its project areas as far as practicable.

The object of the AAB is to advise the Antiquities Authority, that is, the Secretary for Home Affairs on matters related to heritage and antiquities. Relevant government departments and institutions would consult the AAB for advice when considering development proposals affecting historical buildings and declared monuments. The AAB had, in the past years, discussed and advised on a number of urban development proposals and conceptual plans and made recommendations to the Bureau and relevant institutions to ensure heritage conservation would be properly addressed in those developments.

As we have mentioned in the Review of Built Heritage Conservation Policy in 2004, there are inadequacies in the existing heritage conservation policy. The Antiquities and Monuments Ordinance, for instance, provides for only one form of conservation, that is, declaring buildings or structures as monuments for protection, which is considered rather inflexible. Besides, insufficient

economic incentives are provided by the Government to encourage owners of built heritage to take active measures in protecting their buildings. To improve the situation, we are considering a series of improvement strategies and measures. We will consult the Legislative Council, relevant bodies and the public as appropriate on details of the proposed measures and their impacts particularly their financial and economic implications on the community.

MR PATRICK LAU (in Cantonese): *President, I do not know if the Chief Executive knew that we would discuss this topic today and so he paid a visit to some of the conserved built heritage and monuments yesterday.*

With respect to the main reply by the Secretary, I have some opinions. This is because he only talks about the current policy, but actually my question is on the new heritage policy, that is, what he will do after the consultations. In the reply he mentioned that owing to insufficient incentives provided, it would be difficult to ask owners of private property to protect built heritage. Concerning issues like the transfer of plot ratios and building laws, we have discussed them for a long time. What is the view of the Secretary on these? Besides, about the time "as appropriate" as the Secretary talks about, what does he mean and when will he put forward such a policy to us?

SECRETARY FOR HOME AFFAIRS (in Cantonese): The so-called financial incentives would in many cases involve transfer of plot ratio and transfer of the right to development which is in fact the right to development given under special circumstances. As a historical building is preserved, so the right to development is lost. Consequently, the right will be transferred to another receiving point. There have been discussions in society for quite some time and some support from the sector is obtained. But with respect to implementation, there are still many technical, legal and resource allocation issues. We are discussing this issue with various bureaux to see how this can be worked out, that is, to embody this spirit in law and to achieve a transfer of the plot ratio. If we have any further information, we will make a detailed report of follow-up actions in a meeting of the Panel on Home Affairs of the Legislative Council.

As for overall follow-up action, that is, when second phase measures will be launched, it would have to depend how these financial incentives can be put

into practice. And when recommendations are made gradually based on the legal framework, we will consult the public as soon as possible.

MISS CHOY SO-YUK (in Cantonese): *President, with respect to the conservation of antiquities and monuments, there are items that may have qualified for such a classification in terms of the age requirement, but in the course of subsequent maintenance, some parts of the building concerned may be repaired and so these parts would form some recent parts in an otherwise old building, then would the Government consider such buildings with some recent parts? Another case is that the age of a building may not meet the age requirement, but there is unanimous public opinion calling for its conservation, then should such a building be conserved even though its age may not qualify for conservation?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): Why do we wish to conduct a review of this policy now? This is because the existing legislation on antiquities and monuments is considered rather inflexible as only one form of conservation is provided for, that is, conservation of the entire building. Moreover, the threshold for conservation is very high. What we think the public support is not some old bricks and mortar but that some local traditions, items of collective memory and things closely related to the history of the districts where people live. As we want this kind of flexibility and latitude, we hope to review the existing policy.

For example, there are many heritage buildings with great cultural significance and they should be conserved *in situ*. Other heritage buildings may not have such a great value for conservation, but they do carry a great cultural significance or strong popular support, then they should also be conserved. The question is how this should be done. Should the entire building be conserved and no demolition is allowed? Or should it be fine if only one kind of unique characteristic or one kind of cultural flavour is conserved? On these I hope that various forms of built heritage conservation can be outlined in the coming consultation document.

DR KWOK KA-KI (in Cantonese): *The main reply of the Secretary is very disappointing to us. He has guided us on a tour which leads us to nowhere.*

He has spent more than eight minutes answering the question raised by Mr Patrick LAU only to point out one thing which is said in the last paragraph: nothing has happened since 2004.

Secretary, may I ask one question? As your term of office will last until the end of June next year, could you tell us what actual work you will do before the expiry of your term of office, that is, in end June next year so that the second phase consultation which you have referred to or those heritage buildings and monuments which have been waiting for a long time and are constantly being demolished will benefit from this new policy of yours?

SECRETARY FOR HOME AFFAIRS (in Cantonese): It goes without saying that a sound policy needs the support of the people and it must have a certain degree of feasibility and legal basis. For this reason, we have been extremely meticulous with the second phase consultation of our policy, hoping that when we launch the new policy later, it will meet the needs of society.

I can tell Dr KWOK through the President that I will see to it that this is done before the expiry of my term of office.

DR KWOK KA-KI (in Cantonese): *Sorry, President, could the Secretary say something more? I asked the Secretary what actual work he would do and apart from repeating what he has said before, could he tell us something more concrete?*

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

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I have nothing to add.

MISS CHAN YUEN-HAN (in Cantonese): *It was in July 2002 that the Secretary assumed the post of an accountable Director of Bureau. I had brought him to visit a monument and that was Nga Tsin Wai. It has been quite a*

few years from 2002 to now since we made that visit. As the Secretary has said, during the interim, the authorities have conducted a consultation. And all along he agrees with our view. But my view is the same as what Dr KWOK Ka-ki has said and that is, he has guided us on a tour that leads us to nowhere. I am extremely unhappy because some of these monuments.....

PRESIDENT (in Cantonese): Please raise your supplementary question.

MISS CHAN YUEN-HAN (in Cantonese): *President, I am going to raise my supplementary question. Some of these monuments and heritage items cannot afford to wait any longer. They are crumbling down. The Central College, the Central Police Station and the Nga Tsin Wai village, they are all crumbling down. A city should have its life and the life of a city comes from its history. Macao has done a good job in this. I have just been to France and it goes without saying that conservation work there is good. What about Hong Kong? The Secretary keeps on telling us to wait. President, I wish to say more. In 2002 I invited the Secretary to go there at once and at that time the Secretary said he did not have any money. Now he should have money. May I ask the Secretary, with respect to this issue, if we really need to lag so much behind? These monuments and heritage items cannot afford to wait anymore. What shall we do? President, I would like to ask the Secretary: Before he leaves his present post or before he takes up another term, what should be done to prevent all of these monuments and heritage items from crumbling down?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): The relevant legislation on antiquities and monuments has provided for sufficient protection of the existing heritage. These heritage buildings will not become less in number and will not be demolished. If we think any of them should be conserved, we will declare it a monument. Ever since the legislation came into force in 1976, it has protected many declared monuments. They will not all be demolished and they will not become less in number. We hope to conserve more of them, not only the ones that are being conserved. How can more be conserved? We should protect those which have not yet met the requirements to be classified as declared monuments. This is what we mean by the spirit of reform. So please do not say that we cannot conserve those heritage and monuments that should

otherwise be conserved. What we hope to achieve is to conserve more heritage and monuments.

As for Nga Tsin Wai village, we have done something and it is not true to say that we have not done anything. The village has a long history and the fact that it is not conserved as a whole even to this day is because many of the walls have been demolished or repaired. If age is used as the standard, then Nga Tsin Wai village is new, for the bricks there are new. The history of Nga Tsin Wai village is a long one and the memory associated with it is old. But many of the bricks there are new. Then should the entire village be conserved? In a meeting on 8 November 2005, the Wong Tai Sin District Council discussed the way forward for Nga Tsin Wai village. A resolution was passed to ask the URA to carry out the project to redevelop Nga Tsin Wai village. There are three items that should be conserved if the history of this walled village is to be preserved. These are: the Tin Hau Temple, the gate and the arch with the inscriptions of the Chinese words "qing you yu" ("慶有餘") on it. The District Council should also be consulted as to the planning for future redevelopment. In response to the resolution passed by the Wong Tai Sin District Council, the Home Affairs Bureau and the AMO are keeping a close watch on the progress of the redevelopment project of Nga Tsin Wai village. The URA has been asked to consider various aspects when undertaking redevelopment planning and comply with the requirements made, and engage in a detailed programme of study, mapping and photographing records. These will ensure that the historical relics of the walled village will be preserved properly. So there has been progress in this aspect. Our AMO will monitor the redevelopment project and a sound set of guidelines is available on how to deal with antiquities and monuments unearthed in Nga Tsin Wai village.

PRESIDENT (in Cantonese): Miss CHAN Yuen-han, has your supplementary question not been answered?

MISS CHAN YUEN-HAN (in Cantonese): *No, the Secretary has given a lot of details. I do not wish to argue with him. This is not the time for arguments anyway. But he has not answered my supplementary question.....*

PRESIDENT (in Cantonese): You need only to point out the part which has not been answered.

MISS CHAN YUEN-HAN (in Cantonese): *I said that these heritage and monuments could not afford to wait any longer and he replied that there should not be any waiting and in the legislation on antiquities and monuments.....*

PRESIDENT (in Cantonese): What then is your supplementary question?

MISS CHAN YUEN-HAN (in Cantonese): *President, I would like to say in greater detail. The Secretary said that for those which could not meet the requirements for classification as heritage, he was also prepared to conserve them. I then asked him how he was going to conserve them and whether this meant that we should go on waiting. He did not reply to this point.*

PRESIDENT (in Cantonese): Fine, point taken, you may sit down.

SECRETARY FOR HOME AFFAIRS (in Cantonese): On conservation matters, if owners of antiquities and monuments need any information or assistance, the Government, that is, the AMO, will be prepared to offer help in matters related to the conservation of antiquities and monuments. If anyone wants to demolish any conserved heritage buildings, the Government has a lethal weapon so to speak, and that is, to declare such conserved heritage buildings as monuments and hence these heritage and monuments will not be lost.

PRESIDENT (in Cantonese): All right, we have spent exactly 22 minutes on this question. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Funding Provisions for District Councils

7. **MR MARTIN LEE** (in Chinese): *President, will the Government inform this Council of:*

- (a) *the respective funding provisions allocated to each District Council (DC) for undertaking environmental improvements, the promotion of*

recreational and cultural activities as well as community activities within its district, and the respective numbers of works projects and activities undertaken by each DC in each year from 2000-01 to 2005-06; and

- (b) *the respective approved budget provisions allocated to each DC by the authorities regarding the above three categories of projects and activities in the current financial year?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) Funds are allocated to DCs every year for undertaking environmental improvement and community involvement projects, including recreational and cultural activities. The DCs will have the discretion to decide how best the funds should be spent to meet district needs. The allocation of funds for the 18 DCs from 2000-01 to 2005-06 is set out at Annex A. A breakdown of the number of projects undertaken by each DC is at Annex B.
- (b) The approved funding provision for the 18 DCs for the current financial year is at Annex C.

Annex A

Funding Provision for 18 DCs from 2000-01 to 2005-06 (\$)

<i>District</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>
Central and Western	5,378,000	9,046,000	9,100,000	8,900,000	8,140,000	7,550,000
Eastern	8,290,000	13,927,000	14,000,000	13,700,000	12,520,000	11,600,000
Kowloon City	5,326,000	9,744,000	9,800,000	9,600,000	8,780,000	8,150,000
Kwun Tong	8,958,000	14,269,000	14,300,000	14,000,000	12,800,000	11,800,000
Sham Shui Po	6,396,000	10,613,000	10,700,000	10,500,000	9,600,000	8,900,000
Southern	4,207,000	7,895,000	7,900,000	7,700,000	7,040,000	6,550,000
Wan Chai	3,845,000	7,043,000	7,100,000	6,900,000	6,310,000	5,850,000
Wong Tai Sin	7,425,000	11,987,000	12,000,000	11,700,000	10,700,000	9,900,000
Yau Tsim Mong	8,055,000	11,853,000	11,900,000	11,600,000	10,600,000	9,800,000
Islands	5,126,000	7,723,000	7,800,000	7,600,000	6,950,000	6,450,000

<i>District</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>
Kwai Tsing	11,625,000	16,425,000	16,500,000	16,200,000	14,800,000	13,650,000
North	5,766,000	9,547,000	9,600,000	9,400,000	8,590,000	7,950,000
Sai Kung	6,281,000	10,180,000	10,200,000	10,000,000	9,140,000	8,500,000
Sha Tin	10,791,000	16,446,000	16,500,000	16,200,000	14,800,000	13,650,000
Tai Po	5,956,000	9,896,000	9,900,000	9,700,000	8,870,000	8,250,000
Tsuen Wan	7,803,000	11,569,000	11,600,000	11,300,000	10,330,000	9,600,000
Tuen Mun	9,462,000	14,279,000	14,300,000	14,000,000	12,800,000	11,850,000
Yuen Long	9,374,000	14,022,000	14,100,000	13,800,000	12,620,000	11,700,000
Sub-total:	130,064,000	206,464,000	207,300,000	202,800,000	185,390,000	171,700,000
Reserves at Headquarters*	12,936,000	2,936,000	2,100,000	2,831,000	2,610,000	1,800,000
Grand Total:	143,000,000	209,400,000	209,400,000	205,631,000	188,000,000	173,500,000

* A sum of money is reserved each year to fund territory-wide projects and meet contingencies as necessary.

Annex B

**Numbers of Environmental Improvement (EI) and
Community Involvement (CI) Projects
Carried out by 18 DCs from 2000-01 to 2005-06**

<i>District</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>		<i>2003-04</i>		<i>2004-05</i>		<i>2005-06</i>	
	<i>EI</i>	<i>CI</i>										
Central and Western	11	241	9	270	9	257	5	268	6	272	6	281
Eastern	22	421	34	456	26	477	26	500	16	479	22	506
Kowloon City	29	169	32	193	24	206	11	189	11	211	10	197
Kwun Tong	18	540	12	554	23	635	23	682	31	634	30	608
Sham Shui Po	4	260	5	307	5	364	7	296	3	289	1	334
Southern	14	222	14	269	11	251	18	261	14	256	10	224
Wan Chai	12	145	10	212	5	241	5	180	5	201	4	214
Wong Tai Sin	22	403	17	421	14	447	17	450	18	451	14	488
Yau Tsim Mong	8	289	11	366	11	348	14	319	5	328	6	314
Islands	43	201	46	241	35	249	31	268	44	242	29	239
Kwai Tsing	8	460	17	480	16	549	21	496	18	547	19	571
North	12	295	23	331	13	336	29	359	11	341	10	340

<i>District</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>		<i>2003-04</i>		<i>2004-05</i>		<i>2005-06</i>	
	<i>EI</i>	<i>CI</i>										
Sai Kung	13	336	25	340	15	403	18	358	16	414	18	352
Sha Tin	11	421	19	473	9	439	17	409	18	427	27	432
Tai Po	11	221	18	274	8	298	6	232	14	257	9	249
Tsuen Wan	29	265	33	243	27	287	30	237	27	277	27	270
Tuen Mun	14	1 244	12	1 169	18	1 114	18	835	14	990	14	1 008
Yuen Long	20	535	33	624	34	707	42	693	32	708	26	736
Total:	301	6 668	370	7 223	303	7 608	338	7 032	303	7 324	282	7 363

Annex C

Funding Provision for 18 DCs for 2006-07

<i>District</i>	<i>Allocation (\$)</i>
Central and Western	7,550,000
Eastern	11,600,000
Kowloon City	8,150,000
Kwun Tong	11,800,000
Sham Shui Po	8,900,000
Southern	6,550,000
Wan Chai	5,850,000
Wong Tai Sin	9,900,000
Yau Tsim Mong	9,800,000
Islands	6,450,000
Kwai Tsing	13,650,000
North	7,950,000
Sai Kung	8,500,000
Sha Tin	13,650,000
Tai Po	8,250,000
Tsuen Wan	9,600,000
Tuen Mun	11,850,000
Yuen Long	11,700,000
Sub-total:	171,700,000
Reserves at Headquarters*	1,800,000
Grand Total:	173,500,000

* A sum of money is reserved each year to fund territory-wide projects and meet contingencies as necessary.

Role and Functions of District Councils

8. **MR CHEUNG MAN-KWONG** (in Chinese): *President, regarding the implementation of the measures proposed by the Government in mid-2001 to enhance the role and functions of the District Councils (DCs), the Government replied to a Member's question at the Council meeting on 1 March 2006. Regarding the reply, will the Government provide this Council with supplementary information, as follows:*

- (a) *as the authorities are studying and following up the 195 suggestions put forward by the DCs in the past three years regarding district leisure and cultural facilities and services, of the details of such suggestions and the detailed reasons for not implementing them immediately, broken down by the DCs;*
- (b) *as the authorities have indicated that, among the suggestions put forward by the DCs in the past three years regarding district municipal facilities and services, 13 will be considered and reviewed from time to time, depending on the resources available and 11 have not been accepted, of the details of such suggestions, broken down by the DCs;*
- (c) *of the titles of the electronic copies of Legislative Council Briefs issued by various government bureaux to the 18 DC Secretariats in the past three years;*
- (d) *of the respective numbers of meetings that have been held by Directors of Bureaux and Heads of Government Departments with DC members since the commencement of the current DC term, with a breakdown by DC and indication for DC meetings among such meetings;*
- (e) *as the Steering Committees for Rural Public Works and for Urban Minor Works are currently chaired by the Director of Home Affairs, why the authorities did not implement their suggestion in 2001 that these Steering Committees be chaired by the chairmen or members of DCs;*
- (f) *of the number and names of the district consultative committees the existing memberships of which comprise no DC members and the*

reasons for that, and whether the authorities have any plans and timetable to increase the percentages of DC members in these committees to a specified target; if they have, of the target; and

- (g) of the names of the district consultative committees currently chaired by DC members, the names of the other district consultative committees, why some district consultative committees are not chaired by DC members, and whether the authorities have any plans and timetable for all district consultative committees to be chaired by DC members?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The 195 suggestions put forward by the DCs in the past three years that are being studied and followed up by the relevant government departments are broadly categorized at Annex A.
- (b) Thirteen suggestions are kept under constant review subject to the availability of resources and 11 suggestions were not accepted either because they were not supported by the stakeholders or they were not in accordance with existing policies. Details of these suggestions are at Annex B.
- (c) The two electronic copies of Legislative Council Briefs issued by government bureaux to the DC Secretariats in the past three years are "Electoral Provisions (Miscellaneous Amendments) Bill 2002" from the Constitutional Affairs Bureau and "Authorization of Soccer Betting: the Way Forward" from the Home Affairs Bureau.
- (d) Since the commencement of the current DC term in January 2004, a total of 160 meetings have been held between DC members and Directors of Bureaux as well as Heads of Departments. Sixty of these meetings are DC meetings. A breakdown of these meetings is at Annex C.
- (e) The arrangements for the Rural Public Works Steering Committee and Urban Minor Works Steering Committee will be re-examined in the context of the DC Review.

- (f) Out of a total of 213 district consultative committees under the jurisdiction of the Home Affairs Bureau, 11 committees do not consist of DC members. A list of these committees is at Annex D.

These committees were set up in the first instance as inter-departmental working groups to discuss the provision of services in the districts. We have been taking steps to appoint DC members to these district consultative committees as appropriate.

- (g) Out of these 213 district consultative committees, 110 are chaired by DC members while 103 are not. A list of these committees is at Annex E and Annex F respectively.

The main reasons for these committees currently not being chaired by DC members are as follows:

- (i) some committee chairmen are returned by election among members of the respective committees; and
- (ii) the existing membership of some committees do not comprise DC members.

Apart from those committees which elect their own chairmen, we will consider appointing more DC members as chairmen of these committees when the opportunity arises.

Annex A

**Breakdown of the 195 Suggestions put forward by DCs
over the past three years
on district leisure and cultural facilities and services
being studied and followed up**

<i>Category of suggestions</i>	<i>Number of suggestions</i>	<i>Reasons for the suggestions being studied and followed up</i>
1. To build new leisure facilities	60	<ul style="list-style-type: none"> - Significant capital and recurrent costs associated with these projects - Anticipated comparatively low demand for the suggested facilities in view of the availability and utilization rates of existing facilities in the districts concerned

<i>Category of suggestions</i>	<i>Number of suggestions</i>	<i>Reasons for the suggestions being studied and followed up</i>
		- Need to conduct a thorough study on a host of factors including projected population growth, changing needs of the community and availability of site
2. To improve existing facilities, for example, to build more toilets	38	- Physical limitations of the venues - Need for technical study of feasibility of these projects
3. To build new libraries or to expand existing libraries, and to provide more mobile library service points	34	- Significant capital and recurrent costs - Existing library provision in the district concerned has already met the Hong Kong Planning Standards and Guidelines
4. To extend opening hours of libraries and mobile libraries	19	- Significant resource implications - Library users' comments were sought in a survey in 2004 and the current opening hours were generally found acceptable
5. To extend library services, for example, extension of book borrowing period	15	- Need to balance the needs of all users
6. To build new civic centres	7	- Significant capital and recurrent costs - Need to consider long-term regional development strategy in the provision of civic centres
7. Miscellaneous, for example, provision of carparks	22	- Physical limitations of the sites concerned and traffic considerations
Total	195	

Annex B

**Details of the Suggestions put forward by DCs
over the past three years
regarding district municipal facilities and service
kept under review and those not accepted**

<i>Category of suggestions</i>	<i>Number of suggestions</i>	<i>Current position</i>
1. To build new public toilets or to improve facilities of existing toilets/aqua privy	6	- Kept under review subject to availability of resources

<i>Category of suggestions</i>	<i>Number of suggestions</i>	<i>Current position</i>
2. To install air-conditioning system in markets/hawker bazaar	5	- Not accepted as the suggestions were not supported by the required percentage of stall tenants or not in accordance with existing policy
3. To relocate hawkers to fixed pitches with no restricted trading hours	1	- Not accepted as the suggestion was not in accordance with existing policy
4. To allow on-street hawkers to choose whether to move into a newly completed market	1	- Being considered by the joint task group comprising members from the DC and relevant departments
5. To construct or relocate refuse collection points, dog latrine or central animal carcass collection point	6	- Kept under review subject to availability of resources/suitable sites
6. To construct new or temporary markets, to improve the electricity supply of an existing market or to retain existing rental scheme	4	- Not accepted as the conditions for the provision of a new market were not met/no suitable site was identified for the provision of a transformer room/not in accordance with existing policy
7. To dispose of home renovation waste	1	- Not accepted as the suggestion was not in accordance with existing policy
Total	24	(13 suggestions are kept under consultation and review and 11 are not accepted)

Annex C

**Breakdown of meetings held between DC members and
Directors of Bureaux and Heads of Departments
since the commencement of the current DC term in January 2004**

<i>DC</i>	<i>Total Number of Meetings</i>	<i>Number of DC Meetings</i>
Central and Western	5	3
Eastern	7	2

<i>DC</i>	<i>Total Number of Meetings</i>	<i>Number of DC Meetings</i>
Kowloon City	6	2
Kwun Tong	5	1
Sham Shui Po	6	5
Southern	11	3
Wan Chai	11	3
Wong Tai Sin	11	4
Yau Tsim Mong	6	6
Islands	6	3
North	7	3
Kwai Tsing	8	4
Sai Kung	6	2
Sha Tin	6	3
Tai Po	6	3
Tsuen Wan	10	4
Tuen Mun	7	6
Yuen Long	10	3
Other meetings organized by Home Affairs Department Headquarters	26	-
Total	160	60

Annex D

District Consultative Committees Without DC Members on Their Membership

<i>District</i>	<i>Name of Committee</i>
Central and Western	Central and Western District Co-ordinating Committee on New Arrival Services
Eastern	Eastern District Co-ordinating Committee on New Arrival Services
North	North District Co-ordinating Committee on New Arrival Services
Southern	Southern District Co-ordinating Committee on New Arrival Services
Sai Kung	Sai Kung District Co-ordinating Committee on New Arrival Services
Tuen Mun	Tuen Mun District Co-ordinating Committee on New Arrival Services
Tai Po	Tai Po District Co-ordinating Committee on New Arrival Services
Tsuen Wan	Tsuen Wan District Co-ordinating Committee on New Arrival Services
Wong Tai Sin	Wong Tai Sin District Co-ordinating Committee on New Arrival Services

<i>District</i>	<i>Name of Committee</i>
Yau Tsim Mong	Yau Tsim Mong District Co-ordinating Committee on New Arrival Services
	Yau Tsim Mong District Co-ordinating Committee for the Promotion of Information Technology Usage

Annex E

District Consultative Committees Chaired by DC Members

<i>District</i>	<i>Name of Committee</i>
Central and Western	Central and Western District Committee on the Promotion on the use on Information Technology
	Central and Western District Fire Safety Committee
	Central and Western District Clean Hong Kong Committee
	Central and Western Urban Minor Works District Working Group
Eastern	Eastern District Summer Youth Programme Co-ordinating Committee
	Eastern District Fire Safety Committee
	Eastern District Clean Hong Kong Committee
	Eastern Urban Minor Works District Working Group
	Eastern District Fight Crime Committee
	Yee Wan Area Committee
	North Point East Area Committee
North Point West Area Committee	
Islands	Islands District Fire Safety Committee
	Islands Rural Public Works District Working Group
	Islands District Clean Hong Kong Committee
	Lantau Area Committee
	Cheung Chau Area Committee
	Lamma Area Committee
	Peng Chau/Discovery Bay Area Committee
	Islands District Fight Crime Committee
Kwai Tsing	Kwai Tsing District Community Hall Management Advisory Committee
	Kwai Tsing District Fire Safety Committee
	Kwai Tsing District Clean Hong Kong Committee
	Kwai Tsing Rural Public Works District Working Group
	Kwai Tsing District Fight Crime Committee

<i>District</i>	<i>Name of Committee</i>
Kowloon City	Kowloon City District Civic Education Campaign Organization Committee
	Kowloon City District Fire Safety Committee
	Kowloon City Urban Minor Works District Working Group
	Kowloon City District Clean Hong Kong Committee
	Kowloon City District Fight Crime Committee
Kwun Tong	Kwun Tong District Civic Education Committee
	Kwun Tong District Fire Safety Committee
	Kwun Tong Clean Hong Kong District Committee
	Kwun Tong Urban Minor Works District Working Group
North	North District Committee for Elderly Activities
	North District Civic Education Committee
	North District Community Hall Management Committee
	North District Fire Safety Committee
	North District Clean Hong Kong Committee
	North Rural Public Works District Working Group
	North District Fight Crime Committee
Southern	Southern District Fire Safety Committee
	Southern District Clean Hong Kong Committee
	Southern Urban Minor Works District Working Group
	Aberdeen, Tin Wan, Shek Pai Wan and Chi Fu Area Committee
	Ap Lei Chau Area Committee
Sai Kung	Sai Kung District Summer Youth Programmes Co-ordinating Committee
	Sai Kung District Fire Safety Committee
	Sai Kung District Clean Hong Kong Committee
	Sai Kung Rural Public Works District Working Group
	Tseung Kwan O South Area Committee
	Sai Kung District Fight Crime Committee
Sham Shui Po	Sham Shui Po District Summer Youth Programme Co-ordinating Committee
	Sham Shui Po Community Hall and Community Centre Management Committee
	Sham Shui Po District Fire Safety Committee
	Sham Shui Po District Clean Hong Kong Committee
	Sham Shui Po Urban Minor Works District Working Group
	Sham Shui Po East Area Committee
	Sham Shui Po Central and South Area Committee
	Sham Shui Po District Fight Crime Committee
Sha Tin	Sha Tin District Summer Youth Programme Co-ordinating Committee
	Sha Tin Community Hall Management Committee

<i>District</i>	<i>Name of Committee</i>
	Sha Tin District Fire Safety Committee
	Sha Tin District Clean Hong Kong Committee
	Sha Tin Rural Public Works District Working Group
	Sha Tin District Fight Crime Committee
	Sha Tin East One Area Committee
	Sha Tin West Three Area Committee
Tuen Mun	Tuen Mun District Summer Youth Programme Co-ordinating Committee
	Tuen Mun District Fire Safety Committee
	Tuen Mun District Clean Hong Kong Committee
	Tuen Mun Rural Public Works District Working Group
	North East Area Committee
	South East Area Committee
Tai Po	Tai Po District Civic Education Campaign Organizing Committee
	Tai Po District Fire Safety Committee
	Tai Po District Clean Hong Kong Committee
	Tai Po Rural Public Works District Working Group
	Tai Po District Fight Crime Committee
Tsuen Wan	Tsuen Wan District Summer Youth Programme Co-ordinating Committee
	Tsuen Wan District Co-ordinating Committee for the Promotion of Information Technology Usage
	Tsuen Wan District Economy Promotion Committee
	Tsuen Wan District Fire Safety Committee
	Tsuen Wan District Clean Hong Kong Committee
	Tsuen Wan Rural Public Works District Working Group
	Tsuen Wan Central Area Committee
Wan Chai	Wan Chai District Fire Safety Committee
	Wan Chai Urban Minor Works District Working Group
	Wan Chai District Clean Hong Kong Committee
	Wan Chai District Fight Crime Committee
Wong Tai Sin	Wong Tai Sin District Summer Youth Programme District Co-ordination Committee
	Wong Tai Sin Community Centre Management Committee
	Choi Wan Estate Community Centre Management Committee
	Wong Tai Sin District Fire Safety Committee
	Wong Tai Sin Urban Minor Works District Working Group
	Wong Tai Sin District Clean Hong Kong Committee
	Wong Tai Sin (West) Area Committee

<i>District</i>	<i>Name of Committee</i>
Yuen Long	Yuen Long District Civic Education Committee
	Yuen Long District Fire Safety Committee
	Yuen Long District Clean Hong Kong Committee
	Yuen Long Rural Public Works District Working Group
	Yuen Long District Fight Crime Committee
	Tin Shui Wai North Area Committee
	Tin Shui Wai South Area Committee
	Yuen Long Town Area Committee
Yau Tsim Mong	Mong Kok Community Hall Management Committee
	Yau Tsim Mong District Fire Safety Committee
	Yau Tsim Mong Urban Minor Works District Working Group
	Yau Tsim Mong District Clean Hong Kong District Committee
	Yau Tsim Mong West Area Committee

Annex F

District Consultative Committees not Chaired by DC Members

<i>District</i>	<i>Name of Committee</i>
Central and Western	Central and Western District Summer Youth Programme Co-ordinating Committee
	Central and Western District Co-ordinating Committee on New Arrival Services
	Sai Ying Pun Community Hall/Centre Management Committee
	Central and Western District Fight Crime Committee
	Chung Wan and Mid-Levels Area Committee
	Sheung Wan and Sai Ying Pun Area Committee
	Shek Tong Tsui and Kennedy Town Area Committee
Eastern	Eastern District Co-ordinating Committee on New Arrival Services
	Aldrich Bay Area Committee
	Hong Shing Area Committee
	Wan Tai Area Committee
Islands	Islands District Summer Youth Programmes Co-ordinating Committee
Kwai Tsing	Kwai Tsing Summer Youth Programmes Co-ordinating Committee
	Kwai Tsing District Co-ordinating Committee on New Arrival Services
	Kwai Tsing District Co-ordinating Committee for the Promotion of Information Technology Usage

<i>District</i>	<i>Name of Committee</i>
	Kwai Chung (North East) Area Committee
	Kwai Chung (Central and South) Area Committee
	Kwai Chung (West) Area Committee
	Tsing Yi (South West) Area Committee
	Tsing Yi (North East) Area Committee
Kowloon City	Kowloon City District Summer Youth Programme Co-ordinating Committee
	Kowloon City District Co-ordinating Committee for the Promotion of Information Technology Usage
	Tokwawan Area Committee
	Hung Hom Area Committee
	Lung Tong Area Committee
	Homantin Area Committee
Kwun Tong	Kwun Tong District Summer Youth Programme Co-ordinating Committee
	Kwun Tong Healthy City Steering Committee
	Kwun Tong District Co-ordinating Committee on New Arrival Services
	Kwun Tong District Co-ordinating Committee on Promotion of Information Technology Usage
	Kwun Tong District Community Hall/Community Centre Management Committee
	Kwun Tong District Fight Crime Committee
	Kwun Tong Central Area Committee
	Kwun Tong South Area Committee
	Kwun Tong West Area Committee
	Lam Tin Area Committee
	Sau Mau Ping Area Committee
	Sze Shun Area Committee
North	North District Summer Youth Programmes Co-ordinating Committee
	North District Co-ordinating Committee on Promotion of Information Technology Usage
	North Co-ordinating Committee on New Arrival Services
Southern	Southern Summer Youth Programme Co-ordinating Committee
	Southern District Committee on the Promotion of Civic Education
	Southern District Co-ordinating Committee on New Arrival Services
	Ap Lei Chau Community Halls/Community Centre Management Committee
	Wah Kwai Community Centre Management Committee
	Wong Chuk Hang and Stanley Area Committee
	Wah Fu and Pokfulam Area Committee
	Southern District Fight Crime Committee

<i>District</i>	<i>Name of Committee</i>
Sai Kung	Sai Kung District Co-ordinating Committee on New Arrival Services
	Sai Kung Civic Education Committee
	Sai Kung Area Committee
	Tseung Kwan O North Area Committee
Sham Shui Po	Sham Shui Po District Committee on Promotion of Civic Education
	Sham Shui Po District Co-ordinating Committee on New Arrival Services
	Sham Shui Po Commercial and Industrial Liaison Committee
	Sham Shui Po West Area Committee
Sha Tin	The Planning Committee on Festive Lighting in Sha Tin
	Sha Tin East Two Area Committee
	Sha Tin East Three Area Committee
	Sha Tin West One Area Committee
	Sha Tin West Two Area Committee
Tuen Mun	Tuen Mun District Co-ordinating Committee on New Arrival Services
	Tuen Mun District Civic Education Committee
	North West Area Committee
	South West Area Committee
	Tai Hing and Shan King Area Committee
	Tuen Mun District Fight Crime Committee
Tai Po	Tai Po District Summer Youth Programmes Co-ordinating Committee
	Tai Po District Co-ordinating Committee on New Arrival Services
Tsuen Wan	Tsuen Wan District Civic Education Committee
	Tsuen Wan Sports Festival Co-ordinating Committee
	Tsuen Wan Festival Lightings Organizing Committee
	Tsuen Wan District Co-ordinating Committee on New Arrival Services
	Tsuen Wan East Area Committee
	Tsuen Wan Rural Area Committee
	Tsuen Wan West Area Committee
	Tsuen Wan District Fight Crime Committee
Wan Chai	Wan Chai Summer Youth Programme District Co-ordination Committee
	Leighton Hill Community Hall Management Committee
	Causeway Bay Area Committee
	Wan Chai Mid-Levels Area Committee
	Wan Chai Area Committee
	Wong Nai Chung Area Committee
Wong Tai Sin	Wong Tai Sin District Co-ordinating Committee on New Arrival Services
	Fuk Tak Estate Community Centre Management Committee

<i>District</i>	<i>Name of Committee</i>
	Chuk Yuen Estate Community Centre Management Committee
	Wong Tai Sin Area Committee
	San Tsuen Area Committee
	Choi Ngau Area Committee
	Tsz Wan Shan Area Committee
	Chuk Yuen Area Committee
	Wong Tai Sin District Fight Crime Committee
Yuen Long	Yuen Long District Summer Youth Programme Co-ordinating Committee
	Yuen Long District Co-ordinating Committee on New Arrival Services
Yau Tsim Mong	Yau Tsim Mong District Co-ordinating Committee on New Arrival Services
	Yau Tsim Mong Summer Youth Programme District Co-ordination Committee
	Yau Tsim Mong District Co-ordinating Committee for the Promotion of Information Technology Usage
	Henry G. Leong Yaumatei Community Centre Management Committee
	Yau Tsim Mong North Area Committee
	Yau Tsim Mong East Area Committee
	Yau Tsim Mong South Area Committee
	Yau Tsim Mong District Fight Crime Committee

Outstanding Projects of Former Provisional Municipal Councils

9. **MR ALBERT HO** (in Chinese): *President, regarding the outstanding projects of the former Provisional Municipal Councils, will the Government inform this Council of:*

- (a) *the current progress of the two projects tried out under the Private Sector Finance approach (that is, Leisure and Cultural Centre in Kwun Tong and Ice Sports Centre in Tseung Kwan O); and*
- (b) *the amount of provisions involved in each of the 70 projects involving leisure and cultural facilities and the 10 projects involving environmental hygiene facilities which have been put under review; the reasons for the above projects involving environmental hygiene facilities not being taken forward as soon as possible, and whether any of the 80 projects (excluding District Square Areas 33A and 29*

Tin Shui Wai) can be implemented as minor building works projects; if so, of the titles of such projects?

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The Administration has identified two leisure and cultural facilities projects in Kwun Tong and Tseung Kwan O Area 45 for pilot development using a "Private Sector Financing" approach. The pilot scheme includes the provision of a civic centre on a site at the junction of Tsui Ping Road and Lei Yue Mun Road, Kwun Tong, refurbishment of the existing Kwun Tong Swimming Pool; and the construction of an ice skating rink centre and a 10-pin bowling centre together with a town park in Tseung Kwan O Area 45.

As the project is a completely novel concept, its implementation involves a lot of complicated policy considerations, including effective utilization of land resources, the extent of participation of the Administration and the private sector and the mode of co-operation between these parties, and the ways in which the operation will be monitored in future. The Administration is examining the relevant policies.

- (b) Recently, following the consultation with the relevant District Councils, the Administration has completed the review of 74 Ex-Provisional Municipal Council/leisure and cultural services projects. The preliminary estimate of the total cost of these projects is about \$10 billion. Having considered the views of the District Councils, we have proposed to commence planning for 19 of the projects and another two new projects and then seek funding approval. We have reported the progress to the Subcommittee to Follow Up the Outstanding Leisure and Cultural Services Projects of the Former Municipal Councils of the Panel on Home Affairs on 30 March 2006 and will continue to follow up (including the cost estimates of these projects and the timetable of the works). As for the remaining 55 projects, we will regularly review their priorities with the District Councils and will consider implementing some of the projects as minor works projects in phases in order to be able to provide the public earlier with some of the necessary facilities.

As regards the 10 environmental hygiene projects (the total cost of the projects is estimated to be \$1.4 billion), planning is being carried out for four of them (namely retrofitting of air-conditioning to Fa Yuen Street Market and Cooked Food Centre, general improvement works to Po On Road Market and Cooked Food Centre, general improvement works to Sheung Wan Market and construction of a new public toilet at Ngong Ping). For these projects, either the proposed project designs have been finalized or consultation is being conducted on the scope. It is planned that funding approval for three of the projects will be sought in 2006. The implementation of the remaining six projects (that is, Tung Chau Street Complex, Hung Shui Kiu Complex, reprovisioning of Sai Yee Street Depot at West Kowloon Reclamation, Chai Wan Vehicle Depot, general improvement works to To Kwa Wan Market and general improvement works to Kwun Chung Market) is not urgently required mainly for the following reasons: it is necessary for the project to tie in with other development plans; there are already a number of markets in the neighbourhood; or the conditions of the existing facilities are still acceptable. The Administration will continue to review the actual needs for these six projects before deciding whether they should proceed.

Utilization of Biogas Generated from Sewage Treatment

10. **MR KWONG CHI-KIN** (in Chinese): *President, it has been reported that the Administration has not properly utilized the biogas generated from sewage treatment. In this connection, will the Government inform this Council:*

- (a) of the amount of biogas presently generated each month from each sewage treatment plant;*
- (b) whether it has policies on the proper utilization of the biogas; if so, of the details; and*
- (c) how the authorities utilize the biogas and the amount of biogas being utilized; whether the biogas has been sold; if so, of the organizations to which the biogas is sold and the amount of income received each year?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): President,

- (a) Under the management of Drainage Services Department (DSD), there are in total four sewage treatment works employing the anaerobic digestion method for handling sludge, and producing biogas in the process. The amount of biogas generated monthly from each plant is as follows:

<i>Sewage Treatment Plants</i>	<i>Biogas Generation (cu m/month)</i>
Sha Tin	330 000
Tai Po	175 000
Shek Wu Hui	150 000
Yuen Long	9 000

- (b) Our policy is to utilize the biogas as far as possible; about 80% of the total biogas production is utilized at present. We currently have a pilot scheme on the use of biogas Combined Heat and Power generators at Shek Wu Hui Sewage Treatment Plant. The results indicate that it should be possible to extend the application of Combined Heat and Power generators to other sewage treatment works to bring about even greater utilization of the biogas.
- (c) About 80% of the biogas is used as fuel for electricity generation within the sewage treatment works, or as fuel for water heating to provide the necessary heat for use by the sludge digesters. No biogas is currently being sold to outside parties.

Aqua Privies

11. **MR LAU WONG-FAT** (in Chinese): *President, will the Government inform this Council:*

- (a) *of the existing number of aqua privies (APs) and their geographical distribution;*
- (b) *of the basis for determining the priority of various APs in the works for conversion into flushing toilets; and*

- (c) *whether it has any plans to convert all APs into flushing toilets; if so, of the timetable for the conversion works and the costs involved?*

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

- (a) As at the end of March 2006, the number of APs managed by the Food and Environmental Hygiene Department (FEHD) and Agriculture, Fisheries and Conservation Department (AFCD) are 510 and 52 respectively. Their distribution is as follows:

<i>District</i>	<i>Number of APs</i>	
	<i>FEHD</i>	<i>AFCD</i> <i>(APs in country parks)</i>
Kwai Tsing	6	0
Sha Tin	8	3
Tsuen Wan	19	3
Tuen Mun	36	1
Islands	42	11
Tai Po	50	2
Sai Kung	62	15
North	120	9
Yuen Long	167	4
Hong Kong Island	0	4
Total	510	52

- (b) The FEHD and Architectural Services Department have been jointly studying the feasibility of converting some suitable APs into flushing toilets and implementing the conversion works. In identifying the APs for inclusion in the conversion programme, the FEHD would accord priority to APs with higher usage rate or located at popular scenic and tourist spots.
- (c) As recommended by the then "Team Clean", the FEHD has identified 100 APs located at popular scenic and tourist spots or with higher usage rate for early conversion into flushing toilets since early 2005. The conversion works, estimated to cost around \$92.8 million, are being implemented in phases. So far, 16 APs have

been converted into flushing toilets and the conversion works for the remaining 14 APs and 70 APs is expected to be completed in batches by the end of 2006 and the end of 2007 respectively. Moreover, the FEHD is actively planning for the inclusion of another 30 APs into the next conversion programme. The works schedule and construction period may be affected by various factors, such as locations of the APs, works constraints, technical difficulties and the views of the District Council and the residents in the vicinity. The authorities concerned will closely monitor the progress of the works.

The remaining 300 or so APs managed by the FEHD and the 52 APs in country parks under the AFCDC's purview are sited in remote locations, have lower usage rate and lack public sewerage. Some even lack electricity and water supply. Therefore, there is currently no plan to convert them into flushing toilets. However, we will consider the feasibility of converting some suitable APs into flushing toilets as and when connection to the public sewerage becomes available and will institute appropriate measures to ensure the hygiene of these APs. General improvement works, such as installation of mosquito traps and improvement of squatting holes design, will also be carried out in certain APs not included in the conversion programmes. Provision of pedestal toilets on a trial basis will also be considered to meet public demand. The AFCDC would also increase the frequency of cleansing services for APs in country parks, improve their ventilation and lighting to ensure the hygiene and cleanliness of APs.

Letting of Shops and Stalls to Single Operators by The Link Management

12. **MR ALBERT CHENG** (in Chinese): *President, regarding The Link Management Limited's (The Link Management) letting the shops in shopping arcades and market stalls in public housing estates by batches to Single Operators, will the Government inform this Council:*

- (a) *whether it knows if The Link Management has imposed any restrictions on the rate of increase in the rentals of market stalls to be introduced by Single Operators when the relevant tenancies expire this year;*

- (b) *given that Single Operators were required by the Housing Authority (HA) to let shops or market stalls according to the designated mix of trades, as well as designate the permitted types of trade for each shop/stall, whether the Administration has required The Link Management to impose the same requirements on its Single Operators; and*
- (c) *given that the HA had offered rent concessions to sub-tenants through Single Operators during economic downturn in the past few years, whether it knows if the same arrangements will still be adopted by The Link Management?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Chinese): President, upon public listing of The Link Real Estate Investment Trust on 25 November 2005, The Link Management Limited (The Link Management) has become a private entity, whose business strategies and day-to-day operations are entirely independent of the HA. After the divestment, so long as The Link Management's operations comply with prevailing legislation, conditions of government leases, and terms of covenants and agreements made between The Link Management and the HA, the Government and the HA cannot intervene. There is no need for us to be apprised of the business relationships and contractual agreements between The Link and its tenants, nor should we ask The Link Management to implement any measures to manage its commercial facilities.

Short-term Travel Support to Unemployed

13. **MR JAMES TIEN** (in Chinese): *President, beginning this month, short-term travel support is provided, as an incentive for taking up employment, for residents in Yuen Long, Islands and North Districts who are financially needy and have completed full-time or placement-tied courses with the Employees Retraining Board (ERB). On the 4th of this month, the Labour and Economic Affairs Committee of the North District Council (the Committee) wrote to Members of this Council, proposing additional funding for this purpose, as well as removing the requirement that applicants should have completed the relevant courses. In this connection, will the Government inform this Council:*

- (a) *of the reasons for requiring the applicants to have completed the relevant courses; and*

- (b) *whether it has looked into the feasibility of removing this requirement; if so, of the outcome, and the estimated annual expenditure to be incurred; if not, the reasons for that?*

FINANCIAL SECRETARY (in Chinese): President,

- (a) The Committee has also written to the Administration on 4 April on the subject. The Administration is grateful to the Committee for its views, and shares the importance of assisting the unemployed to return to work.

In considering relevant measures, the Administration recognizes that assisting the unemployed living in remote areas to meet travelling expenses for attending job interviews and for the first month of employment is useful in helping the unemployed's transition to work. Participants in the Intensive Employment Assistance Projects (IEAPs), who may include both CSSA and non-CSSA recipients, can already apply for temporary financial aid for the purpose. The short-term travel support scheme included in the 2006-07 Budget is intended to extend the assistance to those needy, who are neither CSSA recipients nor participants in the IEAP but who live in remote areas, to return to employment.

In designing the trial scheme, the Administration has to take into account, among other things, the need to have a means testing mechanism in order to ensure that only those with genuine financial needs would benefit from the scheme. At the same time, the means testing mechanism should be delivered in a cost-effective manner while reducing the risk of abuse. Hence, it was proposed that the trial scheme be operated through the training bodies of the ERB which currently provide training to the unemployed and could conduct the means testing procedures.

- (b) We note the Committee's deliberation at its meeting on 16 March that travel support should not be limited to graduates of the ERB's full-time or placement-tied training, and that youth should receive such support. We would take into account these views when we review the experience of the trial scheme later this year. The Administration does not have an estimate of the cost in expanding

the trial travel support scheme. Such would depend on the features of the scheme after the review. The Task Force on Children and Youth under the Commission on Poverty is also considering various ways to encourage youth to find employment, including the possibility of providing travel support.

The Administration would continue to consider how best to provide appropriate travel support to encourage work, including among youths. The Commission on Poverty at its meeting on 27 March also agreed that the Administration should consider how to provide longer-term travel support to low-income employees living in remote areas.

Outsourcing of IT Projects by Government

14. **MR MA LIK** (in Chinese): *President, in regard to government departments and statutory organizations outsourcing information technology projects, will the Government inform this Council:*

- (a) *of the details, including the commissioning department/organization, name of the contractor and the type of personal data involved, of the projects outsourced in the past three years in which the contractors or their employees had access to the personal data of members of the public; and*
- (b) *how the government departments and statutory organizations concerned monitored their contractors' compliance with the information security policy and guidelines of the Government; of the number of cases in the past three years in which the contractors were found to have contravened the said policy or guidelines; and the details of such cases as well as the outcome of the handling of such cases?*

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

- (a) According to information provided by departments and statutory organizations, there were 68 projects outsourced in the past three

years in which the contractors or their employees can have access to personal data of members of the public. Details of the commissioning department/organization, name of the contractor and the type of personal data involved are provided in the Annex.

- (b) In monitoring their contractors' compliance with the Government's information security requirements, departments apply a number of measures such as verifying the contractors' security related documents and procedures; monitoring their work through management updates and operation reporting; conducting regular security risk assessment and audit for assurance. They are also required by the security policy and guidelines to implement necessary procedures for the purpose of segregation of duties and checking.

Based on information supplied by the relevant government departments and statutory organizations, there was no confirmed case in the past three years in which the contractors had contravened the said policy or guidelines.

As to the earlier incident concerning the complaints lodged against the leakage of personal data by the Secretariat of the Independent Police Complaints Council (IPCC), the IPCC has already published a report on 8 April 2006. However, no conclusion has been reached with regard to the liability of the contractor involved.

Annex

	<i>Organization Name</i>	<i>Project Name</i>	<i>Contractor Name</i>	<i>Personal Data of citizens involved</i>
<i>Bureaux and Departments</i>				
1	Agriculture, Fisheries and Conservation Department	Maintenance of Farm Hygiene System	Microwave USA Limited	Licensee of livestock farm including name, farm and correspondence address, phone number, age (date of birth), HKID number
2	Commerce, Industry and Technology Bureau	Government Electronic Trading Services — import and export declaration, dutiable commodities permit,	Tradelink Electronic Commerce Limited	Name, address, phone/fax number, HKID number for traders who are in personal capacity or persons authorized by their employers to lodge a trade document

	<i>Organization Name</i>	<i>Project Name</i>	<i>Contractor Name</i>	<i>Personal Data of citizens involved</i>
		cargo manifest, textiles trader registration notification, certificate of origin, production notification		
3	Commerce, Industry and Technology Bureau	Government Electronic Trading Services — import and export declaration, dutiable commodities permit, cargo manifest	Global e-Trading Services Limited	Name, address, phone/fax number, HKID number for traders who are in personal capacity or persons authorized by their employers to lodge a trade document
4	Census and Statistics Department	Data Capturing System and Related Services for the 2006 Population By-census	Kodak (Hong Kong) Limited	A total of 41 topics will be included in the 2006 Population By-census, covering demographic, educational, geographical distribution, internal migration, economic, housing and household characteristics
5	Census and Statistics Department	System implementation of the Online Notice Board application, Appointment Request Service application and E-Questionnaire Application for the 2006 Population By-census	Hewlett-Packard HK SAR Limited	A total of 41 topics will be included in the 2006 Population By-census, covering demographic, educational, geographical distribution, internal migration, economic, housing and household characteristics
6	Department of Health	Cervical Screening Information System	Azeus Systems Limited	HKID/passport number, name, date of birth, contact phone number, address, email address, details of cervical screening test including test date, test place, name of smear taker, name of laboratory, laboratory case number, test result, test report date and doctor's recommendation for next follow-up
7	Department of Health	Child Assessment Services Information System	Craftsman Limited	Name, HKID number, contact information, clinical data
8	Department of Health	Computer Telephone Booking System for Cervical Screening Programme in Family Health Service	Proactive Technology Limited	HKID number, phone number

	<i>Organization Name</i>	<i>Project Name</i>	<i>Contractor Name</i>	<i>Personal Data of citizens involved</i>
9	Department of Health	System Analysis and Design of Integrated Online Oral Health Resource and Information for School Dental Care Service and Oral Health Education Unit	Integrated Enterprise Solution Limited	Student names, class and school name
10	Department of Health	Integrated Electronic Medical Record and Appointment Booking System in Lam Tin Elderly Health Services	Y&A Professional Services Limited	Past health records: personal particulars, health assessment records
11	Department of Health	Implementation of Bar Code System in Elderly Health Centres	First Lead Corporation Limited	Patient name, HKID number, date of birth, sex
12	Department of Health	Implementation of Risk Assessment Record System	First Lead Corporation Limited	Patient name, HKID number, date of birth, sex, phone number, address, relative name and phone number
13	Department of Health	School Dental Care Service Management Information in Linked Environment	Integrated Enterprise Solution Limited	Patient name, HKID number, date of birth, phone number, parents' name and phone number
14	Department of Health	Automatic Telephone Booking System	Proactive Technology Limited	Patient name, HKID number, date of birth
15	Education and Manpower Bureau	Special Education Management Information System	Automated Systems (HK) Limited, Acrotect Limited	Students and parents personal data
16	Education and Manpower Bureau	Data keypunching services	Kodak (Hong Kong) Limited, Keyoung Information Limited	Students and parents personal data for application of central school places allocation
17	Electrical and Mechanical Department	Replacement of Electricity Ordinance and Regulation System and the Replacement of Lift/Escalator Ordinance System	Arcotect Limited	Name, HKID number, address, date of birth, qualification and phone number
18	Electrical and Mechanical Department	Integrated Gas Safety Enforcement System	EDS Electronic Data Systems (HK) Limited	Name, HKID number, address, date of birth, qualification and phone number

	<i>Organization Name</i>	<i>Project Name</i>	<i>Contractor Name</i>	<i>Personal Data of citizens involved</i>
19	Environmental Protection Department	Implementation of Application for Pollution Complaint Management Module	ESRI China (Hong Kong) Limited	Complainant name, phone number and address
20	Environmental Protection Department	Enhancement of the Pollution Complaint Database Module	ESRI China (Hong Kong) Limited	Complainant name, phone number and address
21	Environmental Protection Department	Enhancement of the Call Management Module in the Customer Service Centre	Continuous Technologies International Limited	Complainant name and phone number
22	Environmental Protection Department	Enhancement of the Call Management Module in the Customer Service Centre	Continuous Technologies International Limited	Complainant name and phone number
23	Efficiency Unit	Web Case Information System	PCCW Teleservices (HK) Limited	Citizen's contact information (for example, phone number, email address, fax number) and case details
24	Efficiency Unit	Enhancement of Integrated Call Centre	TP (HongKong) Limited	Rent and Rates payers' information stored in the RVD's Accounting and Billing System, for example, payer's name, tenement address, payer's correspondence address, autopay account information, rateable value, amount of rate and rent payable for property concerned
25	Efficiency Unit	Call Centre Infrastructure and Facilities Management Services	PCCW Teleservices (HK) Limited	Citizen's contact information (for example, phone number, email address, fax number) and case details
26	Efficiency Unit	Call Centre Infrastructure and Related Applications and Facilities Management Service for Integrated Call Centre	TP (HongKong) Limited	Citizen's contact information (for example, phone number, email address, fax number) and case details
27	Efficiency Unit	Maintenance for Integrated Call Centre Infrastructure	PCCW Teleservices (HK) Limited	Citizen's contact information (for example, phone number, email address, fax number) and case details
28	Efficiency Unit	Enhancement of Siebel and Web Case Information System	PCCW Teleservices (HK) Limited	Citizen's contact information (for example, phone number, email address, fax number) and case details

	<i>Organization Name</i>	<i>Project Name</i>	<i>Contractor Name</i>	<i>Personal Data of citizens involved</i>
29	Efficiency Unit	Call Centre Infrastructure and Facilities Management Service for Integrated Call Centre	PCCW Teleservices (HK) Limited	Citizen's contact information (for example, phone number, email address, fax number) and case details
30	Efficiency Unit	Upgrading of Email Server for Integration Call Centre	PCCW Teleservices (HK) Limited	Citizen's contact information (for example, phone number, email address, fax number) and case details
31	Efficiency Unit	Website and Related System Development for Portal Design Competition	Westcomzivo Limited	Personal data of the contestants and voters included name, gender, HKID number (alphabet and first four digits only), date of birth, postal and email address, contact phone number
32	Efficiency Unit	Redesign the Web Case Information System Interface	PCCW Teleservices (HK) Limited	Citizen's contact information (for example, phone number, email address, fax number) and case details
33	Home Affairs Department	Enhancements of Rural Election Management Information System	PCCW Solutions Limited	Name (Chinese and English), date of birth, HKID number, passport/travelling document number, issuing country/region, residential address, correspondence address, contact phone number, fax number, email address
34	Home Affairs Department	Maintenance for the Rural Election Management Information System	Y&A Professional Services Limited	Name (Chinese and English), date of birth, HKID number, passport/travelling document number, issuing country/region, residential address, correspondence address, contact phone number, fax number, email address
35	Hong Kong Police Force	Implementation and maintenance of Short Message System Emergency Report System	Hong Kong CSL Limited	Details such as Chinese and English name, gender, home and mobile phone number, fax number, residential address, year of birth and hearing/speech impairment of members registered by six recognized deaf associations
36	Health, Welfare and Food Bureau	Implementation of the Central Registry for Rehabilitation System	PCCW Solutions Limited	Person with disability
37	Health, Welfare and Food Bureau	Maintenance of the Central Registry for Rehabilitation System	Arcotect Limited	Person with disability
38	Immigration Department	Microfilm and Paper Document Conversion Services	NEC Hong Kong Limited	General personal data contained in records relating to the following applications: (i) births, deaths and marriage registrations;

	<i>Organization Name</i>	<i>Project Name</i>	<i>Contractor Name</i>	<i>Personal Data of citizens involved</i>
				(ii) visas and extension of stay; (iii) Certificates of Entitlement; (iv) right of abode; and (v) naturalization
39	Secretariat of the IPCC	Enhancement of Computer System (Please see annotation below)	EDPS Systems Limited	Personal data and other management information of both complainants and complainees collected by the Complaints Against Police Office under the operation of the police complaints system in Hong Kong
Note : On 10 March 2006, the Secretariat of the IPCC submitted a preliminary information security incident report to the OGCIO. On 8 April 2006, the IPCC published a report on leakage of personal data.				
40	Information Services Department	Sales of Publication System Support	EDS Electronic Data Systems (HK) Limited	1. Customer/Company Name 2. Home/Office address 3. Phone and Fax number 4. Email Address
41	Leisure and Cultural Services Department	Maintenance of the Hong Kong Film Archive Cataloguing System	SCS Information Technology (HK) Limited	Name, HKID number, phone number, address of the Hong Kong Film Archive's Audiovisual Materials Viewing Card holders
42	Leisure and Cultural Services Department	Implementation of the Gold Card Fitness Scheme System	Automated Systems (HK) Limited	Name (Chinese and English), address (Chinese and English), phone number, HKID number
43	Labour Department	Support Services for Interactive Employment Service (IES) Web Site	PCCW Solutions Limited	Name (both in Chinese and English), date of birth, address, phone number, fax number, educational level
44	Labour Department	Support Services for the Interactive Employment Service System	PCCW Solutions Limited	Name (both in Chinese and English), date of birth, address, phone number, fax number, educational level
45	Labour Department	Replacement of the Employees' Compensation Computer System	Hewlett-Packard HK SAR Limited	Personal contact details and work accident information
46	Office of the Commissioner of Insurance	Maintenance of the Insurance System	Hewlett-Packard HK SAR Limited	Directors/Controllers of Insurance Companies : - HKID, Passport Number - English and Chinese Names - Date of Birth - Place of Birth - Nationality - Address - Qualification/Experience

	<i>Organization Name</i>	<i>Project Name</i>	<i>Contractor Name</i>	<i>Personal Data of citizens involved</i>
47	Office of the Telecommunications Authority	Implementation of the Electronic Licensing System	Azeus Systems Limited	Basic particulars of telecom licence licensees (most licensees are business organizations but there are a small number of individual licensees) such as address, phone number and name
48	Office of the Government Chief Information Officer	Internet Web Hosting and Related Services for the "IT Hong Kong" Web Site	Hong Kong Broadband Network Limited	Chinese and English name, age, sex, phone number, living district and email address
49	Official Receiver's Office	Maintenance of the Official Receiver's Management Information System	Hewlett-Packard HK SAR Limited	Name, HKID number, address
50	Student Financial Assistance Agency	Implementation of Extended Non-means Test Loans Scheme	Excel Technology International (Hong Kong) Limited	Personal data was only referenced by the Contractor in data conversion phase, which involved details of personal loan application, payment and subsequent repayment including HKID number, name, date of birth, application reference, loan reference, amount of loan entitled, dates of payment/amount and repayment schedules
51	Social Welfare Department	Redevelopment of Accounting and Management Information System	The Enterprise Solutions Groups (HK) Limited	Name, date of birth, SWD case reference number, bank account number, identification document type (for example, HKID or passport) and identification document number
52	Social Welfare Department	Redevelopment of the Computer System of Senior Citizen Card Scheme	Arcotect Limited	English and Chinese names, sex, date of birth, date of death, image of the citizen, HKID number, region where the citizen is living (that is, Hong Kong Island, Kowloon or the New Territories)
53	Transport Department	Implementation of the Permit Application System	Azeus Systems Limited	Passenger Service Licence Owners' details
54	Transport Department	Computerization of Written Test Process	Microware USA Limited	Candidates' details
55	Transport Department	Implementation for the Pilot Licensing Application Forms Management System	Hewlett-Packard HK SAR Limited	Licensing application form data

	<i>Organization Name</i>	<i>Project Name</i>	<i>Contractor Name</i>	<i>Personal Data of citizens involved</i>
56	Transport Department	Implementation and Maintenance of Vehicles and Drivers Licensing Integrated Data System	Hewlett-Packard HK SAR Limited	Vehicles and Drivers Licensing Data
57	Transport Department	Implementation and Maintenance for the Permit Application System	Automated Systems (HK) Limited	Person/Company name, HKID number, address, phone number
58	Transport Department	Implementation for Vehicle Registration Marks System	Azeus Systems Limited	Person/Company name, HKID number, address, phone number, fax number
59	Transport Department	Lantau Permits Information System Enhancement	Automated Systems (HK) Limited	Person/Company name, HKID/Passport number, phone number, fax number, address, vehicle registration number
<i>Statutory Bodies</i>				
60	Construction Workers Registration Authority	Implementation and maintenance of the Computerized Registration Management System	Quesco Systems Limited	Registration data of construction workers including personal details, qualifications, registration number and expiry date, trade/skill level registered
61	Hong Kong Council for Academic Accreditation	Development of the Qualifications Register	Y&A Professional Services Limited	Applicant information
62	Hong Kong Examinations and Assessment Authority	data preparation service	Kodak (Hong Kong) Limited	Student information, answer scripts and examination results
63	Vocational Training Council	Implementation and Maintenance of the Web-based Historical Student Records System	iN Systems (Macao) Limited	Student data such as HKID number, name, sex, date of birth, addresses, contact number, qualifications
64	Vocational Training Council	Enhancement of the Existing Hong Kong Institute of Vocational Education Student Web-based Services	iN Systems (Macao) Limited	Student data such as HKID number, name, sex, date of birth, addresses, contact number, qualifications
65	Vocational Training Council	Upgrade of eight Applications	Advanced Integration Systems Limited	Student/Applicant data such as HKID number, name, sex, date of birth, addresses, contact number, qualifications

	<i>Organization Name</i>	<i>Project Name</i>	<i>Contractor Name</i>	<i>Personal Data of citizens involved</i>
66	Vocational Training Council	Upgrade the existing Hong Kong Institute of Vocational Education Student Web-based Services System	iN Systems (Macao) Limited	Student data such as HKID number, name, sex, date of birth, addresses, contact number, qualifications
67	Vocational Training Council	WebCT Migration Service	WebCT, Inc.	Student ID, name, class, course information
68	Vocational Training Council	Data Conversion Services for Hong Kong Institute of Vocational Education Admission Exercise	Keyoung Information Limited, Kodak (Hong Kong) Limited, DataCap Computer Solutions Limited	Applicant data on: Name, sex, HKID/Passport number, correspondence address, contact phone no., email address, HKCEE/HKALE results obtained in past six years, declared status of special applicants (for example, mature applicants, non-local applicants, applicants with a disability), supplementary information filled in by the applicants

Free Trade Agreement Between China and ASEAN

15. **MR WONG TING-KWONG** (in Chinese): *President, it has been reported that the Free Trade Agreement (FTA) between China and the Association of South East Asian Nations (ASEAN) does not cover Hong Kong; as goods from the Mainland can be directly exported to ASEAN countries in future, the position of Hong Kong as the Mainland's entrepot and economic and trade window will be significantly undermined. Furthermore, the Mainland is also negotiating similar agreements with a number of countries and regions. In this connection, will the Government inform this Council whether:*

- (a) *it has assessed the impact of the FTA made between the Mainland and ASEAN on Hong Kong; if it has, of the assessment results; if not, the reasons for that;*
- (b) *it will seek to include Hong Kong in the above FTA; if it will, when it will do so; if not, the reasons for that; and*
- (c) *the Hong Kong authorities are currently negotiating any FTAs with other countries and regions, if so, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese): President, since 2003, China and ASEAN have been negotiating a China-ASEAN Free Trade Area with a view to gradually reducing or eliminating tariffs and non-tariff measures for goods and liberalizing trade in services and investment.

Upon the conclusion of the negotiations on trade in goods, China and ASEAN signed the Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Cooperation (the Agreement) in November 2004 and started to implement a tariff reduction or elimination programme on 20 July 2005. Under the Agreement, the tariffs on goods between China and various ASEAN countries will be reduced or eliminated by 2012 according to the categorization of goods and the level of development of the ASEAN countries as set out in the programme. For liberalization of trade in services and investment, the issue is currently under negotiation between China and ASEAN and no agreement has been signed at this stage.

In respect of the question raised by Mr WONG Ting-kwong, my reply is as follows:

(a) and (b)

We have been closely monitoring the figures on our trade with the Mainland and ASEAN. Since the implementation of the agreement on tariff reduction or elimination between China and ASEAN in July 2005, no significant changes have been observed in relation to Hong Kong's re-export trade with the Mainland and ASEAN. Notwithstanding this, the Government of the Hong Kong Special Administrative Region (SAR) has been actively examining the China-ASEAN FTA and keeping a close watch to find out its long-term impact, if any, on our trade and economy. As Hong Kong is not a party to the FTA, we are liaising with the relevant authorities of the Central Government to gain a better understanding of the details and schedules of tariff reduction or elimination for different categories of goods in relation to their year of implementation as agreed by individual contracting parties. This will allow us to consider together if it is necessary to adopt corresponding measures to avoid the impacts that might be brought to Hong Kong as a result of the full implementation of the Agreement.

- (c) The SAR Government has been watching closely the development of FTAs in the international community, as well as the negotiation and conclusion of FTAs by our trading partners who have close trade and economic ties with us. The SAR Government is currently not involved in any other FTA negotiations. We will continue to monitor the development of FTAs in the international community and their impacts on Hong Kong. If necessary, we will consider adopting appropriate measures, including negotiating FTAs with other economic entities, to protect and promote Hong Kong's external trade.

Eco-buildings

16. **DR FERNANDO CHEUNG:** *President, it has been reported that the government policy to promote eco-buildings has enabled developers to add to their projects floor areas that are worth hundreds of millions of dollars, by paying land premiums which represent a tiny fraction of the value of the additional areas. In this connection, will the Government inform this Council:*

- (a) *of the names of residential property projects that have been granted additional floor areas for green features since the introduction of the above policy, the amount of such floor areas, the premium paid for the green features and the current market value of these floor areas for each of these projects, as well as the total number of projects and amounts of floor areas and moneys involved; and*
- (b) *whether it will review the above policy to address the above situation?*

SECRETARY FOR HOUSING, PLANNING AND LANDS: President, Joint Practice Note (JPN) Nos. 1 and 2 were issued in February 2001 and February 2002 respectively by the Buildings Department, the Lands Department and the Planning Department for the implementation of the policy to promote the construction of green and innovative buildings. Incentives are provided to encourage the incorporation of green features in building developments by exemption of the green features from the calculation of gross floor area (GFA). Subject to the relevant lease conditions, payment of premium may be required in

respect of the exemption of GFA of the relevant type of green features. Prior to the implementation of the policy, various stakeholders, including professional institutes, the industry and the relevant Legislative Council panel have been consulted. Any allegation that the government policy to promote eco-buildings has enabled developers to add to their projects floor areas that are worth hundreds of millions of dollars, by paying land premiums which represent a tiny fraction of the value of the additional areas, is completely without foundations and may have arisen from a lack of understanding as to how the policy operates.

My reply to parts (a) and (b) of the question is as follows:

- (a) Since the implementation of the policy, 117 residential projects with green features have been completed. Specific and accurate details in respect of the green features provided in each of the individual projects and the relevant GFA calculations are not readily available. Given the time constraint, it is not possible to compile such breakdowns. According to the Buildings Department's statistical database, the total GFA exemption for green features in these residential projects is around 188 600 sq m. The total GFA of the various types of green features involved is at the Appendix.

Not all green features attract premium. Green features which attract premium are essentially those that form part of the individual flats in the building and are for the exclusive possession and enjoyment of the owners and residents of these individual flats, that is, including balconies, utility platforms and non-structural prefabricated external walls. Other green features are communal in nature and do not involve exclusive possession and enjoyment by owners of the individual flats, for example, wider common corridors and lift lobbies, communal sky gardens and mail delivery room with mail boxes. They serve all owners and residents of the development and do not attract payment of premium.

For cases involving the payment of premium, the amount of premium payable is calculated in accordance with standard rates as promulgated in the relevant Practice Note of the Lands Department. These standard rates reflect the land value of the relevant green features and are subject to review annually. The assessment of premium is done at the time permission for GFA exemption is to be

granted, which usually takes place when construction work of the project is about to commence. In this regard and according to the Lands Department's record, a total premium of \$443 million has been paid for 58 out of the 117 residential projects.

Having regard to the above, it is entirely inappropriate to assess the current market values of the green features and associate with the amount of premium paid for the green features. Current market values are assessed based on the prices of completed units at current date. On the other hand, the premium paid in respect of GFA exemption of relevant green features was calculated based on the land value at the time when the exemption was granted. Besides, not all of the green features will form part of the flats for sale and attract the payment of separate premium. It would not be appropriate to compare the current market values and the premium paid in respect of green features.

- (b) As the policy on green and innovative buildings through the granting of GFA exemptions has been implemented for some time, relevant departments are currently reviewing the effectiveness of the policy and examining if the objective of encouraging the design and construction of green buildings has been met. We would take into account the views of all stakeholders in conducting the review.

Appendix

Green Features Exempted from GFA Calculations in Residential Building Projects Completed (as at End of February 2006)

	<i>Green Features</i>	<i>Total GFA of the Green Features (sq m)</i>
JPN 1	Balconies	87 700
	Wider corridors and lift lobbies	25 900
	Communal sky gardens	3 800
	Acoustic fins	0
	Sunshades and reflectors	3 500
	Wing walls, wind catchers and funnels	0

	<i>Green Features</i>	<i>Total GFA of the Green Features (sq m)</i>
JPN 2	Non-structural prefabricated external walls	25 000
	Utility platforms	42 300
	Mail delivery rooms with mailboxes	400
	Noise barriers	0

Note: The data records are kept for statistical purpose only.

Extending Application of Cartagena Protocol on Biosafety to Hong Kong

17. **MR FRED LI** (in Chinese): *President, in December 2003, the Government advised this Council that it planned to extend the application of the Convention on Biological Diversity and the Cartagena Protocol on Biosafety (the Protocol) to Hong Kong for better protection of biological diversity in Hong Kong through the regulation of the import and export of living modified organisms (LMOs) (that is, any living organism that possesses a novel combination of genetic material obtained through the use of modern biotechnology). The Government indicated in April last year that it was still working on the introduction of new legislation to implement the Protocol. In this connection, will the Government inform this Council:*

- (a) *whether the Agriculture, Fisheries and Conservation Department (AFCD) has breached the principles and regulations in the Protocol by distributing genetically modified (GM) papaya seeds and seedlings to farmers (including those engaging in organic farming) last year;*
- (b) *whether the Health, Welfare and Food Bureau and the departments under its purview have been involved in the legislative exercise mentioned above; if so, of the details; if not, the reasons for that; and*
- (c) *given that the Protocol stipulates that any exporting country of LMOs should obtain an advance informed agreement from the importing country, provide a risk assessment report indicating that LMOs will not pose adverse effects on biological diversity and human health, label LMOs in a clear manner and provide the relevant information, whether it will, by drawing reference from the*

above precautionary approach, consider implementing a mandatory labelling system for GM food in Hong Kong; if so, of the considerations involved; if not, the rationale for that?

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

- (a) The primary objective of the Protocol is to protect individual signatories to the Protocol from potentially adverse impacts of arising from the trans-border movement of imported LMOs on their biological diversity through the regulation of import and export of LMOs. China has signed and ratified the Protocol and formally became the signatory to the Protocol since September 2005. We have also obtained the approval in principle from the Central Government to extend the application of the Convention on Biological Diversity and its Protocol to Hong Kong. Subject to the Legislative Council's approval of our draft legislation and completion of other preparatory work, we will make a formal request to the Central Government to complete the necessary procedures to extend the Convention on Biological Diversity and its Protocol to Hong Kong.

Whilst the Protocol has yet to be extended to Hong Kong, the AFCD remains very vigilant about the transfer, handling and use of LMOs in order to ensure the ecological balance of our natural environment and conserve the biological diversity of Hong Kong. In the context of promoting organic farming in Hong Kong, the AFCD, when introducing seedlings for experimental planting, would strive to ensure that the seedlings do not contain any GM materials by requiring written certification from suppliers, conducting sampling tests, and so on. Upon discovery that the papaya concerned might contain GM materials, the department has acted immediately to destroy all papaya plants and conducted an in-depth investigation. The measures taken were in line with the basic principles of the Protocol.

- (b) As the provisions of the Protocol are not related to food safety, there is no need to extend its content to the food safety legislation of Hong Kong.

- (c) The Protocol provides that trans-boundary movement of LMOs for direct use as food, feed or for processing must be accompanied by import/export documentation that clearly indicates that it "may contain" LMOs and expressly states the intention not to release the LMOs into the environment. But this provision is not targeted at GM food on sale after import, such as at wholesale and retail levels and has no binding effect on such levels.

On setting up a labelling regime for GM food, the Codex Alimentarius Commission of the United Nations is working on a uniform standard but the work is unlikely to be completed soon. Since the international community has yet to reach a consensus on the labelling of GM foods, we need to consult the trade and various sectors concerned before deciding whether to implement a mandatory labelling system for GM foods in Hong Kong. But we will work with the trade to study the proposal for drawing up a guideline for voluntary labelling to help the trade ensure that the claims made for the GM elements of their products are true and accurate.

Early Retirement Scheme for Government Primary School Teachers

18. **MS AUDREY EU** (in Chinese): *President, will the Government inform this Council of the number of government primary school teachers who applied to participate in the Early Retirement Scheme (ERS) in each of the 2004-05 and 2005-06 academic years; the numbers of successful applicants, their age profile, and their shortest, longest and average years of teaching; among them, the numbers of degree holders and the respective numbers of those who have met the English and Putonghua language proficiency requirements; as well as the amounts of expenditure involved and the balance of the relevant funds?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): President, in the 2004-05 school year, a total of 57 government primary school teachers applied to participate in the ERS for teaching grades staff in the Education and Manpower Bureau. Among them, two applications were withdrawn while being processed, one did not meet the eligibility criteria and the remainder 54 were approved. The statistics required are provided in the table below:

Age distribution	
30 to 39	14
40 to 49	21
50 to 59	19
Years of teaching experience	shortest at 10 years longest at 34 years average at 16.8 years
No. of graduate teachers	21
No. of non-graduate teachers	33
No. of teachers who have met the Language Proficiency Requirement in English	6
No. of teachers who have met the Language Proficiency Requirement in Putonghua	Nil

The ERS does not offer any *ex gratia* lump-sum payment, and no dedicated funds have been set up for this purpose. Upon retirement under the ERS, a teacher is eligible immediately for normal pension benefits, that is, commuted pension gratuity and monthly pensions, as at the date of retirement. Government expenditure to be incurred due to early retirement of the 54 teachers is estimated at about \$45.2 million for one-off commuted pension gratuity and about \$400,000 per month for monthly pensions.

As for the 2005-06 school year, 27 government primary school teachers have applied to join the ERS. The applications are being processed and the requested information is thus not yet available.

Liquidators' Professional Indemnity Risks and Service Charges

19. **MISS TAM HEUNG-MAN** (in Chinese): *President, regarding liquidators' professional liability system and service charges, will the Government inform this Council:*

- (a) *whether it will consider reviewing the professional liability system for liquidators, so that in creditors' claims for compensation arising from liquidators' negligence, the liquidators are required to bear proportionate professional liability; if it will, of the details; if not, the reasons for that;*

- (b) *whether it will consider establishing a more explicit system of liquidator charges to ensure that liquidators will have reasonable income; if it will, of the details; if not, the reasons for that; and*
- (c) *whether it will step up the regulation of liquidators so as to maintain the quality of their professional services; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, to begin with, I would like to briefly explain the ways in which a company can be wound up under the Companies Ordinance (Cap. 32) (the Ordinance):

- (i) compulsory winding-up;
- (ii) members' voluntary winding-up; and
- (iii) creditors' voluntary winding-up.

The appointment of a liquidator is governed by the provisions set out in the Ordinance. In a compulsory winding-up, the liquidator is appointed by the Court. In a members' voluntary winding-up (where the relevant company is solvent), the liquidator is appointed by way of an ordinary resolution passed by the members of the company at a general meeting. In a creditors' voluntary winding-up (where the relevant company is insolvent), the liquidator is appointed by the majority in value of the company's creditors present and voting at a creditors' meeting.

I now turn to the question and reply in the same sequence:

- (a) In a winding-up, the liquidator is obliged to exercise his powers and discharge his duties in a manner commensurate with the requirements imposed by law. If there is negligence on the part of the liquidator in the administration of the case, he may be subject to claims by third parties such as creditors for compensation arising from the breach of duty. The level of compensation will be determined by the Court in accordance with the long established legal principle that the full cost of any wrongdoing should be borne

by the wrongdoer. We therefore do not see the need for a review of the professional liability system for liquidators.

- (b) There are provisions in the Ordinance, which govern the remuneration of liquidators. In a compulsory winding-up, the liquidator's remuneration is determined either by his agreement with the committee of inspection (CI) (which can comprise both creditors and contributories) or, where no agreement can be reached between them or where there is no CI, the remuneration will be determined by the Court. Usually, a liquidator's remuneration is charged on a time-cost basis.

Since late 2000, the Official Receiver's Office (ORO) has been outsourcing compulsory winding-up cases, where the value of assets is likely not to exceed \$200,000, to qualified private sector insolvency practitioners (PIPs) selected through open tender exercises. Under the terms of the contract, where the assets are insufficient to pay part or all of the liquidator's remuneration, the Government will pay the balance of the liquidator's remuneration up to the limit sought by the PIP in the tender bid.

In a members' voluntary winding-up, the liquidator's remuneration is usually determined by an ordinary resolution passed by members of the relevant company at the meeting appointing him. In a creditors' voluntary winding-up, the liquidator's remuneration is determined either by the CI or by the creditors (if there is no CI). In case of a dispute over the remuneration in either type of voluntary winding-up, a liquidator may apply to the Court to resolve the dispute.

In essence, the remuneration of a liquidator in a winding-up is usually determined either with his agreement or by the Court. Every PIP should thus assess the work required and calculate his anticipated remuneration before submitting a tender bid or accepting the appointment as liquidator. In case of a dispute over his remuneration, a liquidator may apply to the Court to resolve the issue. Therefore, the present remuneration system is clear and that there is no need to change it at this time.

- (c) There are clear and adequate statutory provisions on the monitoring of liquidators in a compulsory winding-up. Liquidators are required to submit their accounts to the Official Receiver (OR) for checking or auditing every six months. Upon receipt of a complaint about the liquidator's conduct, the OR can investigate and, where necessary, take action either by reporting the matter to the Court or seeking the removal of the liquidator. Any creditor or contributory may also seek the Court's direction if he is aggrieved by a liquidator's decision.

The ORO may also conduct field audits and visits to the PIPs to ensure compliance with the Ordinance. In the event of a PIP's substandard performance or professional misconduct, the OR may apply to Court for an order to remove a liquidator appointed. Furthermore, creditors and the OR may also report liquidators' professional misconduct to the professional bodies.

There are also statutory provisions to monitor liquidators in both members' and creditors' voluntary winding-ups. The liquidators' accounts have to be audited unless decided otherwise by the relevant company in a members' voluntary winding-up or by the CI in a creditors' voluntary winding-up. If the winding-up continues for more than one year, the liquidator must call a general meeting of the company, and also a meeting of creditors in a creditors' voluntary winding-up to account for his acts and dealings and the conduct of the winding-up during that year. In addition, when the affairs of the company are fully wound up, a final meeting has to be conducted by the liquidator to lay before it an account of the winding-up and to give any explanation thereof. For a members' voluntary winding-up, a liquidator may be removed by an ordinary resolution passed by the members at a general meeting. In both members' and creditors' voluntary winding-ups, the Court may, on cause shown, remove the liquidator and appoint another to take his place. Any creditor or contributor in a voluntary winding-up may apply to the Court to have any question determined and power exercised and in all modes of winding-up, they can seek damages against a delinquent liquidator.

There are already in place sufficient measures to maintain the quality of the professional services provided by liquidators.

Employment Statistics

20. **MR WONG KWOK-HING** (in Chinese): *President, regarding the employment statistics for 2005 compiled by the Census and Statistics Department (C&SD), will the Government provide the number of employed persons (excluding unpaid family workers, foreign domestic helpers and employed persons who worked less than 35 hours during the seven days before enumeration due to vacation), broken down by the groupings in the form below?*

Gender	Hours of work during the seven days before enumeration	Monthly employment earnings (HK\$)					
		Less than 3,000	3,000 to 4,999	5,000 to 7,499	7,500 to 9,999	10,000 or above	Total
Female	Less than 35 hours						
	35 to 44 hours						
	45 to 54 hours						
	55 to 59 hours						
	60 hours or above						
	Sub-total						
Male	Less than 35 hours						
	35 to 44 hours						
	45 to 54 hours						
	55 to 59 hours						
	60 hours or above						
	Sub-total						
Female and male	Less than 35 hours						
	35 to 44 hours						
	45 to 54 hours						
	55 to 59 hours						
	60 hours or above						
	Total						

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): *President, on the basis of the results of the General Household Survey conducted by the C&SD during 2005, the information required is set out in the following statistical table:*

Gender	Hours of work during the seven days before enumeration	Monthly employment earnings (HK\$)						
		Less than 3,000	3,000 to 3,999	4,000 to 4,999	5,000 to 7,499	7,500 to 9,999	10,000 or above	Total
		No. ('000)	No. ('000)	No. ('000)	No. ('000)	No. ('000)	No. ('000)	No. ('000)
Female	Less than 35 hours	63.7	21.9	12.6	13.4	5.0	11.9	128.5
	35 to 44 hours	7.5	10.8	16.5	69.9	80.8	268.0	453.5
	45 to 54 hours	3.3	7.3	30.9	117.5	81.1	199.2	439.4

Gender	Hours of work during the seven days before enumeration	Monthly employment earnings (HK\$)						
		Less than 3,000	3,000 to 3,999	4,000 to 4,999	5,000 to 7,499	7,500 to 9,999	10,000 or above	Total
		No. ('000)	No. ('000)	No. ('000)	No. ('000)	No. ('000)	No. ('000)	No. ('000)
	55 to 59 hours	0.4*	0.8	2.0	7.9	6.1	24.1	41.3
	60 hours or above	2.7	3.7	12.2	73.2	32.7	50.9	175.5
	Sub-total	77.7	44.5	74.3	282.0	205.8	554.0	1 238.2
Male	Less than 35 hours	30.1	12.5	12.3	26.7	13.7	14.4	109.8
	35 to 44 hours	7.1	5.4	11.7	62.3	75.4	318.8	480.8
	45 to 54 hours	4.2	5.1	13.6	106.9	139.5	432.8	702.1
	55 to 59 hours	0.7	0.5	1.0	6.0	9.8	47.8	65.8
	60 hours or above	4.1	2.8	8.1	89.3	87.2	213.3	404.9
	Sub-total	46.2	26.4	46.8	291.2	325.7	1 027.1	1 763.4
Female and male	Less than 35 hours	93.9	34.4	25.0	40.1	18.7	26.3	238.4
	35 to 44 hours	14.6	16.2	28.2	132.1	156.3	586.8	934.2
	45 to 54 hours	7.5	12.5	44.5	224.4	220.6	631.9	1 141.6
	55 to 59 hours	1.0	1.3	3.0	14.0	15.9	71.9	107.1
	60 hours or above	6.8	6.5	20.3	162.5	120.0	264.3	580.3
	Total	123.8	71.0	121.0	573.2	531.4	1 581.2	3 001.6

Notes : * The figure was compiled based on a small number of observations. It had a relatively large sampling error and should be interpreted with caution.

Figures may not add up to the respective totals owing to rounding.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bills: First Reading.

BETTING DUTY (AMENDMENT) BILL 2006

FREIGHT CONTAINERS (SAFETY) (AMENDMENT) BILL 2006

REVENUE BILL 2006

CLERK (in Cantonese): Betting Duty (Amendment) Bill 2006
 Freight Containers (Safety) (Amendment) Bill 2006
 Revenue Bill 2006.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bills: Second Reading.

BETTING DUTY (AMENDMENT) BILL 2006

SECRETARY FOR HOME AFFAIRS (in Cantonese): Madam President, I move that the Betting Duty (Amendment) Bill 2006 (the Bill) be read the Second Time.

In 2002, the Government amended the Gambling Ordinance to combat the unauthorized activities of offshore bookmakers in Hong Kong. In 2003, we amended the Betting Duty Ordinance to authorize football betting to combat illegal football gambling in Hong Kong. Today, the Government has decided to reform the duty system for horse race betting. This is the third time since 2002 that we have introduced major reforms to the authorized betting system.

The main objective of the reforms is to combat illegal horse race betting activities more effectively, while maintaining the Government's revenue from betting at a steady level. We propose to amend the Betting Duty Ordinance to convert the horse race betting duty system from the current turnover-based duty system to a new system similar to the duty system for football betting, that is, a system based on the net stake receipts (that is, betting turnover minus payout). The reforms will provide flexibility for the Hong Kong Jockey Club (HKJC) to adjust the odds in response to the changing market conditions, thereby diverting bettors from the illegal gambling market to the authorized channels. We have also taken the opportunity to rationalize the regulatory regime for horse race betting.

We briefed the Legislative Council Panel on Home Affairs (the Panel) on the proposed reforms to the duty system for horse race betting on 13 May 2005. We also attended a special meeting arranged by the Panel on 24 June 2005 at which deputations of concern groups were invited to express their views on the proposed reforms. In October 2005, we consulted the Football Betting and Lotteries Commission on the proposed reforms and met with the major opposition groups.

If the proposed reforms to the duty system for horse race betting is supported by the Legislative Council, it is anticipated that the HKJC will be able to capture part of the existing turnover of the illegal horse race betting market by diverting the demand back into the authorized channels.

Let me brief Members on the contents of the Bill.

Firstly, under the new duty system, which is no longer based on turnover, a single set of duty rates will be applied to the net stake receipts (gross profits) irrespective of bet types. A progressive marginal duty system will be adopted, with duty to be charged at 27.5% of the net stake receipts up to \$11 billion, increasing by half a percentage point for increases of every \$1 billion in the receipts up to \$15 billion, and at 75% for the receipts exceeding \$15 billion. The above rates largely reflect the Government's share of the racing receipts *vis-a-vis* the HKJC at present.

Secondly, under the new system, there is a discount (at no more than 50% of the lowest marginal rates for local bets) for the betting duty charged in relation to overseas bets designated by the Secretary for Home Affairs (that is, "qualified bets"). The discount rate may be lowered in individual jurisdictions (for instance, for qualified bets from Macao, there will be a betting duty discount at 40% of the lowest marginal rates, that is, 29% of gross profits).

Thirdly, to ensure that the Government's revenue from horse race betting would remain stable during the first few years, the HKJC has to guarantee that the duty payable during each of the three years from implementation would be no less than \$8 billion plus the amount of duty in respect of any qualified bets. The \$8 billion guaranteed minimum is more or less the same as the betting duty that would have been paid by the HKJC for the year 2005-06. A review would be conducted two years after implementation of the new duty system to see if it produces desirable results and whether it should continue.

In addition to the above proposals, we propose to allow the HKJC to provide rebates to high-value bettors who have suffered losses in order to increase its competitiveness against illegal bookmakers.

We also propose to take the opportunity to rationalize the regulatory regime for horse race betting in order to bring it broadly in line with authorized football betting and lotteries. The specific proposals are as follows:

- (a) The authority to authorize the conduct of horse race betting should be transferred from the Chief Secretary for Administration to the Secretary for Home Affairs.
- (b) There should be a general licensing system for horse race betting whereby the Secretary for Home Affairs could, by issuing a licence to a company, authorize the company to conduct fixed odds betting or pari-mutuel betting on the results of, or contingencies relating to, horse races. We propose that one licence for horse race betting should be granted only to the HKJC.
- (c) The functions of the existing Football Betting and Lotteries Commission should be expanded to include advising the Secretary for Home Affairs on the regulation of the conduct of betting on horse racing; as well as compliance with licensing conditions by the licensee. We propose to rename it as the Betting and Lotteries Commission (the Commission).
- (d) The operational and regulatory regime for betting on horse races should basically follow that for football betting and lotteries. Specifically, we propose that any licence for authorized horse race betting activities should include a number of mandatory conditions. These conditions seek primarily to prevent underage/excessive gambling. The conditions include:
 - (i) the licensee shall not accept bets from any person under 18 years of age; nor shall it allow admission of persons below 18 years of age to its betting premises;
 - (ii) the licensee shall not accept bets on credit or accept credit cards for settlement of betting transactions;
 - (iii) the licensee shall not pay dividends or rebates on bets to juveniles;
 - (iv) the licensee shall not advertise horse race betting on television or on the radio from 4.30 pm to 10.30 pm; advertise in ways that would exaggerate the likelihood of winning or suggest

that betting on horse races is a source of income or viable way to overcome financial difficulties; or target those under 18 years of age in their advertisements; and

- (v) the licensee shall be required to display notices to remind punters of the seriousness of the problem caused by excessive gambling and provide information on services available for problem and pathological gamblers.
- (e) We also propose that the existing Appeal Board under the Betting Duty Ordinance should be tasked to decide appeals lodged by the HKJC in addition to those lodged by the licensees of football betting and lotteries.

We also propose to provide that the Secretary for Home Affairs could issue Codes of Practice as and when appropriate. This would enable the Secretary for Home Affairs to prescribe detailed guidelines on the licensing conditions and to consult the Commission on the contents of any Code of Practice before it is issued.

I know that some Members and gambling concern groups may query the need and rationale for reforms and worry that the reforms would create new demand for horse race betting. Some people may attribute the decline in turnover of horse race betting to economic downturn, shift of punters' interest from horse race betting to football betting or even the poor management of HKJC rather than the competition from the illegal betting market.

According to a survey on Hong Kong people's gambling activities commissioned by the Government in late 2005, the public participation rate in horse racing has declined, but betting on horse racing is still one of the most popular gambling activities in Hong Kong (25% public participation rate), indicating a persistent demand. Survey results reveal that many people who participate in illegal gambling are also engaged in betting with the HKJC. We need to put in place a proper regulatory system which would enable authorized horse race betting to effectively retain the demand for authorized horse race betting, and divert the demand from the illegal into the authorized and regulated channels. I believe that the proposals put forward by the Government today would help combat illegal bookmaking activities on horse race betting.

Some people may think that the proposed reforms are inconsistent with the Government's gambling policy. For example, to allow the HKJC to provide rebates may encourage gambling. I would like to point out that the Government has not changed its standing gambling policy, that is, restricting gambling opportunities to a limited number of authorized and regulated channels. The spirit of this policy is not to encourage gambling, especially illegal gambling. Regulation of horse race betting can help to uphold this policy. We do not consider that the proposal of providing rebates will encourage gambling because rebates will be available to high-value bettors who have suffered losses only. On the contrary, the proposal will divert illegal betting to authorized betting channels, which will help to combat illegal betting. Provision of rebates by the HKJC will increase the risks faced by illegal bookmakers, thereby undermining their competitiveness against the HKJC. As our policy is not to encourage gambling, we have incorporated a number of measures into the legislative proposals, licensing system and regulatory regime to minimize the negative impact of authorized horse race betting on the community.

I note that although the survey results indicate that there has been a fall in the participation rate in horse race betting among both the general population and youth, the number of young people participating in gambling has slightly increased. It is for this reason that we have taken the opportunity to reform the regulatory regime of horse race betting by bringing it broadly into line with that for authorized football betting. As I have mentioned, we will introduce a licensing system with a series of licensing conditions (prohibiting underage betting, credit betting, and so on) seeking as far as practicable to minimize the adverse impact of gambling on the community.

We will strengthen measures to prevent and address gambling-related problems, particularly on publicity and educational measures targeting underage persons and parents. We are planning to launch a special publicity and education campaign on gambling-related problems to prepare for the possible increased demand for gambling, for example, during the World Cup in mid-2006. We are also evaluating the effectiveness of the services provided by the two counselling and treatment service centres for problem and pathological gamblers with a view to mapping out the long-term model of services. We will solicit more financial resources for the Ping Wo Fund for these purposes as and when necessary.

I believe that the proposals put forward by the Government today, together with the ongoing enforcement actions by the police and the measures to prevent and ease gambling-related problems, can effectively combat illegal gambling, divert the demand for horse race betting into the authorized channels and alleviate social problems arising from such activities.

For the reasons mentioned above, I hope that Members will support and pass the Bill as soon as possible.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Betting Duty (Amendment) Bill 2006 be read the Second time.

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

FREIGHT CONTAINERS (SAFETY) (AMENDMENT) BILL 2006

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, I move that the Freight Containers (Safety) (Amendment) Bill 2006 (the Bill) be read a Second time.

The Freight Containers (Safety) Ordinance (the Ordinance) and its four pieces of subsidiary legislation were enacted respectively in May 1997 and May 2001 for the purpose of implementing the International Convention for Safe Containers (the Convention) in Hong Kong. The said Convention was adopted by the International Maritime Organization in 1972 to standardize the requirements for testing, inspection and approval of containers, and to prescribe procedures for their maintenance, examination and control so as to ensure safety in their handling, stacking and transportation. Since the enactment of the Ordinance and its subsidiary legislation, there have been changes to local trade practices. The Amendment Bill aims to address a few outstanding issues so as to bring the Ordinance and its subsidiary legislation into operation.

The Bill covers four broad categories of amendments. First of all, the Bill expands the application of the Ordinance to cover the approval of containers and approval of examination procedures of containers, irrespective of their origin of manufacture. Until now, the approval granted by the Marine Department covers only those containers manufactured in Hong Kong. Hong Kong has no such industry nowadays, whereas mainland China is now a major container manufacturing base. There is thus a practical need to expand the coverage of approval to containers manufactured outside Hong Kong so as to fulfil our international obligation under the Convention.

Secondly, the Bill assigns all the functions of container approval to authorized persons appointed by the Director of Marine, so that the Marine Department would focus on its regulatory and law enforcement functions.

Thirdly, the Bill spells out the conditions under which the container owner, bailee or lessee would have to remove the safety approval plate from the container. The approval of a container is evidenced by a safety approval plate affixed to it. A container owner, bailee or lessee would have to remove the safety approval plate from the container if it has been modified in a manner which would render the original approval void, or if it is removed from service without proper maintenance, or in case where the approval ceases to be valid.

Fourthly, the Bill empowers the Director of Marine to specify by notice published in the gazette the information and documents to be submitted along with an application for approval of examination procedures for containers.

Madam President, the Bill has the support of the local maritime industry. I hope for the early passage of the Bill by this Council. Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Freight Containers (Safety) (Amendment) Bill 2006 be read the Second time.

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

REVENUE BILL 2006

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I move the Second Reading of the Revenue Bill 2006 (the Bill).

The Bill seeks to amend the Inland Revenue Ordinance (Cap. 112) to give effect to the two tax concessionary proposals published in the 2006-07 Budget.

The first proposal is to lower the marginal rates of the second, third and top tax bands by one percentage point from the existing levels of 8%, 14% and 20% to 7%, 13% and 19% respectively.

This proposal will reduce the tax payable by nearly a million people, that is, about three quarters of taxpayers of salaries tax and personal income tax, and cost the Government about \$1.5 billion a year.

The second proposal is to extend the limit for the tax deduction for home loan interest by a further three years to a total of 10 years.

Currently, each taxpayer is eligible for a seven-year tax deduction for home loan interest of up to \$100,000 a year. The recent increases in mortgage rates have added to the burden of families servicing home mortgage loans. Therefore, it is proposed to extend the limit for the tax deduction by a further three years to a total of 10 years, while the maximum annual deduction will be maintained at \$100,000. We reckon that some 400 000 people will benefit from this concessionary measure will cost the Government some \$1.2 billion in 2006-07.

I hope Honourable Members can support the Bill. Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Revenue Bill 2006 be read the Second time.

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China.

PROPOSED RESOLUTION UNDER THE BASIC LAW OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA

MRS SOPHIE LEUNG (in Cantonese): Madam President, I move that the resolution concerning the amendment of the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region (RoP), as printed on the Agenda, be passed.

The categories of "interests" required to be registered by Members of this Council are set out in Rule 83(5) of the RoP. Registration of Members' interests enables the public and the media to judge whether such interests have a bearing on the acts and speeches made by the Member and also on how the Member votes in this Council.

The Committee on Members' Interests (CMI) will, from time to time, review whether the categories of interests required to be registered by Members and the relevant provisions can meet present-day circumstances.

The CMI, after its deliberations at three meetings, unanimously agreed that Rule 83(5)(a) of the RoP should be amended to stipulate that when Members register their remunerated directorships in a public or private company, apart from registering their remunerated directorships and the names of the companies concerned, they are also required to register the names of the parent companies of these companies as well.

The CMI subsequently issued a paper on 24 January this year to consult all Members of the Legislative Council on this proposal, which gained support from an overwhelming majority of Members. The House Committee also noted this proposal.

I call on Members to support this resolution.

Thank you, Madam President.

Mrs Sophie LEUNG moved the following motion:

"RESOLVED that Rule 83(5)(a) of the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region be amended by adding ", and if the company concerned is a subsidiary of another company within the meaning of section 2(4) of the Companies Ordinance (Cap. 32), also the name of that other company" after "public or private"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mrs Sophie LEUNG be passed.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If no Member wishes to speak, I now put the question to you and that is: That the motion moved by Mrs Sophie LEUNG 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 motion passed.

PRESIDENT (in Cantonese): Two motions with no legislative effect.

First motion: Donation of organs.

DONATION OF ORGANS

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

I believe many Members may still recall that this Council has already twice debated on similar motions. Mr LAU Chin-shek moved two motion debates on the donation of organs in 1993 and 1999 respectively. The 1993 motion, which proposed that the Government should formulate a set of comprehensive and appropriate policies together with the relevant timetable, was carried. The 1999 motion was more controversial in that it urged the Government to adopt an "opt-out scheme for organ donation". As the "opt-out scheme for organ donation" may involve more problems such as morals and personal wishes, it aroused a lot of criticisms in society and the motion was eventually negated.

Thirteen years have passed since the passage of the first motion, but people who are willing to donate organs are still not many. In contrast, more and more patients are waiting for organ transplant and the waiting period is still very long.

According to the figures of the Hospital Authority (HA), as at 31 December 2005, more than 1 800 people were waiting for different organ transplants. Among these people, 1 316 were waiting for kidney transplant but only 50 cadaveric kidneys were donated last year and on average, patients had to wait five years and four months for kidney transplant while some patients even had to wait as long as 24 years before they could receive kidney transplant, and 10.6% of the patients died in the course of waiting. There were 141 people waiting for liver transplant but only 24 cadaveric livers were available and patients who needed liver transplant had to wait 14.8 months on average, with the longest wait being six years and six months, while 19.3% of the patients died after failing to receive liver transplant. In addition, there were also 400 people waiting for cornea transplant, but only 214 pieces of corneas were available for transplant last year.

We should know that even though some people may have indicated a wish to donate organs, their wishes might not necessarily be fulfilled. If the deceased were suffering from cancers or infectious diseases, then their organs would not be suitable for transplant. Furthermore, as organs will rapidly fail due to the lack of blood and oxygen supply, not many organs from people who died of heart failure or on the scene of traffic accidents are acceptable for donation purposes. Only organs like corneas, skin tissues and bones will have a greater chance of being donated, and only people with dead brainstems but still functioning organs are eligible as donors. However, since not every patient who was certified brainstem dead or eligible as donors have registered for organ donation, only very few organs are donated each year.

Patients who are in line for an organ transplant can really be considered as the lucky ones if they are successful in receiving an organ transplant for many patients died in the course of waiting after failing to receive a necessary organ transplant. Some people have chosen to donate part of their own tissues to their loved ones because they cannot bear to see their endless wait and the long-term sufferings, the distress and hardships of which, I believe our President will fully appreciate for everyone knows that Mrs FAN has donated her own kidney to her daughter. In fact, if more people in the community are willing to donate their organs after death, then living donors will not have to take risks and endure physical pains.

As regards organ donation, the authorities concerned have actually placed organ donation cards at many public venues and on the Internet for the convenience of public collection and the Hong Kong Medical Association (HKMA) has also established a organ donation register, for public registrations.

However, organ donation is still not common in Hong Kong and the number of people who have signed organ donation cards or registered is still not many. Even if people have signed donation cards and wish to donate organs, they may not necessarily be able to do so if they do not carry the donation cards at all times. As for registering with the HKMA, I originally thought that it can be done on the Internet, but in fact, we can only download a registration form from the website and the completed form has to be mailed back to the HKMA. Nowadays, for Hong Kong people, who stress efficiency in everything they do, the back and forth mailing process may have failed to keep up with everybody's pace.

After all, I believe the absence of a systematic and efficient registration system has indirectly deterred members of the public from donating organs. As a matter of fact, up to this moment, we do not have any idea on the actual number of people who have signed donation cards and wish to donate organs. At most, we only know how many donation cards the authorities have distributed, but we are not sure how many people have actually signed the cards. The authorities have indicated that they have distributed more than 430 000 organ donation cards in the last two years, but it is estimated that only 2% to 7% of the people have signed and carried the cards, so the response is not satisfactory. However, the HKMA indicated that more than 40 500 people are on their organ donation register.

When we ask our friends, many people will indicate that they wish to donate their organs after death, but not many of them have actually signed organ donation cards or made registrations. Some may feel that they are still young and death is still very far away, and have thus not made any form of registration. Furthermore, some people may be more slack and will find signing donation cards, making registrations and carrying one more card in their wallets a great inconvenience.

I have, therefore, moved this motion today to urge the Government to conduct a comprehensive review of the current policy on organ donation and formulate a package of effective measures for needy patients to receive as soon as possible suitable organs to extend their lives.

Some foreign countries, such as Australia and Canada, have incorporated the wish of donors into their driving licences; while other countries like Finland and Malaysia, have incorporated such details into multi-purpose smart cards. When I raised this issue for discussion at the meeting of the Legislative Council Panel on Health Services in mid-February, I originally thought that we could follow the practices of overseas countries by offering members of the public an opportunity to indicate their wishes when they apply for or renew driving licences or Smart identity (ID) cards, and then incorporate their wishes into the driving licences or ID cards, and I thought that this might encourage more people to donate organs.

Government officials also indicated at the meeting that it was feasible to incorporate a person's organ donation details into the Smart ID card, but this

might involve the legislative amendment process; and if a donor wishes to change his/her mind, then a new ID card has to be issued.

The authorities indicated that they intend to establish a back-end computer system to store the details of all organ donors in Hong Kong. The establishment of a back-end computer system may avoid problems like making legislative amendments and issuing new ID cards when there are any changes in the details.

In fact, I do not insist on incorporating donors' details into the Smart ID cards. If the back-end computer system can make the storage and processing of the public's organ donation details more convenient and provide more convenience for hospitals in identifying donors and their wishes, I certainly agree hundred percent that a back-end computer system should be set up as soon as possible. In addition, the authorities can also consider enabling members of the public to register as organ donors via the Internet, thus saving the trouble of obtaining and carrying donor cards or sending the donation forms to the HKMA by post. This move can also allay the worries of some Members, that the incorporation of organ donation details into Smart ID cards will constitute problems of privacy invasion. For these reasons, I have not explicitly stated in the wordings of my motion that the approach of using Smart ID cards should be adopted. I only urge the Government to deploy more resources on improving current methods and enhancing the information processing system, for example, establishing a back-end computer system, and so on.

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

Furthermore, some Members may be worried whether there will be any problem if the donors wish to change their minds in future, but as the HA said, donors can change their minds at any time for organ donation will not and should not involve the least bit of reluctance.

In the past, one of the main reasons for the low organ donation figure is objections from the deceased's family, but according to figures provided by the HA, during the past five years, there were only two cases in which the deceased

had signed donation cards, but could not donate organs due to objections from their families. From this, it is evident that society has actually gradually started to approve of organ donation activities. In contrast, there are many cases in which the deceased's families did not donate the organs because they were not sure of the deceased's wishes. Here, I would like to call upon everyone to inform their families of their wishes as soon as possible because this will facilitate their family members in making decisions. Last Sunday, I participated in a function organized by the HA to urge more members of the public to join the organ donation plan, and the guests of the function include our President, Mrs FAN, and Dr KWOK Ka-ki. The theme of the function, in addition to asking more people to support organ donation, also includes urging everyone to inform their families of their wishes. In fact, many people are willing to donate their organs after death, but they may have reservations if they are asked to fill out a form and sign in confirmation during their lifetime. This phenomenon is also very common in overseas countries. For these people, they can inform their families of their wishes in advance, so that their families will know whether their organs should be donated, if they passed away in accidents.

One of my objectives in moving this motion is to generate more and wider discussions in society. I understand that I may not be able to arouse an immediate response from everyone and society by moving one motion, but I deeply believe that I should let the whole society and more people understand and consider this issue seriously, thus making more people sign donation cards or register as donors.

In addition, the effects of media reports are also very great. In 2002, the organ donation figure was obviously higher than that of previous years, but it has then lost momentum with the growth rate dropping back to previous levels. According to the estimate of HA staff, the high increase rate recorded in 2002 was due to the fact that there were more news reports on organ donations in that particular year, thus greatly enhancing public awareness.

I hope that this Council can reach a consensus over this motion today and send a clear message to the Government and members of the public, so that the Government can deploy more resources on promoting organ donation activities and stepping up publicity efforts to encourage and make it more convenient for more people to register for organ donation. For example, can we hold regular large-scale registration and publicity drives like voter registration or blood

donation activities, so as to mobilize more manpower and resources to make more people register? Can publicity efforts among students and their families be stepped up through the Education and Manpower Bureau? No matter what type of activities will be held, I hope that more people can express a wish to donate organs, so that people waiting for an organ transplant can be benefited earlier.

With these remarks, I beg to move.

Mr Bernard CHAN moved the following motion: (Translation)

"That, as the situation of organ donation in Hong Kong is still not satisfactory despite many years of publicity, and the number of organs donated is not sufficient to meet the demands of those waiting for organ transplant, this Council urges the Government to immediately conduct a comprehensive review on the current policy on organ donation, with a view to formulating a package of effective measures for needy patients to receive as soon as possible suitable organs to extend their lives; such measures should include: deploying more resources to improve the methods currently adopted by the Government, the Hospital Authority and the Hong Kong Medical Association for collecting people's wish to become organ donors and for registering their information, so as to enable the public to sign up as donors more easily; enhancing the information processing system, e.g. establishing a back-end computer system to more effectively process the information of all organ donors in Hong Kong, so as to facilitate easy access to such information by authorized persons; as well as stepping up publicity efforts on organ donation and encouraging the public to actively sign up as organ donors."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Bernard CHAN be passed.

MR ANDREW CHENG (in Cantonese): Deputy President, Hong Kong is renowned for its organ transplant operations worldwide. Our living liver transplant surgery, in particular, has made several new breakthroughs, and one of the reasons for this is the shortage of cadaveric livers. When the life of a

patient is in danger and cannot afford to wait any longer, his/her family will have no alternative but to risk their own lives in donating part of their liver to them, while many patients died while waiting for liver donation. In contrast, patients of kidney diseases can manage to survive through treatments like renal dialysis and many of them can continue to live, thus the number of patients waiting for kidney transplant is particularly great. Now, there are 1 316 patients waiting for kidney transplant but the number of donated cadaveric kidneys is far less than this number, and only 50 cadaveric kidneys were donated last year.

The rate of organ donation amongst Hong Kong people is actually lower than that of other countries. According to the information provided by the Hospital Authority (HA), in 2004, there were only 4.1 deceased organ donors per 1 million Hong Kong people on average, far lower than that at 10.8 in Australia, 12.3 in the United Kingdom and 34.6 in Spain. We do not believe this is because Hong Kong people are more conservative, and we also do not believe Hong Kong people are unwilling to donate organs and spread their love among the living when their lives come to an end.

The Democratic Party conducted a survey several years ago and discovered that about 60% of the respondents were willing to donate their organs after death but most of them did not have an organ donation card. The HA's Transplant Co-ordinator's office has only received 1 086 cases of referral in total on possible organ donation during the past five years. But, it is a pity that each year, only three to eight of the deceased are found to have signed organ donation cards and most of the deceased's families also had never been told by the deceased of whether they would like to donate organs.

Deputy President, we often harbour the misunderstanding that many prospective donors had failed to donate organs because their family had refused to do so as a result of the conventional idea of keeping the body intact after death. However, according to the experience of front-line HA workers, 40% to 50% of the deceased's family were willing to donate the organs of the deceased even if they did not know about the deceased's wishes. Situations in which families of the deceased refused to donate organs of the deceased on cultural and religious grounds have also tended to decrease. Cases in which the deceased's families refused to honour the wish of the deceased are very rare, and during the past five years, there were only two cases in which the deceased's family had refused to respect the deceased's wish of donating his/her organs.

The fact that the families of the deceased were unwilling to donate their organs is attributable to the families' respect for the deceased. According to the experience of front-line workers, Chinese people have great respect for the last wish of the deceased and the majority of the families would act in accordance with the wish of the deceased rather than their own. If the families of the deceased were aware that the deceased wished to donate his/her organs, then most of them would not object. However, if the deceased did not have organ donation cards or they had not indicated their wish to donate organs during their lifetime, then most of the deceased's families would not dare to act rashly or make decisions on their own and very often, the family members of the deceased cannot reach a consensus among themselves. Therefore, the main reason for the low organ donation rate is that the deceased had not disclosed whether they were willing to donate organs before death. For this reason, I believe the most effective way of increasing the rate of organ donation is to vigorously promote organ donation cards, enhance public awareness and encourage members of the public to inform their families of their wish to donate organs.

Therefore, the Democratic Party supports the motion in urging the Government to deploy more resources, step up publicity efforts on organ donation, encourage the public to actively sign up as organ donors and enable the public to sign up as donors more easily.

Deputy President, as regards the processing of all organ donation details in Hong Kong, as Mr CHAN said earlier, the HKMA has set up a computer based central organ donation registry, whereby authorized persons of the organ transplant team can retrieve information from the central database at any time. The Legislative Council has also held various discussions on whether organ donation details should be incorporated into ID cards and driving licences. No matter whether such details will eventually be incorporated into ID cards and driving licences, our discussions were focused on whether the computer based system was clear and simple and allow easy access to information on whether the deceased had indicated a wish to donate organs before death. Even if the deceased had clearly indicated his/her wish before death, I think we should still try our best to seek the approval of the deceased's families before removing the organs. Furthermore, one point worth noting is that at present, there is no need for legislation to regulate access to the organ donation registry of the HKMA. We are now seeking different ways to strictly maintain the privacy of organ donors while making the storing and retrieval of the organ donation details more

convenient, and to ensure that the relevant information will only be accessed after the death of the prospective donor. Moreover, we should also continue to adopt the existing system under which the participation of donors are voluntary and members of the public should not be mandated to indicate whether they are willing to donate organs.

With these remarks, Deputy President, I support the motion.

MRS SOPHIE LEUNG (in Cantonese): Deputy President, Mother Nature grants people the gift of life. However, with well-developed medical technologies, organ transplant has already become a more acceptable, easily conducted and not too difficult process. This also makes us learn about another law of the Nature, and that is, human organs can be recycled after death, to give patients a new lease of life, and the organs of the deceased can be put to good use by spreading love among the living. In doing so, we show real respect for Mother Nature. There is also a Chinese saying which goes "saving one life is better than building a seven tier pagoda". Since donating organs can save the life of a person, or more than one life, for different organs of one person may save the lives of several people, then why not go ahead with it? Our motion today calls upon members of the public to look at the issue from this perspective and take an early step towards organ donation.

As Honourable colleagues have said earlier, in order to improve the situation of organ donation, we should do more in working on the mindsets. We should enhance public awareness of this through education; and at the same time, administrative support should also be put in place. A system and mechanism should be established to get hold of the data and make the process of registration more convenient to members of the public.

First of all, as colleagues said, an effective central registry should be established.

So far, the Government has encouraged the public to sign organ donation cards and it is the responsibility of the public to carry the card at all times. During the past two years, the Government has distributed more than 400 000 cards, but we do not know how many people have actually signed and carried the card at all times, so that the medical personnel or their families will know about

their wish in the first instance, in the event that they really met accidents or misfortunes. However, the number of people who had really done a good deed because they had a card and had registered was really very few. At present, only the HKMA's organ donation register can offer more explicit information because the donors have registered on the register and given written consent. However, even according to the information in 2004, the number of prospective donors on that register was still less than 40 000.

Apart from having information on the number of donors, the establishment of a central registry can also speed up the identifying process, and thus the process of organ transplant. Deputy President, as organ transplants need to be performed instantly and cannot wait until after a certain time, perhaps the Government may refer to the experience of the HKMA's organ donation register and conduct studies on how this system can be integrated, or even commission the HKMA to do this in a more comprehensive manner by establishing a territory-wide back-end computer system to store information on organ donors. The registry should incorporate a mechanism to allow members of the public to change their mind. At the same time, it should also comply with his/her personal wishes and protect his/her privacy and people should only be allowed access to the information on this registry in the event that the donor met an accident. I believe that under the existing circumstances, there is an urgent need for establishing such a mechanism. Though this may create some administrative burden, it is inevitable from the perspective of long-term development, and this can also solve some of the problems which front-line medical staff has to face. When misfortunes strike, they are faced with the precious organ of the deceased on the one hand, and patients who are waiting for organ transplants in the hospital on the other, so how should they handle such matters? Even if they are burning with anxiety, they would only feel very helpless under such circumstances.

Of course, some colleagues have also talked about recording organ donation details on Smart ID cards earlier. This is very desirable for I think that it can save the trouble of carrying extra documents. I, therefore, believe that with the support of such a system, more people can be encouraged to register their wishes of donating organs.

Thirdly, if we were to change public concepts about organ donation, the enhancement of promotion activities is still very important. For example, in

2003, the United States declared every April as the "National Donate Life Month", in commemoration of the activity. Different activities, such as marathon races, or even presenting families which have donated organs with scarves, were held to encourage the public to donate organs. I think we can follow their examples.

Fourthly, it is to enhance the message of family participation. As colleagues said earlier, objections from family members would sometimes turn into big obstacles for organ donation. However, in fact, the family members of the deceased do have great respect for the wishes of the deceased and consider them as the most important. Therefore, if the families of the deceased had known that the deceased were donors before their death, then they would be very happy to honour the wishes of the deceased. However, if the deceased's families only learned about their wishes after their death, then under the current situation of Hong Kong, only 41.1% of the respondents indicated that they were willing to honour the wishes of the deceased. So, it is very important to promote family participation.

Deputy President, finally I would like to add that 10 years have passed since the Human Organ Transplant Ordinance, which sought to deal with living organ transplant through strict monitoring, came into effect in 1998. This is because living organ transplant will involve medical procedures of higher risks for both recipients and donors (donors in particular), and it may also result in long-term harmful effects for donors. Therefore, the only sensible and natural course is to vigorously promote cadaveric organ donation.

The medical technology of Hong Kong is advanced and modern, but we must also accept the values of a society with well-developed medical technology. How organ transplants can extend lives in a successful manner is an issue which worth contemplation by all members of the community.

Thank you, Deputy President.

MS AUDREY EU (in Cantonese): Deputy President, first of all, I would like to thank Mr Bernard CHAN for moving a very meaningful motion for though we may often say or really think that we are willing to do something, very often, we may not put those words or thoughts in action. Mr Bernard CHAN is very considerate in that he has not only moved this motion today, but also attached the

Department of Health's organ donation cards and the HKMA's relevant forms, to allow Members who have not yet filled in this form to do so, or allow those who have already done so to replace the old donation cards they are carrying. Thus, I am really very thankful to Mr Bernard CHAN.

Last year, there was a rerun of a Spanish film in Hong Kong. The heroine of the movie was a single mother who worked in the organ donation centre of a hospital. One day, her only son died in a traffic accident and, having signed up to donate the heart of her son, she secretly followed the route of his heart's delivery, up to the point she saw the recipient of her son's heart walked out of the hospital.

Though the movie did not tell us about the feelings of the heroine at that moment, we could imagine her feelings, for though the mother has lost her only son, she has lighted up another person's life.

It is not at all surprising that Spain has produced such a movie for Spain has always had the highest rate of organ transplant in the world. In 2004, there was an average of 34.6 per million people willing to donate their organs after death.

Apart from the mindset of its nationals, the success of Spain was also attributable to institutional support. Spain passed the Transplant Law in 1979 and established the National Transplant Organization in 1989. The responsibilities of the Organization include the allocation of donated organs, management of the register for patients awaiting transplant, making transport arrangements for the transplant team and delivery of donated organs, keeping official statistics on organ donation and transplant activities, informing relevant parties of various issues and at the same time, undertaking training and research duties in relation to organ donation and transplant.

In November last year, Argentina also passed the newly amended Human Organ Removal and Transplant Law. The new law provides that the family of the deceased only has the right to decide whether the organs of the deceased should be donated if the deceased did not declare his/her wish in advance.

The fact that the law could be passed in Argentina was because its residents have always been supportive of organ donation. In 2004, an average

of 10.8 per million people was willing to donate their organs after death. Argentina has also made 30 May the "National Donor Day", in commemoration of the first liver transplant recipient who gave birth to a child on that day in 1998, and to take the opportunity to publicize the merits of organ donation among members of the public.

As Mr Bernard CHAN said, it may be relatively difficult to enact a relevant law in Hong Kong at this stage for Hong Kong society is still quite conservative in relation to organ donation after death. In 2005, only an average of 4.2 per million people was willing to donate organs after death. According to the figures provided by the Hospital Authority (HA), amongst the reasons given by the families of the deceased for refusing to donate the organs of the deceased, 33% indicated that they hoped that the body of the deceased could remain intact, and another 41% indicated that they were not aware of the deceased's wish before death or that a consensus could not be reached among the family members.

From the above figures, we can see that there is still a lot the Government can do in this area. The first and foremost task of the Government is certainly to deploy more resources to publicizing the message of organ donation, so as to change the public mindset on organ donation.

We also discover that many families of the deceased could not make a decision because they were not aware of the wish of the deceased before death, so it is essential that the existing registration system should be improved. Apart from the HKMA's existing organ donation register, the Government actually does not have a sound registration policy; since organ donation cards can be easily lost, worn out or donors may forget to carry the cards at all times, the good intentions of many people who have signed the cards may eventually be gone to waste or may not really become effective, and the greatest problem is, at present, we do not know exactly how many Hong Kong people are willing to donate their organs after death.

The Panel on Health Services discussed the possibility of incorporating a person's organ donation details on Smart ID cards some time ago, but there were controversial views among Members and they thought that personal data stored in the card should be kept to a minimum for the maximum protection of a person's privacy. In fact, the existing problems can also be solved through

other approaches, for example, Mr Bernard CHAN has put forward in his motion that a back-end computer system be established and technically speaking, this should not be difficult. This approach will not only prevent problems like forgetting to carry donation cards, but the authorities can also easily calculate the number of registered donors. The Government can also refer to the model of the HKMA, under which the families of registered donors can know about such decisions in advance, so as to prevent problems like the opportunity or the donors' good intentions being wasted because the families are not aware of the deceased's wish.

Members of the Civic Party will, therefore, support Mr Bernard CHAN's motion and we also urge all Members who have not signed donation cards to keep the cards which Mr Bernard CHAN has attached. Thank you, Deputy President.

MR CHAN KAM-LAM (in Cantonese): Deputy President, we can frequently read reports of patients in dire need of organ transplant when we turn a newspaper every day, and sometimes when I check my e-mails, I also see e-mails forwarded by my friends urging people who have a mind to help to take the initiative to take blood tests, in the hope of finding suitable bone marrows for leukemia patients who are thousands of miles away. Organ donation will not only extend the lives of patients, but also free recipients and their families from gloomy days and let them lead meaningful lives again. Today, Mr Bernard CHAN's motion gives us a good opportunity to call upon the community again and urge them to be concerned about this issue.

The donation of live organs will definitely pose certain risks to the health of donors and as Hong Kong has very strict control on the donation of live organs, it has always attached great importance to the work of cadaveric organ donation. At present, there are only three to four donors per million people in Hong Kong on average, and in comparison to European countries and the United States where there are 10 or even 30 donors per million on average, there is no doubt that we are lagging behind, thus giving people the wrong impression that the work of organ donation has been deterred by conventional ideas. However, when I asked the friends around me, many indicated that they have signed organ donation cards. Though, this is not a very scientific survey, I feel that members of the public do not oppose the donation of organs after death in general.

It has been found that the main reason for the low donation figure is many people have committed the same mistake of forgetting to carry the signed organ donation cards at all times and to tell their family of their wish to donate organs. Figures provided by the HA indicated out that of the cases in which the families of the deceased refused to donate the deceased's organs, about 40% did so because they were not aware of the deceased's wish before death; and the findings of another survey showed that 85% of the respondents indicated that if they were aware of their deceased family member's wish to donate organs, then the majority of them would honour the wish of the deceased; however, if their loved ones had never indicated such a wish before death, than the number of respondents who indicated that they were willing to donate the deceased's organs drastically dropped to 41.1%. From this, we can see that if the deceased's wish of becoming a donor was not effectively conveyed to their family, then the work of organ donation will take twice the effort and only achieve half the result.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) very much agrees to the proposal put forward in the motion that a back-end computer system should be established for more effective territory-wide organ donation details processing, so as to facilitate easy access by authorized persons. After all, Hong Kong still lacks a comprehensive database on organ donation details, and every minute counts in organ transplant. The organ must be removed from the donor after his/her brainstem cells were dead but before his/her heartbeat stops, and the transplant surgery has to be performed on the recipients within 24 hours as far as possible. Therefore, if the wish of the donor before death were known immediately, then the situation could be more effectively explained to the families of the deceased and their consent could be sought, and this will greatly help to increase the successful rate of organ donation. Similarly, the Panel on Health Services of this Council has also held discussions on the establishment of a voluntary mechanism to allow donors to incorporate such details into their Smart ID cards and this is also a desirable approach. The DAB hopes that the Government can conduct an active study to perfect the organ donation registration system as soon as possible.

As regards the promotion of organ donation registration, apart from the concepts of some members of the public, some people have also overlooked the importance of active participation for they may think that since many people have signed organ donation cards, it does not really matter if there were one card less. Perhaps, many people still do not know that not all the deceased are eligible as organ donors, for example, people who died of pneumonia, infectious diseases,

AIDS or cancer are not eligible as donors. There are also great constraints on the donation of certain organs, for example, heart and lung donors must be young and non-smokers; kidney donors must be under 70; and Hepatitis B carriers cannot donate livers. At present, there are still more than 2 000 patients waiting for organ transplant and, given the various limitations, we cannot afford to have one donor less. We hope that the Government and the HA can explain more on the importance of and difficulties involved in organ donation in their publicity on organ donation, so that members of the public can gain a fuller understanding.

Finally, I would like to talk about the resources of the HA for organ transplant. Several years ago, an incident of abandoned liver occurred due to the shortage of resources, and this has also given rise to arguments over how many liver transplant centres are required in Hong Kong. We understand that organ transplant is an operation which requires high technology and high medical cost and different medical specialists have to gather together at the same time to perform the surgery. Therefore, this is a relatively great challenge for the HA in terms of resource deployment. Moreover, as the treatment cost is very high, the majority of the public cannot afford the necessary medical expenses, and thus, the public medical system becomes the people's only hope. So, while we actively promote organ donation among members of the public, we should also be concerned whether this can be supported by the HA's resources. The abandonment of a donor's organ will not only dampen the spirits of those who are willing to make contribution, but also shatter the hopes of those on the waiting lists. Hong Kong can be said to be a wealthy and loving society and we hope that the Government and the HA can pay serious attention to the issue of resources and will not let donors' organs go to waste again and keep those who are on the waiting lists waiting endlessly.

With these remarks, Deputy President, I support the motion.

MR ALAN LEONG (in Cantonese): Deputy President, organ donation is different from other charitable activities, such as donation of money, cotton quilts and old clothings in general, in that the wish of the donor alone is unable to make it a success for it also needs the co-operation and support of his/her families. However, under most circumstances, the families of the deceased have to make such a decision when they are most heart-broken and lost. We certainly have every faith in the patience, sincerity and professionalism of the

hospitals' transplant co-ordinators and believe that they would certainly understand the feelings of the deceased's families and would try their best to alleviate their pain and grievances. However, the objective reality is very harsh for useful organs cannot wait for long. If the deceased's surviving families cannot make a prompt decision, then the good intentions of their loved ones may be wasted.

A really effective organ donation policy which is beneficial to the health of all people should also cater for the feelings of the deceased's families and allow them to support the deceased's wish of donating organs in a positive manner after careful deliberations. Therefore, the first step is to clearly record the wish of the donor and let such a wish be easily known to their family. It was indicated in a survey that 85% of the respondents indicated they would consent to donating the organs of the deceased if they had known that the deceased was prepared to donate his/her organ; in contrast, only about 41% of respondents were willing to co-operate if they had not known that the deceased wished to donate his/her organ.

Deputy President, the Department of Health has always assisted members of the public in indicating their wishes through the distribution of organ donation cards. During the past two years alone, it has distributed 430 000 organ donation cards. This figure, however, cannot effectively reflect the actual condition. As the Government has not recorded who has signed donation cards, we cannot rule out the possibility that some people will forget to sign the organ donation cards after getting them, or that they will fail to get a new card after their old cards were damaged or lost. Even if they had filled out the cards, but had not carried the cards at all times, then their families or the hospitals might not be aware of their wishes if they met accidents. According to the observations of the HA, less than 8% of the people have carried the cards at all times after signing them.

Furthermore, not all the deceased are eligible as donors. For example, people who died of cancers or infectious diseases are not eligible as donors, for in general, only the organs of people whose brainstems were dead would suffer fewer damages and thus be suitable for transplant. According to researches conducted by overseas countries, people who died of such a cause account for less than 1%. After deducting all the unsuitable donors, it is not at all surprising that there is a long-term shortage of organ supply in Hong Kong. Last year, there were 1 300 people waiting for kidney transplant but only 50

cadaveric kidneys were available, while the ratio between people waiting for liver and cornea transplants and the supply of such organs were 141:24 and 400:214 respectively.

Deputy President, in order to give people who are waiting desperately for organ transplant a chance to extend their lives, we must change the whole rationale of the policy on organ donation. Organ donation is not only a generous act of an individual, but it is also the duty of a whole family towards society. Donation of organs should not only be a passive act of giving up the integrity of the deceased's body but also a positive act of spreading the love of a loved one among the living. While the Government must certainly strengthen the positive significance of organ donation, its registration and donation policies must also provide members of the public with more convenience.

It should replace old donation cards with ones which are made of more durable material and a better design; introduce organ donation registrations on the Internet, and offer follow-up services like mailing the cards to donors; incorporate a column into the application forms for major government services, so as to encourage the applicants to declare whether they have signed organ donation cards. Such approaches are all worth the authorities' consideration for they can offer the public convenience and help the authorities to record the organ donation details of the public. Processed organ donation details of the public could be stored in computer systems to assist the hospitals in learning about the wishes of the deceased as soon as possible and explaining the situation to the family of the deceased.

Deputy President, some people suggest that Hong Kong should follow the examples of countries like Spain and Italy in implementing an "opt-out" system, and that is, unless members of the public have taken the initiative to declare that they object to donating their organs, otherwise, it would be assumed that they are willing to do so. I have reservations about this suggestion. If we were to learn more about countries which have adopted an "opt-out" system, we have to understand that the nationals of those countries have already had a high awareness of organ donation, for example, in Spain and Italy, the number of organ donors per million people were 34.8% and 21.1% respectively in 2004, while that of Hong Kong was only 4.1%.

We could not deny the fact that Hong Kong still fails to live up to its status as an international metropolis in terms of organ donation. I hope that Hong

Kong can soon catch up with the level of advanced countries through effective improvement measures and public education, and I also hope that members of the public can contribute themselves to bring hope to more seriously ill patients.

With these remarks, Deputy President, I support the motion.

DR JOSEPH LEE (in Cantonese): Deputy President, at present, there are around 2 000 patients waiting for organ transplant, among whom the demand for kidney transplant was the greatest, constituting 70% of the total. However, there were only 50 cadaveric kidney and eight live transplants last year. Patients have to wait 5.5 years on average, with the longest wait amounting to 25 years. These people cannot maintain the quality of their living and extend their valuable lives. The organ donation rate in Hong Kong has always been on the low side. In 2000, there were only 4.1 per million Hong Kong people who are prepared to donate their organs after death. The organ donation rate in Hong Kong was substantially lower than that of Australia (10 per million), the United Kingdom (12 per million), the United States (22 per million) and Spain (34 per million).

The decision on agreeing or objecting to the donation of a deceased family member's organs is based on various considerations and it is also a very personal choice. According to the findings of a survey, in the past five years, nearly 40% of the cases in which the deceased's family objected to the donation of organs was due to the fact that the wish of the deceased was unclear or no consensus could be reached among the family members of the deceased; another 40% of the objections were due to the fact that the family of the deceased hoped to maintain the integrity of the deceased's body. The above findings are far from satisfactory and this reflects that members of the public and their families still have quite ambiguous concepts and understanding of organ donation.

Deputy President, at present, the number of donors on the organ donation register of the Hong Kong Medical Association is about 40 000 people. However, among the prospective organ donors whom transplant co-ordinators have contacted, only 2% to 7% have carried the organ donation cards with them. I think that the long-term lack of widespread support for the organ donation campaign from members of the public and the substantially low organ donation rate are attributable to the completely wrong positioning of the existing organ donation policy. Organ donation is a decision about respect for life. It is a

pity that the existing education and publicity efforts on organ donation and the whole concept behind the policy have failed to effectively help donors and their family to gain a detailed understanding of organ donation. At present, donors may not be clear of the whole organ donation process, thus making them neglect the responsibilities of donors. These include failing to carry organ donation cards at all times or communicate thoroughly with their families after signing the organ donation cards.

In fact, Hong Kong has never formulated a comprehensive organ donation policy. This is closely related to the fact that Hong Kong has so far failed to implement — and we have always wanted to promote — a healthy city, healthy life and healthy old age policy. Deputy President, how should Hong Kong's existing organ donation policy be implemented? We think that it is necessary for the Government to instill positive concepts about old age and death into the youth and members of the public through the implementation of public and education policies, so as to help the public to understand and face the issue of death or even discuss the subject of death as early as possible. Through this process and by means of education, we hope to dispel the negative concept of the public that the donation of organs and death are great taboos in life, and positively encourage the public to make final arrangements for their lives in advance and treat organ donation as part of their plan in life and also a part of the extension of our own lives and that of other people, so that the public will have a clearer concept and deeper understanding of organ donation. Our long-term goal is to make "organ donation" not simply a "free choice" for members of the public, but also gradually turn it into a kind of "civic awareness", thus making the culture of organ donation a common culture.

Moreover, as regards the improvement of administrative efficiency, a better job can actually be done to increase the rate of organ donation. According to the experience of the United Kingdom, transplant co-ordinators in hospitals have a very important role to play for they must find the most suitable opportunity to provide grieving families or patients with information on organ donation in advance or in a timely manner, so as to alleviate their feelings and offer appropriate counselling, so that they can make a proper and rational choice and decision within a short time. In addition, transplant co-ordinators must also help the family of the patient to solve and face certain technical issues, for example, make arrangements for them to witness the process in which the doctor twice tests whether the brainstem of the patient is dead with the help of equipment. Therefore, I think that the Government must provide transplant

co-ordinators with special training and resources, so as to enhance their professional skills in this area and thus boost the confidence of donors and their families.

Furthermore, the findings of a survey showed that 85% of the respondents indicated that if they were aware of the wish of the deceased before death, the majority would agree to fulfill the deceased's commitment to society, and that is, they were also willing to donate the organs of the deceased. However, why have the authorities failed to introduce administrative policies to tie in with such a situation for so long? For example, why has the legislation not been amended to incorporate organ donation details into Smart ID cards? I have also made such a proposal sometime ago. In fact, the Legislative Council discussed this proposal in 1999, but the Government has studied this issue for seven years and delayed this for seven years, but still no specific commitment is forthcoming. Today, the Government is still saying that it needs time to study the effect of such a policy on promoting organ donation in society before it can take any actions. Deputy President, I hope that the Government will not delay this for another seven years for they should be aware how many valuable lives can be saved in seven years' time through organ donation.

With these remarks, Deputy President, I support the original motion.

MR ALBERT CHAN (in Cantonese): Deputy President, the issue of organ donation was raised during an earlier chat with Members in the Ante-Chamber. A Member jokingly said that the blood vessels in his heart are clogged up, and he is also brainless with a weak kidney and suffering from cirrhosis of liver, poor eyesight and pneumonia, so he said he does not have any organs to donate. I believe that this is definitely not true for it is impossible that all the organs of that Member are useless; it may be politically true that uselessness abounds in this Council, but there must certainly be some use for our organs.

Coming back to the situation of organ donation, many Members in this Chamber have given us a very detailed account. I think that the most important issue is the Government has not taken any lead in the work of promotion as a whole, just like the development of our democratic political system. The organ donation system of Hong Kong is as backward as its democratic political system. I applied for a driving licence when I was studying in Canada in 1973 and I had

to fill in a form, and I was asked to put a tick against the organs which I would like to donate when I submitted the application. I would like to advise Mr Bernard CHAN to make some slight amendment to this form by putting a tick sign against the option of donating all organs, and if a member of the public only wishes to donate some of his/her organs, then he/she should write it down himself/herself. Some Members are willing to donate their hearts and lungs but they are not willing to donate their sex organs. The type of organs which can be donated should be listed out to allow members of the public to put a tick against those they would like to donate and if they were asked to write down the organs themselves, they would have less incentive to do so.

Thirty-three years have passed in a flash since 1973. I had signed such a form and made my intentions clear when I first applied for a driving licence, and the government had made a record of the organs which applicants for driving licences would like to donate. This practice was already in place 33 years ago. However, Hong Kong is still relying on non-government organizations to distribute donation forms. I had signed one of the forms several years ago, but it then disappeared without a trace. As regards this job, I think the Government should play a proactive and leading role. In fact, a very simple approach is to enact laws to provide that the Government is empowered to do so. Later on, I will talk more about this issue. If the Government is really going to enact legislation, I think it should be empowered to do certain things because human lives are at stake. What needs to be done is when members of the public apply for ID cards, they can make clear their intentions on organ donation, or they can also do so when they apply for driving licences since the majority of donated organs mainly come from traffic accidents. After the people have filled in the form, the information can then be stored in computers for record purposes and since everything is computerized nowadays, this part of the work should be very simple. Later on, if it is possible, the Hospital Authority (HA) can immediately notify its hospitals through the computer system which is connected with the Transport Department or the Immigration Department. After recording the information, the HA can immediately draw up a list which records the accurate number of the type of organs which all donors would like to donate, so as to ensure that in the event of accidents or when such donors are admitted to the hospitals in future, the HA will immediately know which types of organs will be donated or who the donors are. Perhaps, the Government can do more by requiring members of the public to fill in an organ donation form upon their admission to hospitals, and if the people have not yet made any decision on

donating organs, then they should be asked to fill out a form indicating whether they are willing to donate their organs. This certainly does not mean that we are putting a curse on the public that they will die early, but at least, we can offer one more hope to those people who are waiting for organ donation.

In fact, I think if this were to be done, such methods would also be very simple and not difficult at all. I also do not believe that there will be too much resistance in society. However, this will give people who are waiting for organ donation one more hope, or maybe it can reduce the number of cases in which people have to face death due to the lack of organs for transplant. This is beneficial to the public and will not harm anyone, but the question remains whether the Government is willing to do so.

In Hong Kong, the number of people who are willing to donate organs tends to be on the low side. I think this is related to the traditional Chinese concept of "dying without an intact body". Nowadays, the remains of the deceased are mostly cremated, and since 99% of the body was cremated and only 1% was left, it does not make any difference if the organs were donated, so there are not much real differences. I think that, very often, we should educate the public and make them realize that organ donation is an extension of their own lives, for even if the organs of the deceased were kept, it would only constitute 1% or 0.1% of the remains, while the donation of organs can save lives, and I believe many people will be willing to do so.

Now, there is a great problem which several Members have also mentioned earlier, and that is, even if some people were willing to donate their organs, their families were unwilling to do so. I believe that when we hold discussions on the enactment of legislation, a clear provision can be made to specify that the body is after all a part of a person and he can decide on how his body should be disposed of after death, so why should his family have a right to object? This is similar to a will, and a person can donate all his assets to the Po Leung Kuk, or to Mr Abraham SHEK's Party, The Alliance, for this is his personal choice (of course, I will not donate my assets to him and if I were to make any donation, I will donate it to the "People's Livelihood Link", but the problem is, this is his personal wish and his asset and since his body is part of his legacy, he can decide how it should be disposed of, so why should his family have a right to object? I think that if we can laid down certain mechanisms in the legislation to ensure that the wish of the deceased is enforced — I may

authorize the Government to deal with my remains or authorize the HA to deal with my remains — and this can make the deceased's last wish come true, otherwise, the deceased will not rest in peace after death. Therefore, I hope that the Government can complete as soon as possible its work in regard to the relevant handling work, system, procedures and powers in law. If the Government can do this at an earlier date, then more people can be saved and the number involved may not only be in hundreds but even be thousands. As regards this meaningful job, I believe all parties will share a common aspiration and this is also a motion which will not cause any factional strife. It is very rare that Members of this Council can have the same intent and purpose.

I hope that the Secretary can act as a leader in leading Hong Kong and that this policy will not remain on the drawing board after 33 years. Thank you, Deputy President.

DR KWOK KAI-KI (in Cantonese): Deputy President, first of all, I would like to thank Mr Bernard CHAN for moving this motion in this Council today.

As a specialist in urology, who has to face patients waiting for organ donation and the donors' families, I also have some very profound experiences. In Hong Kong, more than 2 000 patients are waiting for different organ donations, among which the waiting period for kidney donation is the longest. At present, more than 1 300 patients of terminal kidney disease are waiting for kidney donation and less than 60 people are successful in their quest each year. Therefore, in the past, we found that many patients had to go to other places, such as the Mainland or even India to receive legal or illegal organ transplants and complications had occurred in many of such cases which required treatment.

To patients who are waiting for organ donation, a new organ is actually the greatest hope for them in this world, and the toll of such waiting and depression will be felt not only by patients but also by their families and friends who will feel the same sense of helplessness and hopelessness. Perhaps, they also have another hope and that is, hope that Hong Kong will have and will implement some more progressive policies in promoting organ donation.

Reviewing the work which the Government has done over the past 20 years, I believe those people and other Members of the Legislative Council will

also feel quite disappointed. Mr Albert CHAN has just talked about this card, a card which has been in use for more than 20 years. Mr Albert CHAN said the organ(s) to be donated was (were) not stated on the card and we appreciate this point, for on this inadequacy alone, we have actually held very long discussions. However, the Government, including the Department of Health (DH), is unable to make greater improvements under the existing system. Mr Albert CHAN may have overlooked the fact that the Hong Kong Medical Association (HKMA) has also provided a donation form. As a member of the HKMA, I know that we have spent a lot of energy on producing this form and the type of organs which the donor would like to donate is also clearly stated on the form.

There is also a page of history which everyone may have already known, and that is, in the early '90s (I, myself have actually participated in this activity), the HKMA established a computer register, with all expenses funded by the HKMA's own resources and without a single cent of subsidy from the Government. Why did we do it at that time? Back then, we had held discussions with the then Director of Health and asked whether there was any way to record patients' wishes on computer, but the Director said he would not do so. In the late '90s, when discussions were held on whether donors' record would be incorporated into the Smart ID cards, the Government still indicated that it would not do so. Based on these two considerations, the HKMA chose to use our own meagre resources to do this job.

Though we have overcome a lot of obstacles, we can only get 40 000 registrations, and these 40 000 registrations only constitute a very small number of the total number of donors in Hong Kong. Why have we not expanded our work? Everyone will appreciate that, after all, we neither have the sufficient resources nor manpower for this job. However, this small effort has actually offered transplant co-ordinators who are working in the hospitals a lot of help.

Many Members said earlier that for the majority of the deceased's families, only if they knew that the deceased had indicated such a wish, 85% would be willing to do so; while in contrast, only about 40% would be willing to donate the deceased's organs. In fact, several days ago, Mr Bernard CHAN, the President — the President is not in the Chamber today — and I participated in a kidney donors' activity. This year, the most important message we would like to strike home is "donate organ, I do" and they should also inform their families of this message. And, this is precisely the answer to why we have raised this issue today, and that is, to ask the Government to change its current policy.

Mr CHAN has put it very clearly in the motion that the Government is urged to review its current policy; admittedly, this policy is unsuccessful and Mr CHAN asked the Government to formulate a package of good and effective measures on organ donation. The only measure of the Government has only achieved one thing and that is, distributed such donation cards, and 430 000 cards were distributed over the past two years. However, according to the survey conducted by the hospitals, only 2% to 7% — in fact, they told me in private that only about 3% — of the people will carry the cards at all times. Basically, if we were to rely on these cards for organ donation, I think it would just be a fruitless exercise.

On 26 February this year, we discussed the issue of incorporating the wishes of the donors into Smart ID cards at the meeting of the Legislative Council Panel on Health Services. All Members present unanimously requested the Government to carry out this work. I hope that the Secretary can give me an actual timetable and an actual policy in his response later on, so that the policy on organ donation can be developed and progress.

Many other places, such as Singapore, Switzerland and France in Europe have chosen an opt-out model. Well, Mr LAU Chin-shek is not in this Chamber today, but he made it a point to move this motion every year in the past. We may now still be far from our goal, but I believe if we can do a good job with back-end computers or procedures like incorporating organ donation details into Smart ID cards, then it will not be long before we will have a opt-out system like that in other European countries or Singapore.....

(Someone on the public gallery shouted aloud)

DEPUTY PRESIDENT (in Cantonese): Please be quiet.

(The security officers approached the man and tried to stop him from shouting aloud, but he remained standing and continued shouting)

DEPUTY PRESIDENT (in Cantonese): Please be quiet. Please take him away.

(The man continued to shout aloud. The security officers then escorted him out of the public gallery)

DEPUTY PRESIDENT (in Cantonese): Dr KWOK Ka-ki, please continue.

DR KWOK KA-KI (in Cantonese):and do a good job in organ donation.

However, no matter what happens, we have a chance to discuss and ask the Government to do so today. I hope the Government will give us a serious response.

I support Mr Bernard CHAN's motion. Thank you, Deputy President.

MR WONG KWOK-HING (in Cantonese): Deputy President, when a person dies, it does not mean that everything has come to an end. He can still make use of his body to help those in need and spread his love among the living. To certain patients of terminal diseases, organ transplant may be their only hope for gaining a new lease of life. However, is it really that easy for them to get an extended lease of life? Hong Kong is after all a Chinese society and people generally harbour the conventional concept of keeping the body intact after death, so the figure on organ donation has always been on the low side, and we are lagging far behind in this regard compared to other countries. According to the figures, in 2004, there were only 4.1 donors per million people in Hong Kong, while in Australia and the United Kingdom, there were 10.8 and 12.3 per million respectively, with the largest number of donors at 34.6 per million in Spain. Furthermore, according to the data of the Hospital Authority (HA), 1 316 people were waiting for kidney transplant in 2005, but there were only 58 kidney donations, both cadaveric and living, in the same year; and there were 141 and 400 people respectively waiting for lung and cornea transplant, with only 63 lung and 214 of cornea donations. Such figures show that the actual number of transplant is far less than that of the number of people waiting for transplant, and the demand for organs far exceeds supply.

(THE PRESIDENT resumed the Chair)

In fact, with the development of the times, actually more people have started to accept the concept of donating their organs to needy persons after their death, in the hope of helping others in this way. However, why is the organ

donation rate still so low? According to the findings of a survey in 2004, 41% of the deceased's families refused to donate the organs of the deceased because they had not known about the deceased's wish before death or because a consensus could not be reached among the family members of the deceased; and 33% indicated that they wished to keep the body of the deceased intact. In fact, traditionally speaking, we all respect the deceased and would try our best to fulfil their wishes. The subject of death has always been sort of a taboo in Chinese society in general, and people will try to avoid speaking of "death" by all means, thus, very few people will voluntarily talk about their wish or arrangements after death with their families and friends. Therefore, sometimes, even if they have signed organ donation cards, they may not necessarily tell their families. The Government can actually make more efforts in respect of publicity and education, and apart from encouraging the public to donate organs, it can also encourage them to dispense with the idea of not talking about death. Recently, I learnt from a media report that a NGO had done a good job in organizing a group of elderly people to visit the existing funeral facilities of Hong Kong, and the activity also covered how to choose coffins and funeral clothes. I think that the work of this organization is very progressive, for it has taken the lead in telling the elderly that the subject of death and arrangements after death is not a taboo. Their work is actually more progressive than that of the Government. I, therefore, think that the Government should do more by way of encouragement, publicity and education, so that everyone can look at arrangements after death in a more positive manner and take a greater initiative in telling their families and friends about their wish after death, and in the event that they passed away unfortunately, their surviving families can donate their organs according to their wishes.

As I have said earlier, many people have started to accept the idea of organ donation, and the Government should take advantage of such changes to introduce certain policies and measures in addition to the work on publicity and education. Under the existing arrangements, people who are willing to donate their organs after death only have to sign organ donation cards, but there is no way in which the Government will know about the number of signed up donors. And, the most important point is to act immediately when a need suddenly arises. According to the statistics of the HA, only 2% to 7% of the donors will carry the organ donation cards at all times. I think that Hong Kong people are very busy and not everyone will treat the organ donation card like their ID card and carry it at all times. Therefore, if the Government can adopt the relevant proposal and allow the public to incorporate their organ donation details into the Smart ID

cards, then they can help others in the event that they were met with misfortunes and when the need arose. Therefore, I hope that the Government can look into this matter again. I would like to see whether the Secretary can respond to this later on, and whether the Government will make up for the inadequacies of the existing policies and measures in this respect through administrative measures. Of course, serious and careful planning are required in the formulation of relevant policies, for example, only authorized persons should have access to such information and it must ensure that no information has been left out and everything has been confirmed. All this has to be handled carefully.

By encouraging organ donation, apart from giving more people a new lease of life, the number of organ trading cases can also be reduced. In the past, many people resorted to taking the risk of buying organs illegally on the Mainland just for a ray of hope; there is no safeguard for this kind of illegal organs trading and transplant and it is also very dangerous. Eventually, the losses of patients may be greater than what they stand to gain.

In conclusion, the donation of organs can give patients hope and is definitely worth supporting. I hope that the Government can deploy more resources on perfecting all organ donation details in Hong Kong and on perfecting the existing mechanism, so that the actual number of organ donations can increase and help more people regain their lives.

Thank you, Madam President.

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

MR LEUNG YIU-CHUNG (in Cantonese): President, today's question is on the donation of organs. In fact, this issue has been discussed in the Legislative Council for many years. It is a pity that though we have repeatedly discussed this issue, the result is still far from satisfactory. Why has such a phenomenon occurred? Many Honourable colleagues have said earlier that we, Chinese, harbour a conventional idea, and that is, we have always hoped that our bodies would remain intact after death and our conservative idea also made us think that organ donation is unacceptable. If we tell ourselves that this organ or that organ will be removed after our death, it seems that there is something wrong with the concept, and thus resulting in the far from satisfactory situation in

respect of organ donation among members of the public. I think the Government should be held responsible for such a situation. If we can identify the root of the problem, then should we not make more efforts in education and publicity?

Looking back at the past several years and at the public education and publicity work done by the Government, I find that the Government has not done much in this area. Therefore, I think that the Government should review how more education and publicity efforts could be made to change our conventional concepts. We are not trying to brainwash the public for brainwashing is definitely not right, but we are trying to change this idea and promote the idea of helping others, and that is, as the Chinese saying goes "saving one life is better than building a seven tier pagoda". I think that this will be more effective.

Therefore, as regards today's question, one of the points is: the Government should thoroughly review what it has done in terms of publicity and education in the past, which area is inadequate and which area can justify more efforts and resources. This is the work which I think the Government should do.

Many colleagues said earlier that there are problems with the existing system for at present, donors have to sign organ donation cards and carry them at all times; in fact, the best way is to try to let our family know about this wish. As regards such requirements, for example, carrying donation cards at all times, not many people can really do so. Very often, people will forget to carry the cards or will not carry the cards, and some people who have signed the cards may have lost them unawares. Under such circumstances, there are really difficulties. Furthermore, donors must also be willing to tell their families, but this is also not an easy thing to do. In view of the various difficulties, the Government may consider accepting Members' proposal, and that is, to store such information on Smart ID cards.

In fact, in other countries such as Australia, where citizens generally have driving licences, such organ donation details can be stored in driving licences. The fact that we, Hong Kong people, have Smart ID cards is even better and more convenient, so why do we not make good use of the ID cards by storing such information in the cards when we renew them? In fact, President, it is actually too late to adopt this approach, for the project of renewing Smart ID cards has already been implemented for three years. If we could implement this

earlier, for example, several years ago, right after our colleague, Mr LAU Chin-shek put forward this proposal, then it would be more convenient. However, it is always better late than never, right? President, it is not too bad to start right now, and it really only depends on whether the Government is willing to do so. Therefore, I hope that the Government can reconsider this proposal and store such information in Smart ID cards for the convenience of donors. We all know that if someone died in an accident, even if the deceased were willing to donate his/ her organ, a lot of complicated procedures were still involved and some organs could no longer be used for transplant after a period of time. So, every second and minute does count before we can see any result. Therefore, I hope that the Government can find ways to help the deceased to donate his/her organs within the shortest time possible, so that such organs can be used.

Recently, my kaifongs' sister needed a kidney transplant but instead of receiving the transplant in Hong Kong, his sister went to the Mainland and the surgery was successful. He told me happily that: "it is really good that she has a successful kidney transplant". This is certainly a good thing for the patient's problem was solved and her family could be relieved of their miseries. However, he also told me that apart from the lack of a source of organ supply in Hong Kong, he is also worried that even if more people are willing to donate organs in future, there is still the problem of manpower in addition to high medical fees. That means he is worried whether there will be doctors of high calibre and good skills to conduct the organ transplant surgery. He is very worried for he has asked many doctors in Hong Kong, but some doctors indicated that their own skills were not very satisfactory. This made him very worried for a period of time, for even if a donor is found, he is not sure whether there will be sufficient manpower to handle the surgery? Therefore, the Government should also consider this issue, for we know that in recent years, particularly the last two years, the wastage rate of doctors has been very high. For example, we know that about 300 or more doctors left the service in the last financial year, and we will be very worried if this situation continues. In fact, earlier on, we have discussed the issues of the lack of highly-skilled doctors to replace those who have left or whether highly-skilled medical staff can be retained to teach young doctors. This is also a situation which we have to worry about. Therefore, when we talk about organ donation, the Government should also pay attention to this area. Even if the number of organ donation continues to increase in future, will our medical staff be able to cope with the situation? At the same time, as regards medical fees, we all know that medical

fees have been increasing, so even if there are adequate organs for transplant and highly-skilled doctors to perform the surgeries, will there be adequate funds to support the transplant? This is also a big problem.

Though, today, we are discussing how the public's wish of donating organs can be promoted, we cannot just look at this issue alone for we also have to look at the whole process of organ donation. The most important point is that patients can actually receive a successful organ transplant eventually.

President, I so submit.

MR WONG TING-KWONG (in Cantonese): President, I would like to thank Mr Bernard CHAN for moving this motion today. In fact, organ transplant is related to how a person views the value of life. I think that, on this issue of organ transplant, it will be a noble act if we can change prevailing customs and habits.

The motion debate today makes me recall the time when my mother was still alive. In 1998, on one occasion, she was ill and had to be admitted to a hospital for blood transfusion. She told me in her sickbed that she felt very uncomfortable for she had used other people's blood. I told her that: "You can rest assured for your son will donate blood since you have used other people's blood." And, I have donated blood every year since then.

I remember that after I started working in the Legislative Council, it organized a blood donation activity on 11 May last year and I had signed up. There will be another blood donation activity on 10 May this year and I will also participate.

In the old Cantonese movies, which I watched when I was small, some of the plots were on selling blood. I think that there are no more such blood selling activities in Hong Kong nowadays. Why? This is because of the effects of education. Thanks to our continuous efforts of educating our young people, prevailing customs and habits have been changed and everyone becomes more open-minded and knows that the donation of blood is meant to save lives. Similarly, I believe that the current organ donation activity should also start with education, so as to change the existing concepts of some people, such as keeping the body intact after death.

I think the fact that the Legislative Council can now discuss this motion is very constructive. As regards Members, I also hope that they would set for the public an example. Apart from moving the motion, Mr Bernard CHAN is very considerate in distributing some organ donation cards to us today. I have already signed one of the cards and placed it with great care in my wallet earlier. I think the Government can listen to our views and find out how the message of organ donation should be conveyed.

I had a friend and it was most unfortunate that his family only found out that he had an organ donation card while going through his belongings after he was buried. His relatives also felt very sorry for they could not help him to fulfill his wish. I believe that there are many similar cases and the Government has the responsibility to think of ways to help organ donors to fulfill their wish in the event they were met with misfortune.

I think that the incorporation of such information into Smart ID cards is also a feasible method. Of course, right now we cannot make it mandatory. If we can take an early step and are willing to incorporate such information into Smart ID cards, what are the possible options? For example, can we fill in a form and send it to the Immigration Department for the addition of such information? I think that by doing so, we can contribute to the future health of the whole society and boost public concern for life. President, I so submit.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If no other Member wishes to speak, I will call upon the Secretary for Health, Welfare and Food to speak.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I would like to thank the Members who have spoken and expressed their concern for this motion today. I would also like to thank Mr Bernard CHAN for his support and concern for the donation of organs over the years, and for his continuous efforts in finding different ways to increase the

number of donors, so as to shorten the wait for those in need. I have the same vision as Members and earnestly hope that Hong Kong can achieve better results in respect of organ donation.

At present, some Hong Kong people are suffering from chronic illnesses which eventually develop into terminal organ failures. With the advancement of medical technology, organ transplant becomes the only means of treatment for such patients. Cadaveric organs are the preferred source of organs in organ transplant. However, due to various reasons, not many people are willing to donate their organs after death and the number of organs which are suitable for transplant is not great. The supply of cadaveric organs is in general insufficient.

Take the year 2005 as an example. There were in total 50 cadaveric kidney donations in hospitals under the Hospital Authority (HA), but during the same period, 1 300 people were waiting for kidney transplant. The situation for liver transplant is also similar, in that there were 24 cadaveric liver donations with 141 people waiting for a transplant. As for the situation of heart and lung transplants, there was eight and two organ donations respectively while the number of people waiting for heart and lung transplants was 20 and six respectively. According to the figures of the HA, about 20% of the patients died while waiting for liver transplant and about 10% of the patients died while waiting for kidney transplant. These are the situations which any medical personnel and members of the general public do not wish to see. We very much hope that there will be a day when no more patients will die due to the lack of suitable organs for transplant.

Of course, another source of organs is living persons. The source of organs for most of the organ transplants between living persons in Hong Kong is from donation by the patients' family members and close relatives. The donation of organs is regulated by the Medical (Therapy, Education and Research) Ordinance and the Human Organ Transplant Ordinance. In Hong Kong, the donation of living organs must not involve any commercial dealings and must fulfil the principle of voluntary donation. This is in line with the legislation of other developed countries on the monitoring of organ donations. However, as living donors do experience risks arising from the transplant operation, there are not many living organ donations.

We can note from the experience of overseas countries that as regards the issue of removing organs from deceased persons for donation purposes, different countries have different approaches. In Hong Kong, if a person wishes to donate his/her organs after death, he/she can sign an organ donation card, or consent in writing or orally in the presence of two or more witnesses that his/her organs be used for transplant after his/her death. Apart from Hong Kong, countries like Germany, the Netherlands and Australia have also adopted similar approaches.

In Singapore and some European countries, such as Spain and Denmark, unless any person has objected to the donation of organs before death, otherwise it would be assumed that he/she had agreed to donate his/her organs for transplant after death. Although such an "opt-out" approach will increase the number of organs available for transplant, we think that organ donation should be a voluntary act and the best way to enhance the public's wish to donate organs is to nurture a positive understanding and attitude in society through long-term publicity and education. Given the current societal values in Hong Kong, we think that this approach is not applicable to Hong Kong for the time-being.

I would like to talk about donors' wish and the importance of letting their families know about their wish. According to the experience of HA transplant co-ordinators, there are about 150 organ donation referral cases each year, among which about 40% are not acceptable for donation purposes due to various reasons. In other words, the number of deceased donors who could actually donate their organs is not more than 100 each year. Of the remaining acceptable cases, usually about 40% of the deceased's families were willing to donate the deceased's organs, while others refused to do so due to various reasons. For example, in 2004, about 40% of the deceased's families refused to donate the organs of the deceased because the deceased had not indicated such a wish before death, and their families did not wish to make such a decision for the deceased, and because of the lack of consensus on the issue of organ donation among family members. Other reasons certainly included the conventional idea of keeping the body intact and sentimental reasons of finding it hard to part with the deceased's organs.

What is worth noticing is, according to our observations in recent years, if the deceased had made an explicit wish for organ donation before death, then the deceased's family would mostly respect their wish. According to surveys on the general population by academics in 2000, 85% of the respondents indicated

that if they were aware of the deceased's wish of donating organs after death, either through a signed organ donation card, or were told of the decision, they were willing to make a decision for the deceased on donating their organs. However, if their families had not expressed such a wish before death, then only 41% of the respondents would consent to donating the deceased's organs.

In fact, only a really small number of the deceased's families would refuse to honour the deceased's wish to donate organs after death. Only two such cases occurred in the past five years.

Therefore, in order to obtain more organs to help patients, the best way is for more members of society to inform their families of their wishes. The Government will place more emphasis on promoting public awareness in this respect, and encourage members of the public to sign organ donation cards through various publicity channels. One of the ways is to include information leaflets on organ donation and the organ donation cards in the distribution of application forms and other documents by government departments, to remind more members of the public to make their own decisions, and to provide convenience for them to obtain and sign organ donation cards.

In fact, signing organ donation cards is only one of the ways to let our family know about our wishes. We can also disclose our wish of donating organs after death in our everyday conversations, or if we have a chance to discuss this issue with our family members. I, myself, have already clearly expressed such a wish to my family and I also often encourage my friends and colleagues to do the same. No matter what is the final decision, more discussions and ponderings over this issue is also a good thing. I hereby urge Members to make use of their own networks, to discuss this issue more often with their families and people around them, or people they meet if they wish to promote the awareness of the whole society on organ donation.

Of course, I also encourage everyone to sign organ donation cards, in order to show their determination and for better record purposes.

As regards the proposal on establishing an organ donor details database, during the past two years (that is, 2004 and 2005), the Department of Health (DH) issued more than 430 000 organ donation cards through all its clinics, hospitals under the HA, other government departments and public amenities as

well as non-governmental organizations. However, under the existing arrangement, a person is not required to inform or register with the DH of their signing of the card. The Government, therefore, has no idea about the number of people who have signed organ donation cards.

The drawback of the above arrangement is, although public attitude towards organ donation has gradually started to change in recent years, there is a discrepancy between public support for organ donation and people actually getting a card, signing and carrying it.

According to the HA's experience over the past five years, among the organ donation cases which the transplant co-ordinators have come across, only 2% to 4% of the people have signed organ donation cards. In the light of the above circumstances, we have also explored the possibility of allowing members of the public to incorporate their organ donation details into Smart ID cards, so that the personal wish of that person could be more properly recorded and this could also enable the authorities to obtain the relevant information by electronic means through their ID cards after their death.

This motion has already been discussed at the meeting of the Legislative Council Panel on Health Affairs held on 13 February. Technically speaking, the Office of the Government Chief Information Officer also considers this approach feasible, but it will not accommodate any changes in the donors' wish. Moreover, if applicants were asked to make an immediate decision on whether they would like to donate their organs at the time when ID cards are issued, it may not allow everyone to consider this issue in detail and the result may not necessarily be satisfactory. Therefore, we are more inclined to establishing another system for recording the wishes of prospective donors.

The Hong Kong Medical Association (HKMA) has now set up a computer based central organ donation registry whereby all returned and completed organ donation forms are scanned and the image stored in a computer which is connected to the major transplant centres through modem. The database can be accessed at any time by authorized persons of the transplant team, such as doctors and transport co-ordinators. People whose wishes have already been stored on that system can withdraw their consent or change the type(s) of organ they wish to donate at any time by mail to the HKMA, which will then be updated in HKMA's computerized organ donation register.

There should be no need to go through legislative procedures to enable the storing and retrieval of a person's organ donation details through a computer system for the reason that the storage of such was done voluntarily by the prospective donors on the understanding that their organ donation details would be accessed by authorized persons upon their death.

Therefore, on the basis of the computerized central organ donation registry established by the HKMA, our preliminary plan is to deploy more resources to extend and expand this concept, so that it will become a territory-wide database which is established and administered by the public sector. I would also like to take this opportunity to thank the HKMA for its co-operation in this regard, so that the public sector can build on this concept. With the HKMA's system as the foundation, we can save some manpower and resources, and the work on the whole matter can be completed more expeditiously.

However, no matter which option using electronic means to store a person's organ donation details is used, we have no intention of abolishing the existing organ donation system but we rather hope that a suitable approach can be adopted to combine the two, so as to capture the greatest number of prospective donors.

As regards the establishment of a donors' wish database, we still have to carefully consider certain principles and operational issues. Firstly, we have to consider who amongst public officers should be given the authority and responsibility to enter the relevant data into the central database and verify the accuracy of such data and legitimacy of the process; secondly, we have to determine who should be allowed access to the information and the circumstances under which access is allowed under the principles of personal data privacy protection, and whether a witness is required; and thirdly, we have to make detailed arrangements for allowing a prospective donor to change organ donation information on his/her Smart ID card, such as withdrawal of consent or a change of the organs covered by the consent. Of course, there is also the issue of administrative and financial arrangements for the whole system.

We hope that we can report on the progress of the establishment of this database to the Panel on Health Services later this year.

In the coming year, the Central Health Education Unit of the DH will conduct the following work on promoting organ donation: firstly, to print organ donation cards and other publicity information, print and extensively distribute organ donation cards and relevant publicity materials to community and health education centres on a regular basis; secondly, to lend relevant video products and display boards to community organizations, so as to facilitate their publicity activities; and thirdly, to increase our publicity efforts through posters and work with the HKMA and the HA in updating those posters, and launch a series of publicity plans to boost public understanding of and recognition for organ donation. Furthermore, we will make use of our electronic media to continue to promote organ donation through our websites and a 24-hour health education hotline, and we will also send e-mails and letters to youth organizations and medical professionals to encourage them to support organ donation and to promote the publicity products of the Central Health Education Unit.

Our mobile publicity van will continue to make exhibition tours and we will make arrangements for the organ donation mobile information centre to make exhibition rounds in shopping malls, public housing estates and various non-governmental organizations to publicize the message of organ donation. Furthermore, we will also continue to promote organ donation among civil servants through the *Civil Service Newsletter*, *Offbeat* and other channels.

Madam President, we know that you have always been very supportive of organ donation activities and here I would like to express my heartfelt gratitude to you. Last Sunday, you and various Members participated in the "donate organs, I do" activity jointly organized by the HA, Hong Kong Society of Transplantation, Hong Kong Society of Nephrology, Hong Kong Kidney Foundation Ltd, Hong Kong Radio 1 and Health Link Promotion. The Chief Executive has through this activity also called upon all Hong Kong people to support organ donation and hoped that everyone will inform their family of their wish to support organ donation before death.

I earnestly hope that today's discussion and the consensus reached will enable members of the community to have a better understanding of the importance of organ donation, so that more people can benefit and Hong Kong can become a city where there is mutual concern, more love and vitality.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr Bernard CHAN, you may now reply and you have two minutes 28 seconds.

MR BERNARD CHAN (in Cantonese): Madam President, first of all, I would like to thank the 11 Members who have spoken on this motion. The motion moved by me today is the first motion which I have moved in the past eight years in this Council, which has not been amended by other Members. I am very happy that Members who have spoken today and the five major political parties they represent all support this motion. I hope that this motion, which we support on behalf of the whole Council today, can send a message to the Government and members of the public, that we are very concerned about patients who are waiting for organ transplant and hope that more people in the community are willing to donate their organs and inform their families of their wishes.

Ms Audrey EU has mentioned earlier that I have brought along some organ donation cards and the HKMA's organ donation registration forms for everyone. I hope that those, among us 60 Members, who have not yet registered will take immediate actions. However, I also understand that it is very hard to force Members to sign up immediately, for as I said earlier, many people are willing to donate organs but it does not mean that they are willing to sign up, therefore, it is all right even if they do not sign up. As the Secretary said earlier, I also learned last Sunday that it does not really matter if we have not signed up. All we have to do is to be willing to tell our families that "I do", just like our Chief Executive has also told everyone that he does. This is because only by conveying the message to our family can we eventually help patients on the waiting register. Here, I would like to thank all Members and the President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Bernard CHAN 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 motion passed.

PRESIDENT (in Cantonese): Second motion: Universal retirement protection.

UNIVERSAL RETIREMENT PROTECTION

MR LEE CHEUK-YAN (in Cantonese): President, I move that the motion as printed on the Agenda be passed. Just this past Sunday, a group of senior citizens and I marched to the Government Secretariat, clamouring for universal retirement protection. Just now, these senior citizens again displayed placards outside this building, urging for the introduction of universal retirement protection. On the day of the march, they put down some fruit at the entrance of Government House — people usually call these fruit Peipa, but they should be called kumquat¹ — signifying that for all their labour, they can only get a "kumquat" in the end, and that after a life of toils and sweats, they still have to end up in poverty. They therefore offered the "kumquat" to Government House, in the hope that Donald TSANG could realize their situation.

Actually, I always feel that our society does owe this present generation of senior citizens a great deal. The present prosperity of Hong Kong is entirely the result of their efforts, but they have been denied the fruit of prosperity and old age security. Many senior citizens must still work to earn a living despite their very old age. Outside this building today, there is an elderly lady who used to be a domestic helper (commonly called a live-in maid) until she was 82. She did receive a long service payment, but subsequently, she had to spend all

¹ "Kumquat" is the transliteration of "柑桔", a type of mandarin originating from China. The character "桔" is a homophone of "吉" in Cantonese, which is a euphemism for emptiness or nothing in Cantonese.

her money on the treatment of her disease. She is now 92 years old and has to live on Comprehensive Social Security Assistance (CSSA).

What is more, there are also many senior citizens who are not even entitled to CSSA because they live with their families. But their low-income children are unable to support them, so what can they depend on? They have to depend on the "fruit grant". The situation of those senior citizens not in receipt of CSSA is even more miserable. Such is the situation of this present generation of senior citizens. How about the senior citizens in the future? Frankly speaking, I do not think that they will be better off than the present generation of senior citizens. Mandatory Provident Fund (MPF) schemes have been implemented, but I shall explain why MPF schemes will not work. Therefore, we really owe a great deal to the present generation of senior citizens in Hong Kong. I very much hope that they can enjoy universal retirement protection as soon as possible.

At this juncture, I wish to pay tribute to an elderly gentleman. He is "Uncle LAM", whose full name is LAM Pun-shan. He set up the Elderly Rights League in 1993, and since then, he had fought for the establishment of old age pension for more than 10 years until he died two years ago. Senior citizens in the Elderly Rights League often say that they have been struggling for more than 10 years, but they do not know whether they can see the establishment of a universal retirement protection system in their remaining years. They say that they can ill-afford any further waiting. President, we very much hope that the motion debate today can lead to the early establishment of a universal retirement protection system.

Looking back, Members can see that even after a whole length of time spanning three leaders, Hong Kong has still failed to implement any universal retirement protection scheme. Chris PATTEN backtracked from universal retirement protection to MPF schemes. TUNG Chee-hwa engaged in all sorts of empty talk about old age security for the people but simply did exactly the opposite in practice; he disqualified senior citizens living with their families from applying for CSSA as independent applicants and reduced the CSSA rates for the elderly in two phases starting from June 2003. As for Donald TSANG, his election platform totally ignored the elderly, failing completely to make any commitment of concrete financial assistance. The only thing that was mentioned in the election platform was his intention of addressing the problem of places in homes for the aged. There was no mention of any solutions to the

problem of retirement protection. I do not know whether Donald TSANG is really so "mercenary" as to think that since these senior citizens do not have any votes in the Election Committee, there is no need to pay any attention to them. I do not know whether we should use the expression "no old age security" to describe the age of Donald TSANG, because senior citizens are offered no financial assistance at all.

It is now widely recognized in the world that retirement protection should consist of three pillars. I believe that later on at this meeting, the Secretary will also discuss the three pillars mentioned by the World Bank. The first pillar is a basic pension. The second is an occupational retirement scheme and the third is voluntary investment. What is lacking in Hong Kong is the first pillar. I do not know whether the Secretary will argue that the "fruit grant" can be considered the first pillar, but I do not believe he will have the face to say that since the "fruit grant" is already a basic pension, there is no need for the first pillar of a basic pension. And, the United Nations Committee on Economic, Social and Cultural Rights has more than once urged the Government to introduce universal retirement protection. What is the problem with the whole system of Hong Kong? Senior citizens are largely ignored and left to languish in poverty. The existing system cannot possibly eradicate the social problem of elderly poverty in the long run and runs completely counter to the four basic principles of retirement protection: universality, instant protection, adequacy and sustainability.

Why do I say that the current system runs counter to the principle of universality? At present, MPF schemes offer protection only to employed people and these people constitute 60% of the population aged 15 or above. People not under any employment, such as housewives, Legislative Council Members and District Council members, are not covered. Even domestic helpers working for others are excluded from MPF System. All these people are not covered, so there is the absence of universality.

The second major problem is that the present generation of senior citizens cannot enjoy instant protection. This means that we do not have to wait 20 or 30 years before we see the emergence of "no old age security". It is right before our very eyes now. The poverty rate among senior citizens soared from less than 22% in 1991 to nearly 30% in 2001. The number of poor senior citizens is now close to 300 000, and the number of elderly CSSA recipients has also soared from 40 000 in 1986 to more than 150 000 now. It is estimated that

even when the effect of MPF schemes is taken into account, the proportion of senior citizens in receipt of CSSA will still increase from the existing 17% to more than 24%. This will become a time-bomb for the Special Administrative Region (SAR).

As for adequacy, the existing MPF schemes do not carry by any element of wealth redistribution, so low-income earners simply cannot rely on these schemes as a means of livelihood in their old age. When they grow old, they will soon use up the money they have saved under these schemes, and they will soon be plunged into the plight of poverty again. President, there is another serious problem. The existing MPF System is marked by one loophole — severance payment can be offset against accrued MPF contributions. What is the significance of this? This means that if a person is dismissed four times in his working life, all his MPF benefits attributable to employers' contributions will be offset. I now have one figure here. How much was "offset" under such a mechanism between 2001 and 2005? Totally \$3.6 billion was offset — as much as \$1.1 billion was offset in the year 2005 alone. One can therefore say that MPF schemes are after all not meant for making retirement savings but for enabling employers to make severance payments. This loophole still exists and has remained unchanged.

The last major principle is that any system of universal retirement protection should be sustainable in operation. It is anticipated that population ageing will reach its peak 40 or 50 years later. By 2033, the percentage constituted by senior citizens in the total population will have increased to 27%. And, 40 or 50 years from now, such a percentage will even exceed 50%. The elderly dependency ratio will also have increased from 161 persons for every 1 000 persons in 2003 to 428 persons for every 1 000 persons in 2033. In other words, there will be four dependents per every 10 persons. How can we have the means required? Therefore, if we do not start planning for a universal retirement protection system today, and if the problem is left to drag on indefinitely, then, several decades later, our society will be full of poor senior citizens. The problem will then truly become a time-bomb. It is hoped that the motion today can turn Members into bomb disposal experts. There must be a universal retirement protection scheme with sufficient resources in Hong Kong to meet the peak demand in the future.

As for the actual scheme, a people's organization called the Joint Alliance for Universal Retirement Protection (JAURP) composed of some 50

organizations has made two proposals (These are the people's proposals). To begin with, they propose that if every elderly person in Hong Kong is to be offered \$2,500 per month, then 2.5%, or half, of the respective 5% MPF contributions made by employers and employees, should be allocated for the purpose. In addition, the money now spent by the Government on CSSA for the elderly and Old Age Allowance should also be used. When \$18 billion and \$8 billion are added, there will be some \$20 billion. This will enable us to offer \$2,500 to every elderly person in Hong Kong immediately. They will thus be able to enjoy instant benefit.

But if every elderly person is to be offered \$3,000 a month, there will not be enough money. The JAURP therefore proposes to examine whether it is possible to increase the profits tax rate by 1%. The rate of increase may not need to be so high because there has already been a big increase in the profits tax rate. Just a slight increase as a supplement will suffice. It does not matter so much even if Members do not think that there should be any increase in the profits tax rate; we can always hold further discussions. The important thing is for us to bear in mind that with the respective 2.5% of MPF contributions made by employers and employees and also the funding of the Government, we will have enough money for offering every elderly person \$2,500 a month, and that a bit more resources will be required if \$3,000 a month is to be distributed. Such is the scheme proposed by this non-government organization. When considering this proposal, the Secretary must note that we have commissioned an actuary to do all the computations and reached the conclusion that the proposed scheme can sustain itself for 50 years. This is the conclusion reached by an actuary, so the scheme is a very serious one.

Well, if Members have any other schemes in mind, they are welcome to put them forward for discussions. I very much hope that the motion today can be passed, and my only intention is to establish a principle under which the contributions made by employees, employers and the Government can all be injected into a "large pool" for the provision of universal retirement protection and old age pension, so that senior citizens can all benefit instantly. Should money be allocated from MPF contributions? Members can always hold discussions on this question. Why do we consider the idea of allocating money from MPF contributions? The only simple reason is that both employers and employees are already accustomed to MPF schemes, so even if money is allocated from their contributions, they will not think that they are making any additional contributions.

Some may think that employees will "suffer a lot" if money is allocated from the MPF contributions of employees and employers. They may think that employees will have less money when they are old. It is indeed true that they will have less money when they are old. But Members must bear in mind that if we start making contributions now, our parents will each receive \$2,500 or \$3,000 a month immediately. And, when we grow old, our children are supposed to give us each \$2,500 or \$3,000 a month. As a result, as employees, we will never lose out — the only exceptions are those employees earning the highest salaries. But we have already capped the relevant MPF contributions at \$1,000 for just \$20,000 of their monthly incomes. So, the maximum is just \$20,000. And, those earning more than \$20,000 a month will not be affected.

Therefore, in regard to this, what I wish Members to support is just a principle of introducing a universal retirement protection scheme which can offer immediate benefit to senior citizens. This is the greatest appeal of the proposed scheme and the only sustainable solution to the problem of elderly poverty in Hong Kong. I therefore hope that Members can support my motion today. But I must stress that support for the motion does not necessarily imply support for all the proposed schemes it contains. The important thing is for Members to endorse the principle concerned.

Thank you, President.

Mr LEE Cheuk-yan moved the following motion: (Translation)

"That this Council urges the Government to set up a sustainable universal retirement protection scheme, so that all senior citizens can enjoy financial security to maintain a basic standard of living immediately after retirement."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr LEE Cheuk-yan be passed.

PRESIDENT (in Cantonese): Mr Howard YOUNG will move an amendment to this motion. The motion and the amendment will now be debated together in a joint debate.

I now call upon Mr Howard YOUNG to speak and move his amendment.

MR HOWARD YOUNG (in Cantonese): Madam President, the population of Hong Kong has been facing the problem of continuous ageing. According to the projections of the Census and Statistics Department last year, by the year 2033, senior citizens aged 65 or above will constitute 27% of the total population of Hong Kong. Such a huge elderly population means that we must work out a satisfactory retirement protection scheme to assist senior citizens in living a life of security. At the same time, we must also assist the present generation of employees in saving for the rainy days and planning for their life after retirement.

According to the findings of two separate surveys conducted last month, more than half of all employees are worried that their incomes after retirement will not enable them to make ends meet. This shows that all of us are highly aware of the need for a retirement protection scheme. One of these surveys even indicates that as early as the age of 32, Hong Kong people will start to plan for their life after retirement and make monthly retirement savings. Since members of the public are very concerned about their life after retirement and attach so much importance to it, the Liberal Party maintains that the Government must take steps to allay their anxieties about retirement protection.

As we all know, Hong Kong has always upheld the three pillars of old age security advocated by the World Bank. The three pillars are, first, personal savings and insurance arrangements; second, a safety net provided by the Government; and, third, a mandatory retirement protection scheme managed by private operators. Our existing Mandatory Provident Fund (MPF) schemes belong precisely to this last pillar. In addition to all these pillars, there is actually a fourth pillar in Hong Kong. Or, precisely, one should say there are just three and a half pillars. It is often said that traditionally, Chinese people are more willing than Western people to support their parents. However, some claim that this greater willingness is diminishing in real life. But there are at least three pillars, and even though we may not have as many as four, there may still be three pillars at least.

Members may understandably think that it is not enough to have only three pillars, and they may thus want to enhance protection on the existing basis. This is also the reason for my moving an amendment today.

From 21 to 24 April, the Liberal Party conducted an opinion survey on retirement protection. Of the 837 respondents, nearly 47% were of the view

that it was necessary to establish a separate universal retirement protection scheme on top of the existing MPF schemes. However, when asked whether a scheme should be established by increasing the burden of society in one way or another, such as tax increases — this was also a point mentioned by Mr LEE Cheuk-yan just now — this 47% of the respondents at once turned sharply divided. Only 36% agreed and those against also amounted to 35%. There was actually equal strength on both sides. It is therefore necessary for us to consider the whole thing in greater detail. I am therefore afraid that most people will not accept any sustainable retirement protection scheme that increases the burden of society.

The Joint Alliance for Universal Retirement Protection, that is, the organization which advocates universal retirement protection and talks about using contributions by the Government, employers and employees — Mr LEE Cheuk-yan also referred to it just now — has repeatedly stressed that the universal retirement protection scheme it proposes will not involve any additional contributions by the Government, employers and employees because the idea is to draw on 50% of the existing MPF contributions made by employers and employees and also the Government's funding for CSSA and the Old Age Allowance. It is said that this will make it instantly possible to offer \$2,500 a month to all senior citizens and enable the Government to save \$81.4 billion in the next 30 years, a sum that is even greater than what we can save under MPF schemes alone. The idea sounds very appealing, but we do find it a bit too wonderful to be true. We hope that the actuary can really show in his computations that it is not necessary to increase the burden of the three sides.

If the proposed scheme is really so wonderful, that is, if it can really extend the scope of protection without necessitating any additional contributions or burden, I believe Members will certainly render their support to this "bargain". However, we still suspect that many complex computations and projections are actually involved, and we also think that it is not at all certain whether members of the public can be persuaded to sacrifice half of their MPF contributions in the very first place. Although they claim that there will be an additional \$2,500 per month, it is still necessary to resolve a large number of problems. Having said that, we still think that further discussions can be conducted.

What is more, our survey also indicates that members of the public are strongly in favour of the introduction of tax deduction for voluntary MPF

contributions. More than 53% of the respondents said that this would induce them to increase their contributions, that is, to make voluntary contributions on top of the 5% from their employers and the 5% from themselves. There is already such an arrangement now. I have therefore included this point in my amendment. It is hoped that the Government can give active consideration to the proposal.

Over the past five years since the implementation of MPF schemes, there has been a continuous increase in the proportion of voluntary contributions despite the fact that such contributions are not tax deductible. In 2004-05 alone, the amount of voluntary contributions increased to more than \$2.368 billion, exceeding the amount of such contributions in the previous year by more than \$250 million. This shows that more and more people have chosen this method, or have decided to make larger contributions, as a means of enhancing their retirement protection.

Currently, voluntary contributions constitute only about 10% of the total amount of MPF contributions. There is thus plenty of room for further development. I believe that if voluntary contributions can be made tax deductible, more people will be induced to increase their contributions. This can relieve the burden of taxpayers on the one hand and promote early planning for retirement protection among young people on the other. However, we at the same time think that a ceiling must be set, so as to prevent the Treasury from suffering heavy losses as a result of the tax deduction arrangement. If there is no ceiling, some people may voluntarily contribute all their money, thus turning them into *de facto* tax deductible savings. This is not desirable. Therefore, we maintain that even if tax deduction is to be introduced, there must be a ceiling. This viewpoint was supported by a majority of Members in a motion debate held in February this year.

Another measure that can enhance the retirement protection for senior citizens is to improve the restriction on senior citizens returning to their hometowns to spend their twilight years. We can notice that over the past few years, more and more senior citizens have chosen to do so. Many homes for the aged in the Mainland — not all of them, of course — are better than their Hong Kong counterparts in terms of facilities and living environment. And, since the living standards in the Mainland are low, senior citizens choosing to spend their twilight years in their hometowns do not need to worry about the

problem of expenses. As estimated by the University of Hong Kong, 50 000 to 60 000 people may choose to spend their twilight years in their mainland hometowns in the next 10 years. In view of this trend, we hope that the Government can seek to facilitate the moves of these senior citizens. For example, it may allow more provinces to become places where elderly CSSA recipients can spend their twilight year. It may also lengthen the period of absence applicable to the "fruit grant" for senior citizens returning to live in their hometowns. And, it may even explore the possibility of providing health care protection to these senior citizens. The reason is that the availability of appropriate, reliable and affordable health care services in the Mainland is the greatest concern of many senior citizens. This is a very practical problem to them.

The Liberal Party believes that as long as we can adopt a multi-pronged approach, we will surely be able to bring forth substantial improvement to the retirement protection for senior citizens without drastically increasing the burden of taxpayers.

With these remarks, Madam President, I propose the amendment.

Mr Howrad YOUNG moved the following amendment: (Translation)

"To add ", to enable retired people to enjoy a higher basic standard of living and better financial security," after "That"; to delete "set up" after "this Council urges the Government to" and substitute with "adopt more incentive measures, including offering tax deduction for voluntary contributions under the Mandatory Provident Fund Scheme, with a view to assisting members of the public in making more comprehensive retirement protection plans that suit their needs; the Government should also, provided that the existing burden on the community will not be increased, actively study the feasibility of setting up"; and to delete ", so that all senior citizens can enjoy financial security to maintain a basic standard of living immediately after retirement" after "universal retirement protection scheme"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Howard YOUNG to Mr LEE Cheuk-yan's motion, be passed.

MR WONG KWOK-HING (in Cantonese): Madam President, in the past two years, I handled numerous labour disputes. Claims relating to wage default and wrongful forfeiture of vacation leave aside, nearly all the cases involved the withholding of MPF contributions. The wages of the workers concerned were already very meagre and it was difficult for them to make any savings, so their MPF benefits would be their only retirement protection. But the unscrupulous employers, despite all their wealth, still wanted to withhold the \$200 or \$300 of contributions, in total disregard for their responsibility as employers and their social responsibility.

According to the report submitted by the Mandatory Provident Fund Schemes Authority (MPFA) to the Legislative Council, the MPFA receives hundreds of complaints every month about the failure of employers to register for MPF schemes for their employees, withholding of contributions and wrongful deduction of wages to meet employers' contributions. There were 756 such complaints in August 2004, and 757 in August 2005. Most recently, in March 2006, there were 890 such cases. The economy has improved a great deal over the past few years, so one can say that there are bound to be such unscrupulous employers in spite of the shape of the economy. Understandably, there are also some employees who have not filed any claims with the MPFA for fear of trouble. Every month, the employers' contributions in relation to several hundred employees are withheld, so can Members imagine how many employees have been affected since the implementation of MPF schemes five years ago? How many employees have truly benefited from such schemes? And, this is not to speak of all those who are forced by their employers to become self-employed persons. These people are not entitled to any employer's contributions, so even if they comply with the law and make their own contributions, the amounts are bound to be limited.

Women's lack of retirement protection is especially conspicuous under the MPF system. To begin with, the incomes of grass-roots woman workers are generally lower than those of their male counterparts. According to the figures of the Census and Statistics Department, the median monthly income of non-skilled woman workers in 2004 was just \$5,000, and that of their male counterparts was \$6,500. Since their incomes are low, their MPF contributions are necessarily low as well.

Besides, since many women have to play the role of homemakers, they are forced to give up their jobs. As a result, they do not have any income and must

depend on their family members for financial support. They may take up jobs with flexible hours, working part-time or as casual workers, for example. This has led directly to the low incomes of women. The retirement protection available to them is comparative poor and they are more susceptible to difficulties after retirement.

Another problem is the off-setting of MPF contributions. At present, if a certain company closes down, the MPF contributions of the employer and employees can be used for meeting severance payment. The employees may choose to withdraw the relevant MPF contributions. It is still very difficult for grass-roots workers to find any jobs these days, so they do need the money to tide them over. But once they withdraw the money, they will have less money to support their living after retirement. They are thus caught in a dilemma. The Hong Kong Federation of Trade Unions (FTU) therefore hopes that the Government can abolish this off-setting arrangement.

Madam President, the FTU is of the view that besides MPF schemes, Hong Kong still needs a "social security insurance scheme" as a supplement. As early as the 1980s, the FTU already advised the Government to put in place a pay-as-you-go "social security insurance scheme", whereby the Government, employers and employees were all required to make contributions. With such a scheme, the retirees of the time would also receive instant basic protection. Unfortunately, the Government rejected the proposal, thus missing a golden opportunity in the 1980s for the establishment of a scheme with tripartite contributions. Those who are jobless are thus very miserable now. Another point is that if the pensions of low-income earners fail to give them basic livelihood protection, it will be very difficult for them to get any additional assistance.

The FTU maintains that a "social security insurance scheme" in parallel with MPF schemes is the only means of providing genuine universal retirement protection. Without such a scheme, the existing MPF schemes alone can only provide very limited protection to the masses. In the end, if the MPF benefits fail to cope, people must still turn to the Government for assistance.

Mr Howard YOUNG's amendment proposes to delete ", so that all senior citizens can enjoy financial security to maintain a basic standard of living immediately after retirement" from the original motion. Since this runs counter

to the pay-as-you-go nature of our proposed "social security insurance scheme", we will oppose his amendment. With these remarks, Madam President, I support the original motion.

MR ALAN LEONG (in Cantonese): Madam President, how would you like to live your life after retirement? Have you ever done any computations on the amounts of savings you must have at the time of retirement if you want to enjoy your expected quality of living? These questions are not invented by me. They all sound very familiar because they are the introductory questions asked by many financial consultants trying to sell their plans. I believe that all those with steady incomes must have been approached by at least one or even more financial consultants whom they know personally, or whom they know very little, or whom they do not even know, on various financial management packages. The prevalence of retirement investment plans is no accident at all. It is in fact a social phenomenon resulting from the inadequacy of universal retirement protection in Hong Kong, something which shows employees' realization that they cannot rely solely on MPF savings after their retirement.

Madam President, the hard fact is that not everyone can afford additional financial management plans. Statistics indicate that in the second quarter of 2005, the number of those earning less than \$5,000 was 74 100, and 39 100 of these people even earned less than \$3,000. These low-income earners do not even have enough money to support their daily living, so how can they save for the rainy days? Currently, nearly 40% of our population — people such as housewives (sometimes also called homemakers) and the jobless — cannot participate in MPF schemes. They will not enjoy the least protection after retirement. What is more, since it will take 30 to 40 years for MPF schemes to attain maturity in operation, those who have retired now or will retire shortly are simply unable to benefit from the MPF System.

Madam President, we can even predict that these are the very people who will become the poor elderly of the future. In their old age, they can only rely on CSSA and the "fruit grant". Because of their meagre incomes, they will have to live a miserable life. Scavenging used cardboard for money and skimping on food will be the means through which senior citizens struggle for survival. We cannot help asking, "Is such a mean and unfeeling society what we want? As a member of society, can we turn a blind eye to all this?"

The formulation of long-term planning for a retirement protection scheme is an issue that can no longer be evaded. Our belief in "old age security" is one reason, but another reason is that a very real financial problem is involved. About 40 to 50 years from now, the elderly dependency ratio will reach its peak and it is estimated that senior citizens will constitute more than 30% of the total population of Hong Kong by that time, thus making the expenditure on CSSA a heavy burden on the Government. As a matter of fact, the rate of elderly CSSA recipients has already risen from 11.7% in 1996 to 17.4% now. It is even projected that the rate will continue to rise, reaching close to 25% 30 years later.

The proposed universal retirement protection scheme signifies the common commitment of society to the ageing population in the future, and it is also a practicable solution to the problem. The Government, employers and employees will be required to provide funding for the scheme by making contributions. Under the scheme, all eligible senior citizens will receive a fixed monthly pension without having to undergo any means test. The Joint Alliance for Universal Retirement Protection (JAURP) has proposed two options. The first one is a monthly pension of \$2,500 for eligible senior citizens and the second one is a monthly pension of \$3,000.

Madam President, "old age security" is the central idea of the proposed universal retirement protection scheme and the aim is to make sure that retired senior citizens can enjoy basic livelihood protection and live their twilight years with dignity after contributing to society for a good part of their life. With the proposed scheme, senior citizens can enjoy instant financial security instead of waiting for the maturity of any funds. Although the Government will be required to contribute to the scheme, it will not have to incur any additional expenditure, because the money currently spent on providing CSSA to senior citizens aged 65 or above and also the normal and higher old age allowances can be used for making the contributions required. The JAURP projects that with the implementation of "universal pension", the Government will be able to save \$81.4 billion over a period of 30 years. Instead of adding to the burden on the Government, the proposed scheme can even help the Government cope with the welfare expenditure during the peak of the elderly dependency ratio.

Employers and employees will not need to make any additional contributions either. As proposed by the JAURP, if the option of \$2,500 per month is adopted, it will only be necessary to allocate 2.5% of their respective MPF contributions for the purpose.

Without increasing the expenditure of the Government, employers and employees, the proposed scheme will be able to provide instant livelihood protection to senior citizens. It will also be able to sustain itself for 50 years and help the Government cope with the financial burden imposed by the ageing population. Therefore, one can at least say that it does appear to be a well-thought-out and well-founded scheme worked out by an actuary, one which is feasible and capable of looking after the interests of all sides. I therefore urge the Government to give serious consideration to this sustainable universal retirement protection scheme as early as possible.

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

MS LI FUNG-YING (in Cantonese): Madam President, the issue of universal retirement protection is once again discussed in the Legislative Council today. Discussions on this topic have been ongoing in this Chamber for some 20 years, spanning the days of the former Legislative Council before the reunification and the time of the present Legislative Council. One cannot possibly say that there has been no progress at all following all the discussions over the past 20 years or so. One obvious improvement is that Mandatory Provident Fund (MPF) schemes were implemented in 2000, thus marking the first step towards the provision of universal retirement protection. However, as Members all know, MPF schemes are meant only for people under employment. As a result of this limitation, MPF schemes are at best nothing but just the first step towards the provision of universal retirement protection; the Government must not indulge in complacency.

I have done a rough analysis on the basis of the figures provided by the Census and Statistics Department at the end of 2005. In the fourth quarter of 2005, the economically inactive population in Hong Kong numbered 3.33 million. Disregarding youngsters aged 20 or below and senior citizens aged 60 or above, we can deduce that more than 2 million young and able-bodied people in Hong Kong are economically inactive, many of whom being housewives. Most of these people will not enjoy any retirement protection. I do not know how many of them will have to rely on CSSA, but I am certain that the public coffers will have to face immense pressure.

Population ageing is an important topic in the population policy of Hong Kong. In the Report released in 2003 by the Task Force on Population Policy

(the Task Force), it is pointed out that one serious economic problem caused by the drastic increase in the elderly population is huge increases in social security payments. It is estimated that by the year 2031, the total payment for CSSA on elderly cases will leap-frog to \$20.8 billion. And, this is not to speak of the payment for the non-means-tested Old Age Allowance. The Report therefore deems it necessary to find practicable ways to meet the challenges of an expanding ageing population.

Last year, the Joint Alliance for Universal Retirement Protection (JAURP) published a consultation document on a universal retirement protection scheme, in which two options of universal pension were put forward for public discussions. I am of the view that the proposals can address the problems raised in the Report of the Task Force. I hope that society as a whole can reach a consensus on universal retirement protection as soon as possible. In this connection, the stance of the Government is the key.

I also maintain that even the existing MPF schemes must be reviewed. The MPF System was first mooted in the 1990s when there was full employment in Hong Kong. This period of time was a turning point for the world economy. Full employment has by now become a thing of the past; there is no more job security; and, the financial markets are facing increasing risks. As a result, the retirement protection provided by MPF schemes are underlined by many uncertainties. I maintain that the Government is duty-bound to conduct a comprehensive review and offer a clear account to the public.

One basic requirement of any retirement protection scheme is that at the time of an employee's retirement, there must not be any losses to the capital he has contributed. But MPF schemes cannot even meet this very basic requirement. Even in the case of an employee who chooses the conservative approach of investing in capital preservation funds, his capital must still be used to meet administrative expenses during the recession some time ago. And, in case of inflation in the future, his capital may also be eaten up by inflation. Those employees who choose to invest in medium- and high-risk funds did get a return rate of 6.2% last year, but the financial markets are highly risky and volatile and the majority of employees do not have any in-depth professional knowledge about investment, so one never knows what will happen in the end when they are asked to make decisions amidst the increasing risks in the financial markets and left to the manipulation of fund managers. I maintain that on the

issue of people's retirement protection, the Government must not look on with folded arms, thinking that with the establishment of MPF schemes requiring contributions from both employers and employees, it can stop doing anything else. This is an irresponsible act of ignoring people's need for retirement protection. The Mandatory Provident Fund Schemes Authority and the Government, for that matter, must offer all employees the choice of a value preservation scheme, as opposed to the existing capital preservation funds under MPF schemes. This is something they must do.

Population ageing has become a pressing problem in Hong Kong, so the perfection of MPF schemes and the establishment of a universal retirement protection scheme are of equal importance. It is both myopic and irresponsible to delay or oppose the establishment of a universal retirement protection scheme on any excuses. According to the amendment, provided that the existing burden on the community will not be increased, active studies on the feasibility of establishing a sustainable universal retirement protection scheme should be conducted. With the ageing population and rise of the elderly dependency ratio in Hong Kong, a heavier burden on society is only natural and inevitable, and this must not be used as an excuse to evade the issue. What we must do should be to make reasonable arrangements regarding this burden, with a view to formulating a feasible and sustainable universal retirement protection scheme.

Madam President, I so submit.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, at the level of the Legislative Council..... Although I could not be elected to the former Legislative Council in 1991, I can still remember how people tried to draw on the power of direct elections and held up piggy banks at that time, in the hope that the Government could attach importance to the provision of retirement protection in Hong Kong. Subsequently, the then Governor, Chris PATTEN, proposed an old age pension scheme and this received the enthusiastic responses of many non-government organizations. But, as we all know, Chris PATTEN was very shrewd; claiming that views in the Legislative Council were divided, he finally shelved the idea. Then, after many twists and turns, the Mandatory Provident Fund (MPF) System was implemented.

I have just talked about what happened some 10 years ago. Still earlier than this, as early as the 1970s and 1980s, we in the FTU already advocated

some insurance proposals on coping with diseases and retirement protection. Later on, we also found out that besides an ageing population, there was yet another problem — Can we cope with population ageing simply by relying on all these systems? For this reason, around the late 1980s and early 1990s, we started to advocate the conduct of studies on comprehensive retirement protection. In other words, we started to advocate a retirement protection scheme for the employed plus an old age pension scheme for retired senior citizens.

We have been giving such advice to the Government for quite for time. At the very beginning, society could not quite understand what we advocated. But now they do. Therefore, I think that at this very time when population ageing gets increasingly serious, the Government should really conduct serious studies on all the pros and cons that have been put forward over the years.

I have been raising this issue with different Secretaries. I was not a Member of the former Legislative Council at the very beginning. Then, I managed to become one, and now, I am a Member of the present Legislative Council; throughout all this time, I have been saying a lot on this topic. I very much hope that from the Government's welfare policy, that is, from the policy that the Secretary is executing, he can realize that 51% of all existing CSSA recipients are senior citizens. These senior citizens have all made many contributions to Hong Kong. But why are they given no livelihood protection today, when they are getting old? What is more, the Government's policies have exerted pressure on them and plunged them into difficulties. In many cases, this has led to domestic violence and elderly abuse.

Financial conditions are an important factor deciding whether senior citizens can live a life of dignity after retirement. In spite of this, however, the work of the Government in this respect obviously fails to meet the aspirations of society and cope with an ageing population — we have been raising this point for decades, and although the Government did not agree with us at the beginning, it has nonetheless made some gradual improvements. If the Government still refuses to make any efforts, the number of elderly CSSA recipients will only increase and more senior citizens will have to make use of public health care services. As the saying goes, "Who wants to have favus of the scalp if it can be avoided?" Everybody prefers going to private family doctors. Why then do people still go to public clinics? Why do they still queue up for consultation in

accident and emergency departments? The Government must think about the answers to these questions.

Madam President, I hope that when the new Secretary, who has the CSSA policy in his portfolio, sees that the number of elderly CSSA recipients is rising continuously, he can give some real thoughts to the matter. I sincerely hope to hear the Government say that it will do something. Mr Howard YOUNG advises that the whole thing must be done without incurring any increases in public expenditure. But I do not think that this is at all possible. The fact is that the number of elderly CSSA recipients is increasing year on year. The fact is that the Government has already been spending public money on coping with an ageing population. The only problem is that the Government is unwilling to implement a scheme that can both provide retirement protection and enable senior citizens to live a happy life, that is, a universal retirement protection scheme.

Madam President, we have been focusing on senior citizens during all our discussions on this topic. But we can see that over the past eight to 10 years, some women, or, precisely, many housewives, have also been facing the same problem. Their situation is very miserable. In particular, given the very poor employment situation these days, it is even more difficult for housewives to save any money for their life after retirement. I think the Government must give some thoughts to this. Housewives all work for their families without any pay, so why have no thoughts been given to their old age security? I very much hope that the Government can consider this problem seriously. If it still refuses to do so, I would think that the SAR Government is turning a blind eye to CSSA recipients and the present generation of senior citizens.

I also wish to give a third reason. This concerns the existing MPF schemes. We know that many people are actually earning less than \$5,000 a month — we know that about 300 000 people (foreign domestic helpers not included) are earning less than \$5,000 a month. This is a figure provided by the FTU. These people are not required to make any MPF contributions, but even if they are required to do so, the pension they can get when they are old may still be very small. In other countries, such as Singapore and the United Kingdom, as soon as their retirement protection systems reached maturity, separate schemes were put in place to protect low-income earners. I very much hope that the Government can consider this idea. If not, when all these problems emerge in the future, society will face a very huge problem.

Madam President, there is yet another problem. The modes of employment in Hong Kong are undergoing changes. For example, due to the prevalence of outsourcing, many people have been turned into self-employed persons. Mr WONG Kwok-hing has already given many examples of how employers seek to conceal the real situation in order to avoid making contributions for their employees. The Government must identify the causes of all these cases one by one. We must not say simplistically that because of our systems, there is no need for any worries. I very much fear that the Secretary may really say "Don't worry" later on. If he really says so, the efforts of all of us will be wasted, and he will disappoint all those who have made contributions to Hong Kong.

Madam President, the FTU strongly demands the Government to reopen discussions on universal retirement protection. The reason is that the economy has now improved and conditions are ripe for reopening discussions on the related issues. I hope that the Government can act in a responsible manner and put forward some solutions within this year, so as to cope with the problem of population ageing in the future. The Government must also make its own efforts, so it must think ahead and put forward a universal retirement protection scheme for our discussions.

With these remarks, Madam President, I support the original motion and oppose the amendment. Thank you.

MR FREDERICK FUNG (in Cantonese): President, in 2000 the Government launched the MPF schemes, the purpose of which was to offer retirement protection to those in employment. However, owing to the inherent inadequacies of the MPF System and plus factors like the ageing of the population and the disparity between the rich and the poor, at present there are at least 2.4 million people in Hong Kong who cannot enjoy any MPF protection. These people are the some 800 000 elderly people, the some 600 000 housewives, the some 400 000 persons with disabilities and the some 400 000 people in employment but are not required to make any contributions. The last category includes people with a low income, those paid on a daily or hourly basis, the casual workers, part-time workers and the 200 000 unemployed people. In order to reduce the financial burden of the Government and society, provide basic protection to the elderly and retirement protection to housewives

and persons with disabilities, the Hong Kong Association for Democracy and People's Livelihood (ADPL) thinks that a universal retirement protection scheme should be set up as soon as possible, with contributions from the three parties of the Government, employers and employees.

In last November, that is, on the fifth anniversary of the MPF System, the ADPL conducted an opinion poll on the telephone and interviewed 557 people. The result showed that 35% of the interviewees did not take part in any MPF scheme because they did not have any work, or they were engaged in trades exempted from contributions or they were self-employed people not making any contributions. As a matter of fact, many wage earners are still facing problems like unemployment, underemployment and very low wages. The longer they are out of work, being underemployed or earning a low wage, the less they will contribute to MPF schemes, hence the protection they will get after retirement is less. It can be imagined that very often these wage earners just live from hand to mouth and they would not have too much savings. But such wage earners are exactly the people who need retirement protection the most.

The survey conducted by the ADPL shows that 80% of those respondents aged 56 to 65 years have not joined any MPF scheme. This shows that there is a big loophole with MPF. Another thing is that contributions to any MPF scheme would require 30 to 40 years to accumulate before it matures, hence the financial hardship of the elderly persons about to retire or have retired will not be eased. It can be expected that in the next five to 10 years, the number of elderly persons receiving CSSA will be constantly on the rise. The Government will face an ever-increasing expenditure in social security.

More than one quarter of the respondents think that the MPF will not give them any retirement protection. Those who are more advanced in years think that MPF does not offer them any protection. More than 10% of the respondents say that they do not have any means to protect their own retirement life. The findings of the survey reflect two latent worries. First, the effect of MPF in offering protection to retirement life is limited. Second, according to estimates from the Joint Alliance for Universal Retirement Protection, it is projected that 25 years from now, one in every four senior citizens would have to depend on public assistance. The financial burden on the Government will certainly increase.

On the other hand, the ADPL is also concerned about the retirement protection of women. At the end of last year, we organized a tea gathering on universal retirement protection to gauge the views of women on universal retirement protection. More than 300 women joined the gathering, of whom 30% were housewives without any income. Their monthly living expenses depend on the money given by their husbands and the support from their children. These women are not financially independent. The MPF schemes do not offer them any protection for their old age. This shows a neglect of the contributions these women have made to society and as they do not have any personal income, they are the people who need protection the most when they retire.

The women who joined the tea gathering shared the view that they were very much concerned about the financial situation after retirement. But there were still more than 10% of the participants who said that they did not have any means to protect their retirement life. Of these people, more than 65% said that the reasons for this were their excessively low wages and unstable income; 15% of them did not have any retirement protection because they were unemployed. All these show that women who lack financial means cannot make any good preparations for their retirement life. For these women, a sound retirement protection system is very important. In fact, close to half of the participants agreed that a universal retirement protection scheme should be set up with tripartite contributions from the Government, employers and employees.

The ADPL therefore suggests that the Government should act on the basis of MPF and set up a universal retirement protection scheme with contributions from the Government, employers and employees. This will serve to address the deficiencies of MPF schemes and offer instant basic protection to the elderly persons, widen the scope of protection to cover those presently not protected by MPF, such as housewives, persons with disabilities who cannot work, and so on. Also, when the Government formulates any policy in future, a holistic approach must be taken to care for people from various sectors across society. I wish to stress in particular these include housewives, the working poor, and persons with disabilities, and so on. If this can be done, harmony in our society can be achieved.

With these remarks, President, I support the original motion moved by Mr LEE Cheuk-yan and oppose Mr Howard YOUNG's amendment.

MR RONNY TONG (in Cantonese): President, we are facing an acute challenge of population ageing. Some figures show that the proportion of elderly persons aged 65 or above against the total population in Hong Kong would surge from 11% in 2003 to 27% in 2033. The proportion of elderly persons in Hong Kong would peak in around 2050, when the proportion would be more than 30% and the number may be more than 2.6 million. Therefore, the setting up of a comprehensive, reliable and stable universal retirement protection scheme would be vital to Hong Kong. If we do not make any sufficient preparations now, the consequence could be disastrous. Hong Kong needs to stay competitive in the long run and maintain a stable and harmonious society. And it is all the more necessary to enable the people to live and work in peace.

Currently, the problem of poverty among the elderly in Hong Kong is in fact very serious. Figures from the Census and Statistics Department show that in 2001, there were about 350 000 elderly persons with an income of less than \$2,000 a month. Some non-government organizations have worked out the projected proportion of elderly in poverty and it is already as high as 33%. The growth rate of this over the past 10 years is as high as 150%. The proportion of elderly persons on CSSA has now reached 17.4%. It is estimated that the proportion would reach 25% 30 years later. This means one quarter of the elderly population would have to live on CSSA.

President, projecting from the above figures, at the peak of population ageing, there may be close to 700 000 elderly persons who have to live on CSSA. The expenditure may be as much as \$35 billion. It is \$35 billion. What we can foresee is as the problem of elderly poverty continues to deteriorate and the proportion of the elderly in the population keeps on climbing, both the Government and society as a whole will be placed under great financial pressure and there is a possibility that the pressure cooker may explode.

Actually, there is some kind of consensus in the international community on how to provide adequate retirement protection for the elderly population. Many Honourable colleagues have mentioned the retirement protection portfolio in the universal basic pensions developed by the World Bank and the Organization for Economic Co-operation and Development (OECD). Research conducted by the World Bank and OECD finds out that only by this method can the problems associated with population ageing be pre-empted. In Hong Kong, the MPF system has been in operation since 2000 and the system is way behind

the universal retirement protection system developed by the abovementioned international organizations. There is no way this MFP system can cope with the problems of serious population ageing.

First of all, the MPF System is not an integrated one. What it can hopefully do is to offer some sort of retirement protection to people with a medium level of income and in a relatively effective manner. Now there are hundreds of thousand persons in the working population who are not required to join any MPF scheme at all. Figures from the Mandatory Provident Fund Schemes Authority (MPFA) show that such people who are not required to join MPF schemes account for as many as 11% of the workforce and there are 360 000 of them. With respect to these grass-roots workers who earn a low income, employed for a small number of years and whose jobs are not secure, the MPF will not be able to offer them the right kind of protection. As early as in 1997, the Chairman of the MPFA admitted that this system was inadequate. The Chairman pointed out to the following effect: People earning a high salary would think that MPF is not necessary at all while those with a low income would see it as a burden, and the group with the lowest income would have to rely on the safety net of society in any case. I think Members would see that those in the workforce who earn the least are actually the ones who need reliable and steady retirement protection badly.

I am sure Members would not forget the single mother in Ma On Shan who died of excessive fatigue in work at the end of last month. She was not yet 50 years old and the monthly salary which she got from working so hard was only \$5,500. Her story is tragic. Working on this income and putting other factors aside, she may only get \$130,000 in MPF benefits when she retires. Just think, a sum of \$130,000 when spread out against a monthly expenditure of \$2,000, it can only provide living expenses for five and a half years and no more. In the end, the Government will still have to subsidize this vast number of grass-roots workers who have joined MPF schemes. Besides, the MPF System cannot take care of the needs of the underprivileged groups like housewives, people with disabilities and the sick, as well as those in chronic unemployment. We can foresee that under the existing MPF System, people from these underprivileged groups can only rely on CSSA when they are old. For the Government, its CSSA expenditure will only increase as the population ages.

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

Now we are meeting the expenditure on CSSA from tax revenue. Given this huge amount of CSSA expenditure, there are only two options for the Government, one is to raise taxes and the other is to cut the CSSA payments in order to maintain this fragile and one and only one safety net. I believe all parties in this Council would not want to see the situation which I have mentioned take place. Moreover, relevant data show that this peak of elderly population would remain for close to 20 years. The situation is simply unthinkable. The Administration and Members should realize that it would be too late already if we start to think of solutions when the tide of ageing population sets in. What Hong Kong needs now is a universal retirement protection system which will not incur a lot of extra costs while being sustainable and can help Hong Kong cope with the problem of an ageing population in the foreseeable future.

One of the proposals made by the Joint Alliance for Universal Retirement Protection (JAURP) entails tripartite contributions from the Government, employers and employees. The Government can make use of the expenditure currently set aside for CSSA for the elderly as well as the Old Age Allowance. The employers and employees will each contribute half of the monthly contributions, that is, 2.5%. If this plan works, it would be able to offer retirement protection at \$2,500 a month to the elderly persons in Hong Kong. Alan LEONG of the Civic Party has already given a detailed description of the proposal made by the JAURP and so I would not repeat it. Deputy President, we fully support the original motion and oppose the amendment. I so submit.

MR ANDREW LEUNG (in Cantonese): Deputy President, with a continually ageing population, Hong Kong people are growing more concerned about retirement protection. The Government should handle this problem well as it is a common concern in Hong Kong. The business sector does not oppose retirement protection. However, a responsible government should strive to maintain fiscal balance, for once the economy gets out of balance and when the welfare burden becomes heavy, the result is that productivity will be affected. Then more types of work will be relocated northwards and jobs lost. Hong Kong will become less competitive.

Option B of the universal retirement protection scheme proposed by the JAURP not only requires tripartite contributions but also requires companies

with an annual profit of \$10 million or above to pay an extra 1.75% in profits tax. Though it would be a good thing to enhance protection, this option would not be conducive to the business environment of Hong Kong.

It is a global trend to cut profits tax. Our neighbour Singapore has slashed its profits tax to 20% and, taking away the various concessions, the actual profits tax rate would only be 7%. From this it can be seen that low tax which we have been so proud of is no longer an advantage for Hong Kong. Raising the taxes would only scare off foreign investors and they will pull out their investments. In the end, it would only undermine the long-term interest of Hong Kong.

Option A of the universal retirement protection scheme suggests that the monthly contributions of 2.5% will be shared with other members of the public. Such a proposal will result in actual harms before any benefits are seen. For those wage earners, especially the middle-class wage earners, they will be adversely affected before enjoying any benefit. This proposal will undermine their consumption power directly and hence affect the catering and retail trades indirectly. The middle class people are often being taken advantage of. Under the existing MPF System, as they can make some contributions and get a lot of benefits in return, the system can be considered a fair retirement protection system for them. Now this proposal requires the wage earners to share their MPF benefits with others, would this be fair to them?

Mr LEE has said that if contributions are made in this way, the elderly will be able to get \$2,500 at once. This sounds all very nice. The welfare and labour sectors always quote examples from welfare states. But behind all the glory and glitters is quite a different story, or a sob story even. In the United States, incidentally, this year is the year when the baby boomers born after the Second World War reach the retirement age of 60. According to statistical projections, five years from now, these people would cause a drastic upsurge in old age welfare expenses which will last for the next 20 years. By then the United States would face the ever-increasing pressure of welfare spending and the productivity of the entire community may be threatened.

Or take the example of Germany, now the country uses more than €70 billion a year to subsidize its pension expenditure, to the extent that even some of

the revenue of the green tax is used for this purpose. This kind of desperate attempt to fill up the yawning gaps between revenue and expenditure would only lead to a disastrous "explosion of the pressure cooker" in the end. The German Government is now thinking of extending the retirement age from 65 to 67. So this plan which is supposed to offer a peaceful retirement life to the people will end up obliging them to toil for some more years. One just fails to see the sense of it.

France has to pay a huge debt of €900 billion in retirement expenditure. It is estimated that four years from now, France would have not enough people in employment to contribute to the pensions. It can be seen that such kind of universal retirement protection will only do a disservice though admittedly well-intentioned.

Things do not look good for Italy either. The Italian pension system has made the country one of the countries with the largest amount of debts in the world. Retirement age has likewise been forced to put back. It can be seen that this kind of retirement schemes will only backfire and the loss will only outweigh the gain.

Deputy President, the above examples show that problems have cropped up in many welfare states. In these places, the contributions are much more than 2.5%, but such disastrous "explosions" still occur. We should learn from these lessons. Honestly, we do not want to see the hard-earned money of the wage earners in Hong Kong squandered by other people with the result that half of it will disappear. Moreover, when they retire, will the picture be as beautiful as it has been painted? Will these wage earners still get the retirement protection due? Will things turn out as good as they have expected? Nobody can be sure. Besides, when there are people who now call for paying out a pension of \$2,500, someday in future there may be others seeking to raise this pension amount by a great extent just to curry votes. One must know the truth that fleece comes off the sheep's back and in the end it would be the wage earners themselves whose wallets will be emptied.

A responsible government must not fling wide the welfare floodgate just to win brief kudos. It must not open this floodgate in the name of retirement protection, for it will only leave our next generation with a burden up to their neck. We must think twice indeed.

Having said all these, we know very well that supporting one's parents is a traditional virtue of the Chinese people and so we hope that the Government can provide more tax concessions and incentives to encourage the children to support their parents. In addition, better health care protection should be provided to the elderly. We should bear in mind that money is not everything for the elderly people and it is important that the children and society can show care and concern to them. We should not imitate Singapore which requires all people under the age of 35 who are employed in the private sector to make a monthly contribution of 33% of their monthly salary in order to keep the country's pension scheme going. Even if we could do it, this may not be a good thing. We should adhere to the concept of the three major pillars of ageing in place. In this connection, the Government should look into how our safety net can be improved, as sound retirement protection should also depend on personal savings and MPF schemes.

Deputy President, in order that the elderly can age in peace and have a sense of security, protection from the social system alone may not necessarily be required. We must strive to improve our economy so that there can be sustained growth. When this is coupled with the hard work and self-reliance of Hong Kong people and the parallel development of the three major pillars to ageing in place, in the end, the people of Hong Kong can expect to share the fruits of development.

All in all, I support the amendment moved by Mr Howard YOUNG. I hope that the Hong Kong Government can adopt more incentives to help the people to plan the kind of retirement protection that best suits them. On the condition that no greater burden will be exerted on society, studies should be conducted on the feasibility of a universal retirement protection scheme.

I so submit.

MR ALBERT HO (in Cantonese): Deputy President, it is a fitting occasion for us to debate on the topic of a universal retirement protection scheme here in this Chamber today. We can see that as the trend of population ageing in Hong Kong grows and in 20 to 30 years' time, the livelihood problem of the elderly people would become a very pressing economic issue with implications felt by society as a whole. According to the latest demographic report from the Government, in the year 2025, senior citizens aged 65 or above would take up

22% of the total population. In 2050, as much as one third of the population will reach 65 years of age or above. Such are projections from currently available data.

(THE PRESIDENT resumed the Chair)

Now the Hong Kong Government is only hoping that the MPF System and personal savings by the people will cope with the problem of the retirement life of the senior citizens in the next few decades. This is really impractical. In 2000, the MPF schemes were launched and both employers and employees are required to make contributions. However, the schemes are expected to be able to provide retirement protection for most of the Hong Kong people only some 30 to 40 years from now. Given the current limitations in the MPF System, it would be hard to offer enough retirement protection. Projections of the MPF schemes show that in 2007, the retirees take up 7% of the total population of people aged 65 or above. In 2011 which is the beginning of the sharp climb in elderly population in Hong Kong, it is estimated that about 19% of the elderly people will have retirement protection. In that year, retirees aged 65 are expected to get only about \$150,000 from their MPF even if they belong to the high-income category. When these high-income people cannot solve the problem of their retirement, there will be no protection for people with a low income. For those in the workforce earning less than \$5,000 monthly, the MPF benefits they are entitled to get will be far less than their living expenses after retirement. This kind of pension will only serve as a stop-gap retirement allowance to bridge retirees over before they apply for CSSA.

We can therefore see that there are marked inadequacies in the MPF System and so we must plan now for the future. We must have a new thinking to address this major issue of an ageing population in Hong Kong holistically. Now the kinds of welfare benefits we offer to the elderly include CSSA, Old Age Allowance and some elderly services in homes for the elderly. With this sharp rise in elderly population in 2011, there would be a consequential drastic increase in the needs of the senior citizens. With respect to financial assistance, the Government should plan well ahead and maintain the stability of the social security system. As the future population ageing is expected to exert a great pressure on public finance, it would be hard for us to ensure that in future the

CSSA payments and Old Age Allowance will be maintained at their present levels. In our opinion, the present levels are inadequate and in future, there may even be the problem of the "pressure cooker" "exploding" which some Honourable colleagues have referred to. Should that happen, it would be quite beyond the ability of society to cope.

Problems concerning livelihood are likely to become a question of survival. Will the money be sufficient to meet people's living expenses? Hence the Democratic Party strongly supports the idea that apart from the MPF System currently in place, some universal retirement protection scheme should be set up with contributions from the three parties concerned, that is, the Government, employers and employees. This is an idea supported by us and it should be adopted to offer long-term retirement protection to the public.

The Joint Alliance for Universal Retirement Protection (JAURP) put forward a proposal for a universal pension scheme last year after a lengthy study. The proposal entails tripartite contributions and it is meant to improve on the existing system. Under the proposed scheme, a person may get \$2,500 or \$3,000 a month. If the sum of \$2,500 as proposed is adopted, there would be no need for additional contributions. This can be done if half of the existing MPF contributions is set aside for this purpose. The Democratic Party is aware of the advantages and appeal of this proposal and we hope that the Government can study into the proposal made by the JAURP in detail.

Apart from this, some Western countries have adopted a number of other measures. In Australia, a medium-term fiscal strategy is devised whereby its government is required to take into account current and future needs when deciding on public expenditure. The Australian Government is asked to consider the long-term fiscal pressure posed by population ageing to ensure that the country can maintain its fiscal balance during the entire economic cycle. In the Netherlands, its elderly population will reach one quarter of the nation's population by 2030. In view of this, the Dutch Government has set up a savings fund for the purpose of retirement protection after 2020. The Dutch Government will provide funding to the fund on a yearly basis as a kind of saving. In Ireland, the country has also set up a similar kind of fund. We would also suggest that the Hong Kong Government should also consider setting up a similar savings fund. Provisions should be made to the fund when the expenditure estimates are made each year. This will serve as reserves for the retirement protection of the elderly.

Another measure is to increase the working abilities of the aged and to extend their working life longer. This will give new meaning to ageing. People would start to think whether they are necessarily old when they reach the age of 60 and they should retire. Will they become the elderly as we call it? These will surely offer much food for thought to the Government and Members. Thank you.

MISS TAM HEUNG-MAN (in Cantonese): Madam President, the ageing of the population is worsening in Hong Kong. According to the statistics of the Census and Statistics Department, the size of the population aged 60 or above increased from 615 000 in 1985 to 856 000 in 1995, and the number even rose to 1.069 million in 2005. Calculating on the trend of the elderly population increasing by about 200 000 every decade, there will be close to 1.3 million elderly people in Hong Kong in 2015. Therefore, resolving the problem of retirement protection for the elderly is a very pressing social issue.

In my speech, I would like to respond mainly to the amendment proposed by Mr Howard YOUNG. I think Mr YOUNG's proposal cannot ease the burden on taxpayers and on public finance. Nor can it solve the problem of a lack of livelihood protection for the elderly after their retirement. It is because his proposal is tantamount to telling each and every Hong Kong citizen to fend for themselves, and it cannot benefit people with a lower income. Eventually, the social welfare expenditure would put a heavy burden on the Government, and this will not do any good to public finance.

What is given the strongest emphasis in the amendment is that members of the public are asked to make retirement plans on their own, so as to meet their livelihood needs after retirement through savings or various types of investment, while proposing tax deduction for voluntary contributions to MPF schemes. Regrettably, these proposals are not very helpful indeed to resolving the difficulties faced by some elderly people in their retirement life. To the middle class or people with higher incomes, they have long made preparations for their retirement through a diversity of financial and investment arrangements and so, it is unnecessary for society to worry about them. But to those people whose income is barely enough to maintain their living at a subsistence level and who work from hand to mouth, apart from the very meagre MPF contributions, what money is there to spare for making preparations for retirement? Asking these

people to prepare on their own for their retirement life is indeed oblivious of the plights and sufferings of the people.

Let me cite an example. Assuming a 30-year-old worker earns \$8,000 monthly today with a 2% annual salary increase and an average annual return of 6% from the MPF, he can receive some \$1.4 million in MPF benefits at the retirement age of 65. Assuming the rate of deflation over these 35 years is 2% on average, the purchasing power of this sum of money now is only a little more than \$700,000. Assuming this sum of money has to meet the living expenses for 20 years, it means that he can only spend about \$3,000 a month. How can an elderly person meet the housing, food and health care expenses with a mere \$3,000 a month? Meanwhile, this is already a very optimistic calculation. If the worker's wages are even lower and if he becomes unemployed before the age of 65 and the return from investment is not satisfactory, the situation would be even worse.

Therefore, insofar as low-income workers are concerned, it is impractical to ask them to make arrangements on their own to meet their post-retirement needs. In the end, these people would only fall into the social welfare safety net of the Government and count on CSSA to make ends meet. Such being the case, will the taxpayers not again have to pay for the living of these elderly people in poverty? Given that population ageing is worsening, the expenditure on social welfare to be incurred by the authorities will only increase rather than decrease. This, coupled with health care and housing subsidies, would put huge pressure on public finance. At present, the expenditure on social welfare and health care services already amounts to \$30 billion to \$40 billion respectively per annum. How can taxpayers cope with the burden if the expenditure will multiply?

On the other hand, given an ageing population, the percentage of the workforce in the total population of Hong Kong will drop. So will the number of taxpayers. As a result, the increase in public expenditure and even the burden on each taxpayer will increase inevitably, and by then the authorities may have to increase taxes significantly. I trust colleagues would not wish to see tax increases, would they?

The implementation of a universal retirement scheme can provide protection for all citizens to meet their post-retirement needs. Although we can see from overseas experience that the Government will need to make

commitments for contributions under the universal retirement protection scheme, which may increase government expenditure in the short term, various social welfare expenditure and subsidies can be reduced following the implementation of this scheme and so, this is a smarter bargain than it appears. The SAR Government should indeed consider more actively implementing a universal retirement protection scheme.

Madam President, we must face a reality and that is, there will always be people in society whose income can barely meet the household expenses and hence cannot have any savings. So, it is an impractical view to ask all Hong Kong people to make arrangements on their own for their living in future. Certainly, when studying the universal retirement protection scheme, the proportions of contributions to be made by employers, employees and the Government must be carefully weighed, in order not to overburden public finance. I hope that all the citizens can be provided with the necessary livelihood protection after their retirement.

I so submit. Thank you, Madam President.

MR LEUNG YIU-CHUNG (in Cantonese): President, Mr LEE Cheuk-yan said earlier that the Government owes the elderly apologies. I think an apology is indeed warranted. Why? It is because the elderly have in the past worked very hard, making contribution to society. In their twilight years, they do not even have a pension to sustain their living. On the contrary, they must either rely on their family or CSSA or their own savings to make ends meet. When they have to live on CSSA, they are discriminated against by the community and considered as lazy people who refuse to work and know only to ask for money from other people. This is a pressure on them, but this pressure is unnecessary. If a good retirement system is in place, they can stand upright, and they can rightfully receive a sum of money for their living and lead a completely worry-free life. But since such a system is lacking, they are subject to these sufferings which are unnecessary indeed. So, I feel that the Government must apologize to these elderly people.

Apart from owing the elderly people an apology, I think the Government must also tender a dozen or even a hundred apologies to another group of people. Who are these people? They are the housewives. They have not been given fair and reasonable treatment. It is not the case that they do not wish to work,

but the yoke of family has confined them to work at home. Regrettably, when they work at home, they have to ask for money from their family members, including their husbands or children, but they still have to do the same in their old age because there is not any system in place to help them. It makes them feel that this is really a huge shackle, and this shackle locks them up not only when they are young, but also in their twilight years. But President, with regard to this group of women, their situation is not too bad if they have the support of their husbands or children. Unfortunately, some do not have the support of their husbands or children and in that case, what should they do? They will have to turn to the CSSA for a way out. These women have really worked for their family, but they are eventually condemned to such a sorry state. Do we consider it fair to treat them in such a way? In fact, insofar as this issue is concerned, the Government is not unaware of the situation. Regrettably, the Government deliberately ignored this group of people when formulating the MPF System. This group of people is made a sacrifice by the Government's indifference and neglect. The Government knew only too well the direction and plans adopted in other countries to address this issue, but it completely turned its back on them with sheer indifference.

I remember that on 29 March this year, I asked a written question in the Legislative Council about the protection given to housewives for their living in their old age. Secretary Dr York CHOW stated in the reply that Canada and Sweden had implemented a system allowing a couple to share their pension. Housewives should also be entitled to pension benefits and this entitlement of housewives should be protected in law. President, as I said earlier, the Government is not unaware of the solutions to these problems in other countries. Much to our regret, what is happening here in Hong Kong? The rights and benefits of housewives are not in the least protected in the statutes of Hong Kong. This is indeed very much regrettable, because the Government is aware of this system in another country and yet, it refuses to introduce it to Hong Kong; it refuses to discuss it, and it refuses to face up to the problem, seeking to shelve the matter and turning a blind eye to it. How could the Government be answerable to them? So, I think the Government should not just apologize to them once or twice. There is every reason for the Government to apologize to them for even a hundred and a thousand times.

According to a survey conducted by us, these housewives actually very much wish to take up a job, but they cannot do so because of the family shackle.

In fact, it is not quite true that they do not have a job, because they are actually working at home. But when they grow old, they are not given any protection and cannot lead a free, dignified life. This is indeed distressing and saddening.

However, on this issue, I remember that in the question that I mentioned earlier, the Secretary, in reply to another question from me, said that the problem of non-working housewives is actually not insoluble. The solution to the problem is that non-working housewives can choose to invest in suitable savings plans in the market according to their personal needs, so as to make prior arrangements for their livelihood needs in the future. President, this sounds very pleasant to the ears and very appealing too. But President, I trust that you have heard this before: "Why do the people not eat meat porridge?" When I am hungry, I can eat anything, but the question is: Can I eat? Although I wish to save up money, do I have the money to save up? Of course, I know that if I can save up money bit by bit and make the right investment, I will have protection for my old age and I can meet my living expenses. But is this really possible? President, it is because a lot of information has pointed out that many housewives simply do not have the means to make any investment and so, they must rely on a retirement system. Much to our regret, we are not thinking about how a sound system can be put in place. On the contrary, we are only blaming the housewives for not investing properly and saving up money properly. Is this not putting the cart before the horse?

In this connection, I think the Government has unshirkable duties towards this group of non-working housewives indeed. The Government should come up with a good solution for them and find a good way out for them, so that a good retirement system can be put in place for their protection in their twilight years. Only this is the right thing to do. Many organizations have proposed that in order to solve this problem in the future, the best approach is to involve tripartite efforts from the Government, the public and the business sector. If we simply rely on the Government itself, I agree that the problem may not necessarily be solved. Regrettably, many colleagues also pointed out that if the expenditure of the business sector were further increased, their investment sentiment would be undermined and investors be scared away, and so on and so forth. President, these remarks are grossly tragic. If they refuse to participate and reject tax increase and salary increase and everything else, invariably saying that investment will be affected, what can we do? Thank you, President.

MS AUDREY EU (in Cantonese): President, the topic we discussed earlier was about death, and the one under discussion now is the ageing of the population, which is an unavoidable topic. Mr Andrew LEUNG — he has just stepped out of this Chamber — said earlier that these are unimportant topics and that as long as the economy takes off, the people can be self-reliant.

President, we certainly agree with this point. But if we can look a little bit farther, we will know that we are actually facing a very practical issue because, as many colleagues have also mentioned in their speeches today, the ageing of the population is an indisputable fact in Hong Kong, and I am not going to repeat those figures. In simple terms, there will be one elderly person in every four Hong Kong people in 2033.

The poverty rate among the elderly in Hong Kong is as high as 32.6%, which means that on average, one in every three senior citizens is in poverty. Following an increase in the elderly population base, the poverty rate of the elderly is also increasing. The resources ploughed in by the Government to support the elderly population will only keep on increasing beyond control. Take CSSA as an example. In recent years, the number of elderly CSSA cases has never ceased to increase, with the percentage of elderly CSSA recipients increasing from 11.7% in 1996 to 17.4% at present. If the Government continues to deal with the poverty problem among the elderly by tax revenue, when population ageing reaches its peak, the financial resources of the Government will not be able to meet the CSSA expenditure for the elderly.

With regard to this unbearable financial burden, the Government has sought to deal with it in two ways. In the short term, vigorous efforts have been made to suppress the growth in CSSA expenditure, and in the long term, the MPF schemes were introduced in 2000. But as many colleagues have said, it will take at least 30 to 40 years for the operation of the MPF System to mature. Those elderly people who have retired or are going to retire cannot benefit from the schemes at all. Without retirement protection, these elderly people in poverty who have neither enough savings or pension to support their living in their old age nor family support can only rely on the CSSA system.

In fact, the MPF System cannot immediately benefit the elderly people and what is more, it cannot be considered a comprehensive retirement protection scheme, strictly speaking. Discussions on the establishment of a central

retirement protection system already started as early as in 1967 in Hong Kong, but given strong opposition from the business sector, 28 years had passed by without achieving anything, and it was only until 1995 that the then British Hong Kong Government proposed the Old Age Pension Scheme. But it was again rejected due to opposition from the industrial and commercial sector and the economists in the academia. Finally, the Government hastily put forward the MPF proposal. Many political parties in the Legislative Council eventually endorsed the implementation of the MPF, thinking that this was at least "better than none". But everyone knew that it could not solve the problem at all.

Now, although the MPF System has been implemented for more than six years, Hong Kong people still feel worried and perplexed about their life after retirement. In fact, the wage replacement rate of the MPF is estimated to be 20% only, which cannot in the least provide adequate retirement protection for wage earners. According to a survey conducted by an insurance company recently, employees already start preparation for their retirement at the age of 32 on average, saving up an average of \$3,960 monthly, which is ranked the third highest among the 15 places or regions. Although the amount of savings of Hong Kong people is very high, their monthly income after retirement is the lowest of all, which is 3.6 times lower than that of the Canadians on the top of the list. Since it is expected that the income after retirement will not be enough to make ends meet, as many as 90% of the Hong Kong people interviewed hoped that their children can support them financially after their retirement, and of the 15 places or regions covered by the survey, our ranking is the highest in this respect, and it reflects that a sense of security is seriously lacking among Hong Kong people in general towards society and their living after retirement. Moreover, a fund company had also conducted a survey on retirement protection, and the results showed that 73% of the interviewees considered it inadequate to rely solely on the pension to meet their post-retirement needs, while 40% of the interviewees stated that they had no confidence in living a happy life in their twilight years after retirement. The main reason is that the standard of living in Hong Kong is rising continuously and their MPF contributions are inadequate.

However, these figures can only reflect the pessimistic feelings among employees towards retirement protection. To the 40% non-MPF participants, including low-income workers or non-working people who do not have a job at all (such as housewives, people with disabilities, and so on), the MPF cannot

even provide them with the slightest protection for their living. Even the Director of the MPF Office (whom Mr Ronny TONG also mentioned earlier) also stated expressly to the effect that employees with high income considered the MPF entirely useless, while low-income employees regarded the MPF System as a burden, and people whose income is at the lowest end must rely on the safety net provided by society.

In spite of this, a retirement protection system was already introduced in our Motherland as early as in 1951, and since 1996, a two-tier retirement protection system consisting of old age insurance under the co-ordination of society and personal accounts has been implemented. The part under society's co-ordination provides a basic old age allowance for the people, while the personal account serves as a supplement to the basic old age allowance. Such a retirement protection system can ease the burden on the Government and also provide employees with adequate retirement protection. This can be said as a win-win situation, and it is worthwhile for Hong Kong to draw on this experience.

As many colleagues have said today, the Joint Alliance for Universal Retirement Protection made up of non-government organizations has proposed a universal retirement protection scheme. We consider that if this proposal is implemented, a two-tier retirement protection system can make up for the inadequacies of the MPF System. The basic concept of universal old age allowance is to maintain the basic living standard for all elderly people without requiring extra contributions from employers and employees; and it can also straddle the peak of population ageing and help alleviate substantially the financial pressure on the Government brought by an increase of elderly CSSA cases.

In this connection, I wish to respond to Mr Andrew LEUNG. This proposal, if implemented, can reduce government expenditure on CSSA, and according to their estimate, the Government will be able to achieve \$81.4 billion in savings over a period of 30 years. On the contrary, if a universal old age allowance is not implemented and if we solely rely on the Government's tax revenue, we would be required to pay 10% more in salaries tax.

President, Dr Fernando CHEUNG, my party comrade, cannot express his views on this topic due to an inflammation of his vocal cords. So, he would like

me to state on his behalf that he entirely shares my views. Thank you, President.

MR JEFFREY LAM (in Cantonese): Madam President, old age is an inevitable stage in one's life. The elderly people are not a burden to society. Many employees will save up money when they are young, which is a habit of the Chinese people, and so, upon their retirement, apart from the MPF, they will have an additional sum of money for their family to live a worry-free life. If a universal retirement protection scheme is implemented, companies would be required to pay extra profits tax, and this would definitely undermine the competitiveness of Hong Kong. Investors would go away one after another and by then, the unemployment rate would increase, and it would be more difficult for the general public to make contributions to retirement protection schemes even if they so wish.

Under Option B of the universal retirement protection scheme, a company with profits of over \$10 million is required to pay an additional 1.75% in profits tax. I wish to emphasize that Hong Kong has all along implemented a simple tax regime. Profits tax is profits tax, and it should not be profits tax with elements of retirement protection contribution. Otherwise, profits tax will become an easy prey for other purposes, and profits tax will become a profits tax including specific purposes A, B, C and D, and hence become very, very complicated and create an uncertainty to investors. I think if adjustments have to be made to the expenditure on old-age pension or the "fruit grant", it should be done through redeployment of resources out of the Government's overall tax revenue, rather than grinding an axe at profits tax.

Moreover, although the economy is said to be starting to turn the corner or having turned the corner, many small and medium enterprises (SMEs) are still facing operational difficulties of various scales. Such operational costs as rental and fuel cost have kept on increasing and once profits tax is also increased, I can say that this would add to their burden and so, it would be totally disadvantageous.

Last week, the international rating agency, Standard & Poor's, adjusted upward the outlook rating of Hong Kong from "stable" to "positive", the highest rating since 1990, while affirming its "AA-" foreign currency and local currency long-term sovereign rating on Hong Kong. This shows that the international community is positive about improvement in the future economy of Hong Kong.

A further increase in profits tax will greatly affect the enterprises, especially SMEs, because to investors, this is bad news which is extremely unfavourable. It will deal a severe blow to successful entrepreneurs, and the gap between Hong Kong and other regions in terms of the level of profits tax will be further narrowed, causing the competitive advantages of Hong Kong to disappear. By that time, businesses will choose to invest in other places and if nobody is investing in Hong Kong, the Government would not receive any tax revenue and Hong Kong people might even lose their jobs, not to mention making contributions to enhance retirement protection.

The implementation of universal retirement protection will also add to the burden on the middle class. Back in those years when studies were conducted on the MPF, old-age pension was also proposed. But at that time, the majority view was against the idea that people who have a job be required to shoulder the contributions for the jobless. Even for the MPF System which is currently implemented, there are still "wage earners" opposing it because they are forced to make the 5% contribution. Therefore, if the contributions will have to be changed for the purpose of universal retirement protection, it will put a double burden on taxpayers and lead to inequity in the provision of subsidies. As a result, the amount of MPF benefits receivable by "wage earners" upon retirement will be reduced considerably. It is indeed very difficult to convince the public to accept such welfarism. By that time, all the fees and charges will be increased, and I think the people would not even have the money to buy a piggy bank, not to mention saving up money; and I do not think that the people will live better in any way when everyone is jobless and nobody is investing in Hong Kong, and when Hong Kong has no tax revenue. So, Madam President, I support the amendment.

MR JAMES TO (in Cantonese): President, Hong Kong will face the challenge of an ageing population in the future. In 30 years, the percentage of the elderly in the population of Hong Kong will increase from 11% to 27%. In 2011, population ageing will not be evident, for the number of people above 65 of age will be maintained at 12%. But from 2011 onwards, rapid ageing of the population will begin to take place, as the population of senior citizens aged above 65 will increase on average by 60 000 yearly. What warrants our greater concern is that the number of elderly people aged above 75 will continue to increase at the same time. Between 2003 and 2033, the population of those aged above 75 will, on average, increase by 23 000 each year.

The consequences of the ageing of population are two-fold. First, the population will be ageing rapidly in 2011, and this is a finding of the Democratic Party after detailed studies. It is mainly because the baby boomers will be in their twilight years. We only have six years to make preparations and so, we can only adopt short-term strategies to deal with the problem, such as setting up a reserve fund for the elderly population into which funds will be injected by the Government annually for the fund to be put to use after 2011.

Another consequence of population ageing is a persistent shrinkage of the workforce in the next few decades, an increase in the dependency ratio, an increase in the number of retirees, and an increase in the expenditure on welfare and retirement protection, while the birth rate and the youth population will be maintained at a low level. In view of these, Hong Kong should consider what strategies should be adopted to rise to this challenge. The Chief Executive suggested that Hong Kong people should give birth to three children, hoping that the development trend of an ageing population can hence be reversed. However, even if Hong Kong people actively give birth to the next generation, it will take more than several decades before they can join the workforce and so, it cannot be a solution to the pressing problem of rapid population ageing which will take place in six years' time. A more practicable option is to save up for the rainy day and make preparations properly for the additional public expenditure to be incurred as a result of population ageing in the future.

The Mandatory Provident Fund (MPF) schemes have been implemented in Hong Kong only since 2000. In 2011, although 19% of the elderly population is covered by retirement protection, as they started to make contributions only at the age of 54, and even for those with the highest income, their MPF benefits will amount to \$150,000 at the most and so, it is basically impossible for them to rely on the MPF to live a secured retirement life.

Before the MPF can provide retirees with more adequate protection 30 to 40 years later, we have reasons to believe that the number of elderly CSSA cases and the expenditure incurred are bound to increase substantially after 2011. There are now 180 000 elderly CSSA recipients aged above 60 in Hong Kong and the annual expenditure incurred is about \$8 billion, which means that each member of the working age population is, on average, paying \$1,740 for the expenditure on CSSA for other people. In 2012, assuming all the elderly people covered by retirement protection do not need to draw on CSSA, and half

of those elderly people not covered by retirement protection will apply for CSSA, that is, if we calculate on the basis that half of these elderly people will draw on CSSA, each member of the workforce will have to pay as much as \$4,014 on average for the CSSA expenditure on the elderly. In other words, it is 2.3 times of what they are paying now.

If Hong Kong does not put in place another retirement system, it will create a huge pressure on public finance as well as society and the economy as a whole. Implementing universal retirement protection with tripartite contributions from the Government, employees and employers in addition to the existing MPF system is a way to ensure that the Government can continuously provide stable protection for the basic living of the elderly population.

With these remarks, President, I support the original motion and oppose the amendment.

MR TAM YIU-CHUNG (in Cantonese): President, despite the implementation of the Mandatory Provident Fund (MPF) schemes in Hong Kong since the end of 2000, there is no lessening of the public's call for universal retirement protection. Moreover, the question of how to guarantee the provision of stable and adequate financial resources to maintain an effective social security system is in reality a pressing issue that needs to be tackled.

In the late '90s, only 20% of the people were covered by occupational retirement protection. The MPF schemes, which were introduced at the end of 2000, will produce results only 20 to 30 years later and what is more, it cannot take care of the elderly and housewives. The vast majority of the grass-roots elderly can only rely on their own savings and government subsidy as the source of income to make ends meet in their twilight years. Elderly people in poverty must rely on the assistance from the only social security mechanism — CSSA. Of the 1.09 million senior citizens aged 60 or above, 200 000 are CSSA recipients, accounting for as high as 18.4% of the total number. The estimated CSSA expenditure on the elderly is \$8.4 billion in 2006-07, showing an increase of 79% when compared to 1999 before the implementation of the MPF schemes. In respect of the Old Age Allowance, the estimated expenditure is \$3.9 billion in 2006-07, a 22% increase over 1999 before the MPF schemes were introduced. All these figures show that an increasing number of elderly people are drawing

social security assistance as old-age pension. Given the lack of retirement protection, the CSSA for the elderly has become a *de facto* pension scheme for them.

Population ageing is an irreversible trend in Hong Kong. According to the population projections of the Census and Statistics Department, by 2031, one in every four Hong Kong citizens will reach the age of 65 or above, and the elderly population in Hong Kong will exceed 2 million in 25 years, which is more than double the current size of their population. Although a greater percentage of the elderly will have their own MPF in future, the accrued MPF benefits of grass-roots workers will only be meagre. Such being the case, the need for social assistance at that time will multiply in proportion to their respective percentage in the population or even more. In other words, will there still be sufficient financial support for the existing CSSA system? On this question, government commitment is simply "bottomless". In the '80s, the FTU already proposed a comprehensive social security scheme. In the '90s after the establishment of the Democratic Alliance for Betterment of Hong Kong, a "two-tier social security package" was promoted in collaboration with the FTU. The greatest difference between our proposal and the MPF is that in addition to the MPF, we also call for a "social insurance payment" system with government involvement and tripartite contributions from employees, employers and the Government, with a view to maintaining a persistently stable financial reserve and providing basic financial protection for the retirement life of the people.

It is necessary for the Government to establish a universal retirement protection system as early as possible and during the transition period, the Government should focus on resolving poverty among the elderly. The problem with the Old Age Allowance and CSSA is that the former is not enough to make ends meet, while the requirements are too harsh for the elderly in applying for CSSA. So, in order to help the elderly in poverty, the Government must come up with a new way to provide assistance in addition to the "fruit grant" and CSSA. Consideration can be given to, among other things, providing more financial assistance more directly. The Government has undertaken to review the Old Age Allowance system before and yet, it has not introduced any new measure. I think apart from considering granting cash subsidies, the Government can try to consider helping poor elderly people meet the various types of necessary expenses by providing coupons to them and

granting subsidies to them for their rental and medical expenses. This can help elderly people genuinely in need, while ensuring effective utilization of financial resources. Besides, the absence rule on Old Age Allowance should be removed as soon as possible. As various social facilities in the Mainland have been developed gradually, it will become a trend that Hong Kong people will live in the Mainland after retirement. The Government should remove the absence rule and strengthen co-operation with the relevant mainland authorities in respect of social services and support, so that elderly people in need can choose freely a more suitable living environment for themselves.

As to how improvement can be made to the existing MPF System, I would like to make a number of points, in order to enhance its function of retirement protection. The DAB has consistently stressed that tax deduction should be offered for voluntary contributions, so as to give the public an incentive to save up more money for retirement. On the other hand, under the existing legislation, the MPF, severance payment and long service payment will have an offsetting effect on one another, and this is unfair to employees. We consider it necessary to review the corresponding income ceiling on employers' contributions. Under the law, employers only need to pay a maximum \$1,000 in MPF contribution, which means that the corresponding income ceiling is \$20,000. We think that consideration should be given to gradually increasing this ceiling and hence increase employers' contributions, with a view to enhancing retirement protection for employees. In this connection, the law requires that the MPF Scheme should be reviewed in the fourth year of its implementation, and it is time to conduct a review this year. So, I hope that the Government can gradually increase the income ceiling after the review.

I so submit. Thank you, President.

MR LI KWOK-YING (in Cantonese): Madam President, population ageing is, at present, a common problem faced by advanced countries. If it is not handled properly, it would cast a shadow on economic development. The local birth rate has all along been on the low side, and it is projected that in 2030, a quarter of the population will be aged above 65. To prevent the ageing population from becoming a stumbling block to local economic development, it is imperative for the SAR Government to devise effective strategies to meet this very severe challenge.

The problem of population ageing in the territory has long aroused concern in the international community. Last year, the International Monetary Fund, during negotiations with the SAR Government, issued a concluding statement, pointing out that Hong Kong is faced with the challenge of structural demographic changes and stressing the need to formulate long-term fiscal strategies to tackle an ageing population. Population ageing is certainly a great hidden worry to continuous economic growth in Hong Kong. An ageing population will cause the proportion of the working population to decline, resulting in a reduction of the Government's tax revenue accordingly. On the other hand, the Government's health care and welfare expenditure will increase considerably and this will bring enormous financial pressure. Without a well-established retirement protection system, the Government would have to rely on such means as tax increase or increase in fees and charges to meet the expenditure incurred by an ageing population. But such measures as tax increase is not what most people would wish to see.

No doubt the SAR Government has in recent years shown concern over the impact of structural demographic changes and drawn up corresponding strategies, such as the Admission of Mainland Professionals Scheme to encourage professionals to bring along their families and settle in Hong Kong. However, the number of these professionals and their families is limited and so, this measure is utterly inadequate in improving the overall demographic structure. In fact, these measures have also neglected the core problem of population ageing and that is, how a solution can be found to the huge financial burden brought by an ageing population.

It is a difficult task to achieve a secured old age for the elderly while at the same time strike a balance with the need to facilitate economic growth. The World Bank has suggested the adoption of the three pillars of old age protection by advanced countries to provide the people with comprehensive retirement protection. According to the definition of these pillars of old age protection, we have the CSSA and the Old Age Allowance as a safety net and the second pillar is the retirement protection provided by the MPF. However, the foundation of this second pillar is rather flimsy. As we all know, the MPF is applicable only to "wage earners" and so, low-income workers, housewives and the unemployed are excluded from its coverage. Besides, funds investment will involve risks. If we are too aggressive, we will run the risk of loss; if we are too conservative in our investment, the return may not catch up with inflation and the

administration cost may eventually cause us to suffer a loss, in which case there will be more losses than gains. Furthermore, many studies have pointed out that the MPF may not necessarily provide adequate retirement protection. For this reason, the DAB has all along proposed that the Government should provide tax concessions to employees who have increased their voluntary contributions.

In fact, while population ageing is a reason why universal retirement protection is imperative, a deeper reason is that the traditional view of bringing up children to provide safeguards against old age has been vanishing gradually. Children are no longer regarded as the best protection for their parents' living after retirement. In the past, the greatest joy of parents was to see their children finding a job and standing on their feet, and then the parents could depend on their children in their twilight years. To be financially supported by children in old age means parents' reliance on children, and it is also an honour. But according to a survey conducted by the Census and Statistics Department in 2003, 70% of the children in Hong Kong did not support their parents financially. However, the level of income is not a pretext for children refusing to pay for their parent's household expenses, because the survey showed that even among interviewees with a monthly income exceeding \$40,000, 40% did not provide financial support to their parents.

What is more worrying is that nowadays, parents' worries about their children just never end, not even when their children have become grown-ups. While independence and autonomy are being upheld and egoism prevails in present-day society, some academics have pointed out that the phenomenon of parents providing for their children who are in their 30s has long existed in Hong Kong. The situation is most serious in the middle class, because children from middle-class families have been nurtured by their parents since their birth, and the parents are also accustomed to taking care of their children. As we can see every year at overseas education exhibitions where parents are found everywhere, we know how heavy the burden is on these middle-class parents. It is imaginable that parents will put all their efforts and savings of a lifetime on their children and forget about making arrangements for their own retirement, eventually finding themselves in a state of desperation when they grow old. In this connection, the Government can introduce universal retirement protection, in which case parents can make preparations to resolve worries about their retirement while setting aside money for their children's education.

In fact, the problem of population ageing is not unique to Hong Kong, but the SAR Government is obviously not vigilant enough. Apart from the admission of professionals scheme, the Government has not actively proposed focused measures to address the problem. On the contrary, other world economic powers have long adopted measures to tackle the problem, in order to prevent population ageing from impeding economic development. Take the United States as an example. In recent years, efforts have been made actively to reform the pension system, while in the neighbouring Singapore, old-age pension accounts have long been introduced to enable the people to earn a higher return for their old age protection and hence ease the burden on the Government. Since the MPF and CSSA have different targets of protection, the Government can introduce universal retirement protection on the basis of these two systems, with a view to extending the scope of protection to cover all Hong Kong citizens. Such universal social protection will be financed by tripartite contributions from the Government, employers and employees, and government contributions will be determined in accordance with the labour force participation rate to avoid the impact of any changes in the political and economic environment.

Recently, the Commission on Strategic Development has discussed the ageing of the population. I hope that the Government can extensively take on board the views of the elites from all sectors of the community and expeditiously formulate strategies on population ageing, with a view to maintaining the dynamics of economic development in Hong Kong.

Madam President, I so submit.

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

DR FERNANDO CHEUNG (in Cantonese): President, I have lost my voice today, but this motion concerns the basic livelihood of many elderly people. The speech made by Ms Audrey EU earlier already included my views, and I support the original motion. Thank you, President.

MR ALBERT CHENG (in Cantonese): The motion moved by Mr LEE Cheuk-yan today is in fact very simple. It consists of only two sentences, that

is, "That this Council urges the Government to set up a sustainable universal retirement protection scheme, so that all senior citizens can enjoy financial security to maintain a basic standard of living immediately after retirement." I believe "that all senior citizens can enjoy financial security to maintain a basic standard of living immediately after retirement" is a very modest request. And this kind of financial security does not mean the provision of a cozy or even a luxurious way of life, because this is followed by "to maintain a basic standard of living". If we take a look at the English version of the motion, it illustrates the request even more aptly, "enjoy financial security to maintain a basic standard of living immediately after retirement". What it means here is just "a basic standard".

I cannot see anyone, including Members of this Council, should have any reasons for voicing any objection or moving any amendment. It is fine for someone moving an amendment. Mr Howard YOUNG's amendment has actually put forward some very good suggestions. He says, "to enable retired people to enjoy a higher basic standard of living and better financial security", "adopt more incentive measures, including offering tax deduction for voluntary contributions under the Mandatory Provident Fund (MPF) Scheme, with a view to assisting members of the public in making more comprehensive retirement protection plans that suit their needs; the Government should also, provided that the existing burden on the community will not be increased, actively study" the feasibility. However, the problem lies in Mr Howard YOUNG's deletion of the most important part, that is, "so that all senior citizens can enjoy financial security to maintain a basic standard of living immediately after retirement"; in other words, he has deleted the "basic standard". I do not understand the reasons for deleting "the basic standard", nor do I understand why this amendment can be supported. Of course, I do hope that it is just an oversight in relation to the wordings committed by Mr Howard YOUNG.

I have listened to the speech delivered by Mr Howard YOUNG. He said that the Liberal Party agreed that good arrangements must be put in place to enable the people to enjoy a good life after retirement. He also quoted two surveys which said that half of the working people worry about their life after retirement. The Liberal Party had conducted a survey on 21 April this year. It was revealed that, among the 837 respondents, 47% of them agreed that there should be retirement protection schemes. This is indisputable. Everyone hopes to enjoy the security of a basic standard of living after retirement. If this

is deleted, I do not know what kind of people would support such a retirement, that is, a retirement without the security of a basic standard of living. Therefore, President, I oppose this amendment.

However, there are several problems with the present MPF schemes. Mr LEE Cheuk-yan has stated the case very explicitly. What are the most important questions? There are inherent inadequacies. First of all, the schemes do not benefit everyone. For example, those who do not have any employment, or the housewives — since they have not made any contribution to the MPF, so they do not have any retirement protection. The same happens to hawkers, self-employed persons and low-income persons. Meanwhile, this has also enabled some employers to exploit the legal loopholes by turning some full-time jobs into half-time ones.

Secondly, President, there is another significant issue, which has been highlighted by Mr LEE Cheuk-yan, that is, the offsetting problem. The MPF is established for retirement purposes. However, if a company closes down, the long service payments will be offset. The last issue is the problem of insufficient contribution. For low-income persons, even if their monthly contribution amounts to 10% of their salaries, the benefits so accrued when they have retired will not be adequate for supporting their life after retirement. Therefore, it is the right time now for us to conduct a review, to see to it that, after all the people have been working so hard for so many years, after they have made their contribution to making Hong Kong so prosperous now, they should be entitled to retirement protection.

The present situation is very simple. For the low-income people, even if they work very hard, if their monthly income is less than \$5,000, they do not have to make any contribution to the MPF. In other words, they do not have any protection after retirement, and the only alternative available to them is to apply for CSSA. Are we telling the grass-roots people and the low-income persons that they would not be able to enjoy a dignified retirement life, and would have to rely on social welfare and the CSSA then? This is an issue we should consider and study as our reference. Therefore, I think it is very appropriate for us to move this motion today. The Government must study the issue of universal retirement protection, and explore how protection can be provided to each and every citizen after the latter has worked hard for his entire life and ensure that he can enjoy a basic standard of living. Of course, Mr

Howard YOUNG will not withdraw his amendment, and he cannot do so now. I just hope that Members can support Mr LEE Cheuk-yan's original motion and oppose Mr Howard YOUNG's amendment.

I so submit. Thank you, President.

DR KWOK KA-KI (in Cantonese): I speak in support of Mr LEE Cheuk-yan's original motion.

Yesterday, there was a press report of which I am not sure if Members are aware. It was about several elderly people, including one living in a certain elderly's home, who had taken some medication by mistake. As a result, they suffered from low blood sugar and had to be hospitalized for treatment. Fortunately, they are not in any fatal danger now. On the surface, it was an incident which does not bear any relevance to today's motion debate. We are discussing universal retirement protection. But I believe we all know that many elderly people are leading a terrible life in their twilight years.

I also know that the standards of many private care-and-attention homes for the aged are rather bad. Why should there be so many private care-and-attention homes for the aged? We all know that the Government has stopped buying places from such private care-and-attention homes. Instead, all the elderly people who need to be taken care of, including those who cannot take care of themselves, can now apply for CSSA and disability allowances, which are adequate for covering all the expenses involved in living in such private care-and-attention homes.

The way in which the Government tackles this problem is tantamount to sweeping all the dust under the carpet. Hong Kong is a very affluent society. We can see that both the *per capita* income of the local people and their ability of creating wealth are very good. However, why are there still so many elderly people leading a dismal life in private care-and-attention homes? Why do they have to stay in some private care-and-attention homes during their retirement days with no protection or quality at all? As a matter of fact, in short, it is simply because the Government has all along failed to provide a comprehensive and integrated package of retirement arrangements, including the residential care under discussion, the medical benefits which will be discussed by us in future as

well as the retirement protection scheme proposed by Mr LEE Cheuk-yan today and being discussed by us right now. In fact, these are all interrelated.

Perhaps, a long time ago, that is, some 20 years ago, when the Mandatory Provident Fund (MPF) schemes were discussed, Hong Kong's situation, we must realize, was not as good as now, and the people then were not so good in creating wealth as we are now. Therefore, we tried not to do anything to damage the financial well-being of Hong Kong. Instead, we proceeded to do something that could take care of the businessmen, who were under enormous pressure then, and in addition, we also did not wish to make the Government shoulder any additional contributions. Eventually, the present MPF schemes were launched, which was basically neither fish nor fowl.

In the past, before we have the MPF schemes, we thought the MPF would help employees to secure comprehensive protection upon their retirement. However, we now know that it is not the case in reality, and fortunately, many Hong Kong people also know that it is not so. Recently, some insurance companies and voluntary organizations have conducted some surveys, which reveal that 73% of citizens interviewed also know that relying on MPF alone is insufficient for meeting the needs in their daily lives; 90% of them do not believe that MPF can support their livelihood after retirement. I do not hope and I absolutely do not wish to see that in future the elderly people are driven into private care-and-attention homes (that is, some private elderly's homes), just like the one in which an accident happened yesterday. In fact, I cannot blame them because they are surviving only by a narrow margin. These elderly's homes operate only with the funding drawn from the mediocre CSSA and disability allowances. They fully know that, if they introduce increases in charges and fees rashly, these elderly may even be unable to afford to live in such elderly's homes.

Of course, regarding the issue of universal retirement protection we are discussing right now, it is not something only relevant to the Health, Welfare and Food Bureau. In other words, it is not the business within the portfolio of only one Policy Bureau. Although today we have only the Secretary for Health, Welfare and Food sitting in this Chamber, actually the entire Government, that is, all the other Policy Bureaux, should make an effort with specific reference to this significant issue. Yet, what we have seen is exactly the contrary. Since setting up the MPF, it seems that as long as the Government has an idea, or as

long as it can make the public have an idea, it would be enough. If some people find that not enough, then let them rely on the CSSA.

Let us skip discussing whether the CSSA is adequate. Unfortunately, during the past few years, as far as what we have seen in relation to CSSA, there is a general feeling in society to the effect that the people have adopted an unwarranted or even discriminatory attitude towards CSSA recipients. Since there was no retirement protection in the past, some elderly people have no alternative but to draw CSSA. What follows is, they will be given a very explicit label in society. Of course, the situation may be better for the elderly. If some people have to live on the CSSA just because they are unemployed, they may be considered as relying on society, or as the parasites of society or those who enjoy an easy life and hate working. Why should we create such images for them? Why can they not lead a retirement life in a dignified manner?

As a matter of fact, according to the Government's estimation, in future, one quarter of the elderly people over 65 years of age will be CSSA recipients. The Government knows fully well that these people will have to apply for CSSA, and the Government knows that they will have to live on CSSA, yet it still allows such phenomena to go on taking place — allowing the generation of disputes, conflicts, discrimination and tragedies. Is this a responsible government?

If the Government today replies that, it realizes that yesterday's decision is not so good, so it has to start all over again, then it is absolutely not too late at all. If the Government has a comprehensive plan to study the issue and implement retirement protection schemes, then it is absolutely not too late too. As I review certain research studies conducted by some voluntary organizations, I find that all they are requesting in implementing the so-called comprehensive retirement protection is just the provision of \$2,500 to \$3,000 a month. Such amounts are just very mediocre financial assistance. This is by no means taking good care of them, nor providing a good life for them, as alleged by some public figures in society. This is not true. Such financial assistance will only be adequate for providing them with a very basic life which is equivalent to that provided by CSSA. However, if a society like Hong Kong does not do as little as this, I would feel most ashamed and find it an insult.

Anyway, since Mr Albert CHENG has already commented on Mr Howard YOUNG's amendment, I do not wish to further elaborate on it. However, all in

all, I still cannot accept Mr Howard YOUNG's amendment. I shall support Mr LEE Cheuk-yan's original motion.

Thank you, Madam President.

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

MR ALBERT CHAN (in Cantonese): President, Prof Nelson CHOW published a book entitled *Poverty amidst Affluence* 20 years ago to describe the situation of Hong Kong at that time. In fact, the situation has become even worse by now in 2006. Our great Motherland is moving gradually towards the middle class, whereas Hong Kong is gradually moving towards impoverishment. Our middle-class people are leading a life of poverty now. Making monthly mortgage repayments to large corporations for their own flats is already painful enough for them. As the wealth gap between the rich and the poor keeps widening, there are rampant cases of extreme hardship and difficulties in the generally affluent society of Hong Kong.

In the districts, we frequently come across many elderly people who have to go out to the parks in the morning because their living environments are too constricted. At noon, they may buy a bun for lunch. Before sun sets, they will go home, and they will not turn on the lights in the evening. Sometimes, they may even make use of public toilets, instead of their own, in a bid to avoid using their own flushing water.

Recently, an elderly person came to us for assistance. It was because the Water Supplies Department had sent him a bill of over \$300 all of a sudden. He said he had never paid a single cent in water charges during the past 10 years. He said the water meter must have become out of order. He also said that he had been leading a most frugal life for many years, in order to avoid spending money on electricity tariffs and water charges. During these 10 years, he had tried his best not to switch on the lights and use water. Therefore, it had never been necessary for him to pay any water charges in any single month. His justification was that he had already done his best in economicizing. This water meter dispute is still not yet over. While the Water Supplies Department strongly insists that there are no problems with his water meter and that he has to pay the bill, this elderly pledges that he will definitely not pay it.

From such trivial examples, we can see that the people have devoted their lifetime to making contribution to Hong Kong society, but these elderly people, who had helped building the foundation for Hong Kong's present prosperity and affluence, have to face the harsh reality of a poor life just because there is no protection for them. Such examples abound. If the Secretary would like to meet with them, I think the number of such persons is sufficient for making up a long queue that can stretch from Central to Chai Wan, right? And such cases are indeed common in such districts as Tin Shui Wai, Tung Chung, Tsuen Wan and Kwai Chung, and so on. There are large numbers of such cases in each of these districts. Therefore, the stark truth is all too clear: That Hong Kong is lack of retirement protection.

However, in the face of such situations, the Government seems oblivious to their existence. Or it may find some reasons, no matter how trivial, and say that the MPF and CSSA Systems can take the place of retirement protection. Let me tell the Secretary categorically that, provident funds, MPF and CSSA can never take the place of old age retirement protection.

Our friends from the commercial and industrial sectors have put forward an amendment. Very obviously, the commercial and industrial sectors are most unwilling to see the provision of stable and comprehensive retirement protection acceptable to the people because once such protection is provided, they can no longer exploit our poor working people; and once such protection is provided, they will lose the bargaining power to employ workers at low wages. This is a class conflict. And this is a class confrontation. How can we expect rich tycoons and billionaires of the commercial and industrial sectors accept a comprehensive retirement protection scheme? There bounds to be conflicts of class interests with them.

Therefore, if we ask our friends in the commercial and industrial sectors to accept this retirement protection, I think we cannot force these tycoons, who have been profiteering by exploiting the people, to give way unless the people are united together to stage boycotts, strikes and revolutions or even to resort to violence. This is similar to an incident that had happened to a certain mega-tycoon, in which he was willing to take out an amount as large as \$1 billion just because his son was kidnapped. If you talk to him in an amiable manner, would he listen? He would like to squeeze even the hard-earned money from newspaper vendors. Are we longing for the provision of universal retirement

protection? My dear friends, stop harbouring unrealistic expectations. My friends in the Council, please stop holding unrealistic expectations. If we want to have retirement protection, we must unite the people together and force the Government to face this fact through organizing a mass movement. Through a mass movement, we can make the Government realize that the people should not be exploited in this way and be made to live in such inhumane conditions.

In the face of retirement protection problems, of course, people from different sectors will have many different problems too. I want to say that, in fact, three sectors are particularly full of grievances. One of these sectors is us Members. We have no retirement protection, absolutely nothing, not even a provident fund. NG Ming-yam had died for more than a decade. He had dedicated the most brilliant and the most beautiful part of his entire life to public service, yet, his children have not been able to get any protection. Our predecessor, Mr LAM Chak-piu, who was recently mentioned in a press report, eventually had to apply for CSSA despite the fact that he had been an Urban Councillor for many years. All these are attributable to the lack of retirement protection.

The second sector is, I have omitted Mr Fred LI. He has served as a Member of this legislature for many years. It is recently speculated that he will not contest for the seat for another term in the next election, right? For someone aged beyond 50 still consider the possibility of switching to another profession, he must actually have some great grievances. Of course, his new job will bring him better financial rewards than those he is now earning as a Member. Has this not reflected that there are definitely some problems with our retirement protection?

The second profession is footballers. We can see that many Hong Kong footballers died in misery, even though they had won numerous honours and trophies when they represented Hong Kong in various tournaments during their golden days. Some footballers passed away in elderly's homes, others still have to earn a living by working as taxi drivers. People in the performing sector are no exception. They are also facing many hardships. Therefore, if we want Hong Kong people to be able to enjoy a secure life, universal retirement protection is not a welfare benefit, but a basic right. Government officials are now able to earn high salaries in comfortable environments, because the people have worked hard to build up a good society, which is not the credit of the senior

officials. The commercial and industrial sectors can make a lot of money now, which is not the credit of the commercial and industrial sectors. The credit should go to the 7 million Hong Kong people who have worked so hard. Please do not think that, in giving them such welfare benefits and facilities,

PRESIDENT (in Cantonese): Mr Albert CHAN, when you speak, please face me.

MR ALBERT CHAN (in Cantonese): you are giving alms to the poor. Therefore, I would like to urge these people that, if we want to fight for universal protection, we must unite the people together and fight for the participation of the people, so as to force people of different sectors to face the facts in society. We are not asking for sympathetic alms. This is the basic rights of the people.

MR LEUNG KWOK-HUNG (in Cantonese): President, the topic of universal retirement protection in this motion debate is in fact something that was brought up a long time ago. I still recall when I was very young, I handed out leaflets on some kind of comprehensive social security with tripartite contributions. The demand made at that time was very humble, with wage earners paying 5%, the Government paying 5% and the employers paying 5%. Those who were not wage earners would depend on these funds and these were added with the administrative fees on the part of the Government.

Now what is the effect of Mandatory Provident Funds (MPF) schemes as seen from an objective perspective? This is to force people to save money. Before the economic crisis, people could expect a rise in their salary each year and they could just save some money. But now a terrible fact is nothing can be done even if someone is starved to death. At most the person can apply for CSSA and that is all. This is because the money saved up cannot be used now and money put in MPF schemes may even be used by the employers to offset long service payments.

We can see that the MPF System is the result of some half-hearted and half-baked attempt by the Government to muddle things through. The employees are forced to become self-employed. Anyone who wants to get a job will have to become self-employed. As a result, not only will they get no

labour benefits, they are even denied the most basic protection. That is to say, if they were injured at work, they will get no protection whatsoever. This is actually a most irresponsible thing done by the Government. In other words, after the implementation of the MPF System, the fund managers can juggle funds around from one place to another and reap a profit out of the handling charges collected. This has contributed to a sudden increase in financing activities in Hong Kong as well.

There has been mounting discontent with the MPF System and so it is time that it should be changed. Such change should be aimed at comprehensive social security, that is, including a comprehensive retirement protection scheme. In a capitalist society, anything that can generate profit is good. Since housewives do not take part in any form of industrial output and any production which will bring in more profits, so no one cares about the retirement of housewives. This is a deficiency of the MPF System. This is the result of capitalists who feel that they have been pushed too far and so they would just give people something which no one wants anyway. Sorry, women are out because they never take part in any production. They are out.

What society is this? Can people grow up by themselves without a mother? There are so many women, including my mother, who are afraid of retirement. They have raised their children up. I do not know if the officials grew up without the care of their mother, for I see some people would just treat their mother as garbage when their mother becomes old. This kind of people who discriminate against women and those who do not take part in any productive labour, and this system which do not recognize people who do not take part in productive labour, they are just a disgrace. A few days from now will be Mother's Day. People all praise and glorify the greatness of women and mothers, but it turns out that mothers are not cared for. Mothers experience a lot of hardship when they raise their children up. Their bodies withered and shrivelled. When mothers get old, they are unable to feed themselves. Should we not put an end to this system?

There is another point which I must state and that is, the MPF System is actually one that requires no commitment from the Government. It is also a system which does not contribute to the distribution of wealth. This is just people saving up money for themselves. Why do we need fund managers to save money for us anyway? Honestly, I cannot make any sense out of it, not even from the perspective of capitalism.

A society will be harmonious if only each and every one of us will give what we think should be given to support the living of the widowed, the orphaned, the lonely, the elderly and the disabled. We may say, doing this would mean a lot of money. Where can we get this huge amount of money for donations? Wages in Hong Kong are far too low. Our wage structure is the worst in the whole world. People in the first 10% percentile with the highest income actually possess wealth that is equivalent to 40% of the overall wealth in Hong Kong while those in the last 10% percentile with the lowest income take up less than 4% of the wealth in Hong Kong. This is the reason. That is why we cannot practise a system like this.

Besides, in its role as a financier, the Government does not even dare to collect a progressive profits tax, nor become an intermediary. What is going on? We often hear some rich Honourable colleagues say that such and such things must not be done in Hong Kong, for if not, Hong Kong will cease to be competitive. But can we not see in Singapore, the United States and other countries this sort of minimal and improved form of humanitarianism? Will these countries collapse? No. People there live a happier life than ours. Therefore, if the existing MPF System is allowed to continue, it will only turn good things into bad things. This is because the Government will not care about this rotten orange anymore and it will just turn sour and stink. The situation is like trying to catch water with a sieve and no matter how hard one may try, there is nothing one can do.

Look at this piggy bank. The Government is telling us that MPF is necessary. Let me tell you, you are going to see how this piggy bank will be broken into pieces (*sound of object being smashed*) — it is not broken. This piggy bank.....

(As Mr LEUNG Kwok-hung spoke, he lifted a piggy bank made of pottery and hit it hard against the table. He tried to break it and a loud sound was heard.)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you may speak on the topic but please do not make any loud sounds and produce any noise.

MR LEUNG KWOK-HUNG (in Cantonese): Would this count in the speaking time?

PRESIDENT (in Cantonese): Please continue to speak.

MR LEUNG KWOK-HUNG (in Cantonese): Fine, thank you. I will go on.

Actually, I want to smash this piggy bank, but it is amazing that it cannot be smashed.

This piggy bank is like our MPF System, one of these days it will break into pieces. Dear friends from the FTU, friends from the labour sector and friends who claim to be fighting for the welfare of the grassroots, you should ask the Government to abolish this MPF System.....(*the buzzer sounded*) and practise one which has tripartite contributions.....

PRESIDENT (in Cantonese): Your speaking time is up.

MR LEUNG KWOK-HUNG (in Cantonese): I still have some 10 seconds or 15 seconds of speaking time because of your interruption.

PRESIDENT (in Cantonese): No, please sit down. We have to obey the rules here. Whether the speaking time of a Member of this Council is up or not is not indicated by the President but by the sound of the buzzer that serves as a prompt.

Does any other Member wish to speak?

DR YEUNG SUM (in Cantonese): President, I rise to speak in support of Mr LEE Cheuk-yan's motion, but I oppose Mr Howard YOUNG's amendment.

I am very grateful to Mr LEE Cheuk-yan for putting the issue of universal retirement protection back on our agenda at this very time, because time is already running out and the demand for this has become very urgent. The problem of population ageing has turned very acute in Hong Kong. In 2004, those people aged 65 or above constituted 12% of Hong Kong's total population. By 2033, the proportion of this age bracket in our total population will rise to

27%. In other words, one in every four persons will be aged 65 or above by that time. What will follow is the problem of dependency ratio. In terms of the number of elderly dependents per every 1 000 persons, the ratio will rise to 341:1 000 in 2013 and further to 598:1 000 in 2033. Basically, this means that the elderly dependency ratio will increase by nearly two-fold. I believe that after 2033 and 2013, the financial burden on the working population will increase tremendously. Maybe, one person will have to support several generations of senior citizens instead of just one elderly person.

An ageing population aside, there is another problem and I believe the Secretary should be well aware of it — soaring welfare spending. We can observe that of the existing 290 000 or so CSSA recipients, more than 51% are senior citizens aged 60 or above. In actual number, therefore, as many as 180 000 senior citizens aged 60 or above (that is, 17% of the total elderly population) are in receipt of CSSA, consuming more than \$8 billion of our total expenditure on social security. Actually, as frequently pointed out by the Financial Secretary, nearly all revenue from salaries tax is spent on the provision of social security. If the elderly population keeps increasing, our expenditure on social security will also rise incessantly. The financial burden on the Government will thus turn very heavy.

President, as indicated by many surveys, the problem of elderly poverty in Hong Kong is acute. Another point is that many eligible citizens have not applied for CSSA, probably because of the traditional Chinese mentality of self-reliance and depending on family support. Why do we request the Government to draw a poverty line? The Government maintains that there is no such need, explaining that since there is a safety net, one can already get an idea of the situation simply by looking at the number of existing CSSA recipients. But the point is that despite their eligibility, many poor people in Hong Kong have still refrained from applying for CSSA due to the traditional mentality mentioned above. One can thus say that povertization of the elderly is indeed a very terrifying problem in Hong Kong.

Since the elderly dependency ratio will keep rising by the year 2013, we are of the view that it is extremely important for us to introduce universal retirement protection in Hong Kong before 2013. This explains precisely why I maintain that we must now get started in earnest. I am very grateful to Mr LEE Cheuk-yan for moving the motion at this very time. When the Secretary gives

his reply later on, he will surely claim that we need not fear because there is CSSA in Hong Kong. But I observe that the CSSA System is plagued by several problems. To begin with, can the rates really enable the elderly to receive reasonable care in living? As early as the 1990s, the studies conducted by many scholars in Hong Kong already concluded that the rates of CSSA set by the Government were open to question.

Second, the Secretary will refer to the Mandatory Provident Fund (MPF) schemes. The participation rate of the MPF schemes are truly very high because Hong Kong people are generally law-abiding. But the MPF schemes are at the same time marked by one great defect. As already pointed out by many Members, the defect is that the schemes do not cover those in great need, such as low-income earners, the unemployed, housewives, people with disabilities who do not go to work and retirees. All these people are not covered by the MPF schemes, so when they grow old and cannot receive any support, they will have to apply for CSSA.

President, at this juncture, I would like to say a few words on the Central Provident Fund Scheme of Singapore. This scheme has been contributory since its inception. Currently, the rate of contribution for Singaporean employees is 20% and that for employers is 16%. Several years ago, the rate for employers was also 20%, but for reasons of poor economic conditions, the Singaporean Government requested employers to contribute at the rate of 16%. The feature of this retirement scheme is that contributions are credited into three accounts. One of these accounts is the Ordinary Account, which can be used for the university education of scheme members' children or buying a home from the Singaporean Government. In Singapore, 80% of all citizens are living in government housing. They can all purchase the housing units they are living in with their pensions. And, there is also the possibility of investment. The second account is the Medisave Account, which can be used for paying medical expenses. The third account, sometimes called medishield, provides a medical safety net, and it can be used for taking out medical insurance. We can thus say that the proposal on adding variety to the MPF schemes, put forward by the non-government organization through Mr LEE Cheuk-yan, is in fact time tested in Singapore.

I believe the Secretary must have come across the case of Singapore when studying the issue of health care financing. I believe he must know what I mean by such terms as medisave and medishield. The non-government organization

proposes to allocate half of the contributions from the MPF schemes, that is, a mere 2.5%, and when the Government's expenditure on CSSA for the elderly is added, I do not think that there is any need Actually, in a sense, we have already made contributions. Some may wonder whether they will lose out if half of their accrued benefits are taken away. They will not lose out. What is involved is just a distribution of risk, right? Once members of the public participate in the proposed scheme, the elderly members of their families will receive immediate benefits. And, when they themselves grow old, they will also receive instant benefits. The rationale is for young people to support the elderly. This is the only way in which all in the community can be mobilized to foster stability and build up a basis of harmony. If tax increases are considered for the purpose, we must note that there is always a limit to such increases because excessive taxation will adversely affect the economy. With globalization, people will shy away from any places with excessive taxation. As a result, there is not too much room for tax increases. But how can young people and all residents be made to make contributions? This is highly necessary. I support the motion.

Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan, you may now speak on the amendment. You have up to five minutes.

MR LEE CHEUK-YAN (in Cantonese): Mr Howard YOUNG's amendment actually consists of three parts: First, offering tax deduction for voluntary contributions under the MPF schemes; second, deleting the part on immediately providing senior citizens with financial support to ensure that they have basic living protection; third, proposing to conduct studies on the premise that the existing burden on the community will not be increased.

With regard to these three parts, I think the first part is negotiable. I think offering tax deduction for voluntary MPF contributions will be an incentive

to the public to save up more money for the future. This, I think, is entirely negotiable and so, this is not the point at issue. The main point at issue is that Mr Howard YOUNG has deleted the part on immediately providing financial assistance and basic living protection to the elderly. If Members support his amendment, it would mean to a certain extent that they do not consider it necessary to provide the elderly people with basic living protection. I do not know if this is the reason why Mr Howard YOUNG proposed this deletion. This may not be his reason, as he is shaking his head to say no. Fine. I accept that he does not mean it. Indeed, we all wish to provide basic living protection to the elderly, and this is the best way of thinking. Mr Howard YOUNG might as well oppose this amendment proposed by himself, since he does not think that way.

However, even though he does not think that way, I believe he will certainly include one condition or a major premise and that is, studies of universal retirement protection will be conducted provided that the burden on the community will not be increased. Is it necessary to put it in such a way? This is a "bundling" kind of amendment. It means that while it is possible for the Government to conduct studies, the burden on the community must not be increased. But what is the principle? To us, the principle should be to provide basic living protection to the elderly. This is the most basic principle. But if it turns out that the basic principle is it must not increase the burden on the community, how could that be possible? I am not saying that when basic living protection is provided to the elderly, it would be unnecessary to consider the burden on the community. The burden on the community must also be taken into consideration. But when we discuss this issue, there is no reason to change the principle or the premise to not increasing the burden on the community.

What does it mean by not increasing the burden on the community? In fact, the community has all along been shouldering the expenditure on the elderly in many aspects. Does it mean that all elderly-related expenditure items must not be increased? This is not spelt out very clearly. I think what Mr Howard YOUNG means is that profits tax should not be increased, but I am not sure if he is against any tax increase. I do not know what he means. But I think it is unnecessary to argue about this, as it is most important to provide basic living protection to the elderly, rather than setting out a premise. His underlying reason may be that he has seen many problems posing as a burden to foreign countries as a result of the implementation of universal retirement protection schemes, as mentioned by Mr Andrew LEUNG. But Mr Andrew LEUNG was

very funny. He talked about welfare states and what he said has scared the life out of me, because even the United States are considered a welfare state. I believe from a macroscopic perspective, the United States will not be considered as one of the welfare states in any political debate in this regard.

However, what he meant was that these countries — he used some very funny wording — are "wearing a happy face in front of people but shedding tears behind their back". I do not know who he was referring to, but it must not be the elderly, because the elderly in foreign countries, such as those in France, Germany and Italy, are living a very happy retirement life. They are the envy of the elderly people in Hong Kong. Sometimes, I wonder if the elderly people in Hong Kong are destined to lead a miserable life and that is why they do not even have protection for their retirement while others are blessed with a blissful, happy life?

So, I think "wearing a happy face in front of people but shedding tears behind their back" certainly does not refer to the elderly. I wonder if it actually refers to the Government. As for another comment made by Mr Andrew LEUNG regarding the burden on the people, he said that the middle class must share their benefits with other people and asked if this is fair. I think we should not describe the middle class as so narrow-minded. In fact, it is not sharing the benefits with other people, but joining hands with other people to provide for the elderly who have made contribution to the prosperity and stability of Hong Kong. Why can we not contribute just a little bit of what we have? Is it that the middle class is unwilling even to contribute just a little bit of their benefits? What we are suggesting now is a 2.5% contribution from our monthly income. I think that is not really the view held by the middle class.

I hope Members will oppose Mr Howard YOUNG's amendment. Thank you, President.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I wish to thank Members for holding this debate on universal retirement protection. I am also thankful to Mr LEE Cheuk-yan for moving the motion and Mr Howard YOUNG for putting forward the amendment.

Like many Members, the Government is very concerned about the life of retirees and senior citizens. I wish to state at the outset that the systems

currently implemented by the Government are the results of many years of discussions in the Legislative Council. It is through all these social security systems that we seek to provide needy senior citizens with a certain degree of financial security and help them cater for their basic and special needs of living. We have erected a large safety net, providing senior citizens with special care and huge financial subsidies through our health care and housing policies. And, there are also various transport fare concessions for them. As for the portfolio of our Health, Welfare and Food Bureau, there are the following policies:

First, the Comprehensive Social Security Assistance (CSSA) Scheme:

- Senior citizens aged 60 or above may each receive \$2,150 to \$3,885 a month, which is higher than the CSSA payment for able-bodied unemployed persons.
- Senior citizens in receipt of CSSA may draw other special allowances to cater for their special needs, such as those relating to spectacles, denture, home removal, transportation to and from hospitals/clinics, diet recommended by medical practitioners and rehabilitation and health care equipment.
- Households with elderly members which have been in receipt of CSSA for 12 consecutive months are eligible for an annual long-term supplement for the replacement of household articles and durables.
- For households with elderly or disabled members or members certified to be of ill health by a medical practitioner, the values of their self-occupied properties may be discounted in the means test.
- The current asset limit for single elderly CSSA recipients is \$34,000, which is \$12,000 higher than that for single able-bodied unemployed persons.

The above-mentioned special allowances and supplements aside, the Director of Social Welfare may also exercise discretion under the CSSA Scheme to provide other assistance to needy senior citizens according to the conditions of their families. Currently, 190 000 senior citizens benefit from CSSA. I

believe that the universal retirement protection scheme discussed by Members just now will be no substitute to these elderly CSSA recipients.

The second protection is the Old Age Allowance (OAA), which is a cash allowance given to eligible senior citizens aged 65 or above for the purpose of catering for the special needs arising from their old age. Funded by the General Revenue of the Government, the OAA is a non-contributory and basically non-means tested allowance. Senior citizens aged between 65 and 69 are entitled to a monthly allowance of \$625, while those aged 70 or above can receive \$705.

There are currently 460 000 recipients of the OAA, and they constitute 54% of all those aged 65 or above in Hong Kong. In 2005-06, the Government's expenditure on the provision of OAA stood at \$3.7 billion.

The Portable Comprehensive Social Security Assistance (PCSSA) Scheme was implemented in 1997 to allow elderly CSSA recipients to continue to receive cash assistance under the CSSA Scheme even if they choose to retire permanently in Guangdong.

Following the relaxation of the PCSSA Scheme on 1 August last year, elderly CSSA recipients may now choose to retire permanently in either Guangdong or Fujian.

Under the relaxed scheme, elderly recipients are entitled to the monthly standard rate and the annual long-term supplement. On average, each recipient can receive \$2,400 to \$4,000 monthly.

Apart from the non-contributory financial assistance mentioned above, the Government also offers many other forms of protection within various policy areas.

In regard to housing, more than 65% of the elderly in Hong Kong are living in subsidized housing units. The Housing Authority makes every attempt possible to meet the housing needs of the elderly; they are accorded priority in housing allocation and allowed to choose housing units in the urban and extended urban areas and also the New Territories. The waiting period for elderly public housing applicants has been shortened from four and a half years in 1997 to less than one year now.

In regard to health care, the hospitalization of elderly people aged 65 or above constitutes 46% of the in-patient bed days of public hospitals. In 2005-06, the expenditure on public health care services for the elderly amounted to \$13.2 billion, and 45.8% of the service costs of the Hospital Authority (HA) were spent on the provision of elderly health care services.

Under the current medical fee waiver system, recipients of CSSA are exempted from paying any medical fees at public hospitals and clinics, and non-CSSA recipients who have difficulty in paying the relevant medical charges may apply for waivers. In December 2005, the HA extended the scope of period waivers to general out-patient clinics and pre-scheduled follow-up medical services. Qualified patients, including needy senior citizens, may now receive follow-up treatment at general out-patient clinics through scheduled appointments, and they may be granted period waivers of up to six months' validity. Elderly patients in need of regular follow-up medical services may be granted period waivers of up to 12 months' validity. Fee waivers are valid not only in the public hospitals/clinics where they are issued but also in all hospitals/clinics under the HA and the Department of Health that offer the same services.

In regard to transport, the Government has been actively encouraging public transport operators to lower their fares or offer concessions, having regard to their business situations and social and economic conditions. At present, most public transport operators, including franchised bus operators, railway corporations, the tram company and individual maxicab operators and ferry operators, are offering long-term fare concessions to senior citizens. For example, maxicab operators and the tram company are offering half-fare concession to senior citizens aged 65 or above. And, the Mass Transit Railway Corporation Limited and the Kowloon-Canton Railway Corporation also offer senior citizens aged 65 or above a concessionary fare of roughly half the adult fare.

The Government has also successfully implemented the Senior Citizen Card Scheme. In addition to government departments and public organizations, hundreds of merchants and shops have also joined the Scheme, offering a wide variety of discounts, concessions and priority services to the 650 000 senior citizens aged 65 or above.

We also provide subsidized home and residential services. For those elderly people living at home and in need of assistance, we provide them with

subsidized home services such as meal delivery, household cleaning, escort, personal care, physiotherapy and day-care services. Currently, various home services are provided to roughly 24 000 senior citizens, and the relevant expenditure in 2006-07 is estimated to be \$670 million.

We also offer various kinds of residential care services to senior citizens who need long-term care but who are unable to receive appropriate care at home. There are now roughly 27 000 residential places for the elderly all over Hong Kong. The expenditure in 2006-07 will be about \$2 billion. Besides, about 22 000 senior citizens are able to get places in non-subsidized homes for the elderly with their CSSA payments. To sum up, about 90% of the senior citizens living in residential care homes for the elderly are in receipt of various forms of government subsidy.

I must emphasize that senior citizens are far from being mere consumers of social resources. Most elderly people live a very positive life. They participate in social activities and also know how to spend money and live a good life. We hold that there is plenty of room for developing the "grey hair market".

Let me now turn to the Mandatory Provident (MPF) schemes. I agree that we should not wait until old age to start planning for retirement protection. We must think ahead early and enhance the livelihood protection for retirees. The MPF Scheme was passed in the Legislative Council in 1995 and implemented on 1 December 2000 after lengthy discussions in society. The aim is to assist the working population in making contributions while they have incomes, so that they can have savings to ensure a better life after retirement. This is an employment-related, mandatory and privately-run provident fund system. Under the MPF System, unless exemption has been granted, all employees and self-employed persons between 18 and 65 must take part.

Under the MPF System, the employer and the employee must each contribute to a registered MPF scheme a sum amounting to 5% of the employee's income, subject to the maximum and minimum levels of income (currently \$20,000 and \$5,000 per month respectively). All accrued benefits are vested in the scheme member, that is, the employee, who may transfer the accrued benefits to another MPF scheme upon change of job or termination of employment. A self-employed person must contribute 5% of his relevant income. Generally speaking, all accrued benefits cannot be withdrawn until the scheme member reaches the retirement age of 65.

As at the end of March 2006, about 98.5% of all employers (numbering roughly 228 200), 96.7% of all employees (numbering about 1 992 500) and 77% of all self-employed persons (numbering some 287 200) have joined MPF schemes.

Two thirds of the 3 million-strong working population in Hong Kong are under the age of 40. Following the implementation of the MPF System, there will still be a very long time for these people to make contributions, thus ensuring that they will have a sizeable amount of money to provide for their retirement protection.

On the question of universal retirement protection, a certain organization has recently requested the Government to review the feasibility of establishing a universal retirement protection scheme. Under the proposed scheme, the Government, employers and employees are all required to make contributions, and two options of old age pension are put forward — one is \$2,500 a month and the other \$3,000. Members of the public must, however, seriously consider the fact that both options will require employers and employees to inject half of their present MPF contributions, that is, 2.5% of their respective contributions, into the proposed scheme. The Government is of the view that this proposal will seriously impact on the retirement protection offered by the MPF schemes to employees in future. The proposal involves transferring half of the benefits in a personal MPF account to a universal retirement protection scheme, and this is in fact a way of turning the benefits into public property. Under the system of personal accounts, MPF scheme members know clearly that all the relevant contributions belong to them. But under the proposed universal retirement protection scheme, MPF scheme members must share their contributions with others. This is quite similar to an additional type of tax. Society must consider whether there is a need for such a scheme and how it can be accepted.

What is more, the studies conducted by the World Bank indicate that the return rates yielded by state-run retirement schemes are generally rather low, far below the growth rates of salaries. In addition, it is worth mentioning that under the proposed scheme, if we decide to implement the option of offering \$3,000 a month to each senior citizen, it will be necessary to impose a 1.75% increase in profits tax for enterprises earning an annual profit of more than \$10 million. The actual sum of tax revenue will be \$4.64 billion at the levels of 2003.

In brief, the proposal will impose upon Hong Kong a universal retirement protection scheme which international experience has proved to be not quite so feasible in the context of an ageing population. And, such a scheme will also be unfair to the 2 million or so MPF scheme members, because the accrued benefits that they can enjoy after retirement will certainly be adversely affected. Furthermore, it will have a certain degree of impact on the business environment.

A universal retirement protection scheme is actually a pay-as-you-go social security scheme. The establishment of a universal old age pension scheme was once discussed very enthusiastically in society in the mid-1990s. In 1994, when the Government explored which type of retirement scheme Hong Kong should establish, a public consultation exercise was conducted on the relevant proposal. The views of the public on the establishment of an old age pension scheme were sharply divided at that time. Although some supported the proposal, others said that it was unfair for the following reasons:

1. The proposal cannot define the link between contributions and benefits.
2. The establishment of a universal old age pension scheme will shift the responsibility of looking after the elderly from the individual or family to society as a whole. Such a scheme will not be capable of providing focused assistance to the needy elderly people.
3. There is a lack of inter-generational fairness.

After thorough discussions by different social sectors and the forging of a consensus, the then Legislative Council eventually passed the implementation of the MPF Scheme.

We have also studied the schemes implemented in the rest of the world, and the Government has made tremendous efforts to formulate a financial assistance scheme based on the three pillars advocated by the World Bank, with a view to concentrating resources on the elderly people in the greatest need.

The first pillar refers to public schemes aimed at relieving poverty. Currently, needy elderly people can receive assistance under the CSSA Scheme. Besides, as I have mentioned, there are also the free medical services provided

by government hospitals and clinics and the many kinds of special allowances to cater for different needs. Senior citizens not in receipt of CSSA may also apply for the OAA under the Social Security Allowance Scheme to cope with the needs arising from old age.

The second pillar is the establishment of a mandatory retirement protection scheme. The MPF Scheme currently implemented by the Government can provide retirement protection to the working population.

As for the third pillar, people are required to make personal savings. The Government has always encouraged people to plan ahead and save for their life after retirement.

This is a more suitable mode for Hong Kong. Hence, the Government is now conducting studies on the sustainability of these three pillars in Hong Kong. We hope that findings can be available around the end of this year.

Between 1994 and 1995, the expenditure on CSSA increased from \$3.4 billion to \$17.8 billion, and the number of recipients also went up from 140 000 to nearly 540 000. In other words, there was one recipient in every 13 persons. If we count in the OAA and the Disability Allowance, which are basically non-means tested, we will see that the CSSA Scheme and the Social Security Allowance Scheme now actually cater for the needs of more than 1.1 million people in Hong Kong. The relevant expenditure stood at \$23.2 billion in 2005-06, accounting for 12.2% of the total government expenditure. When we consider any new retirement protection proposals, we must also consider the sustainability of the Government's financial ability.

In developed Western countries such as the United States, where a pay-as-you-go universal retirement protection scheme is implemented, financial difficulties have already started to emerge, making it very difficult to sustain the scheme and necessitating reforms of the retirement insurance scheme. The reason is very simple. The population is ageing, so the number of people making contributions is smaller than that of those withdrawing money. To maintain the level of retirement protection, it will be necessary to introduce reforms and increase the amount of contributions.

In "Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth", a research report published by the World Bank in 1994, an analysis is

done on the problems faced by both affluent and poor countries in the implementation of a pay-as-you-go pension scheme. A pay-as-you-go system financed by a payroll tax with the joint commitment of employers and employees is marked by one major problem: sustainability is difficult to achieve due to an ageing population resulting from declining fertility and rising life expectancy. What this means is that a diminishing working population will have to support a larger retiree population living a longer life than before. Countries with an ageing population aside, Latin American countries and poor nations with a predominantly young population also find it impossible to sustain such a scheme due to rising unemployment.

In order to support an expanding retired population, it will be necessary to increase salaries tax. This will increase unemployment and induce more people to evade contributions by, for example, switching to the informal labour sector. Countries implementing a pay-as-you-go pension scheme also face other problems, such as a tendency of early retirement. If government subsidy is used for sustaining a pay-as-you-go scheme incurring continuous losses, there will be less money for other public expenditure items that can promote economic growth (such as education, health care and infrastructural facilities).

Besides affecting the welfare benefits of the elderly, a publicly-managed pension scheme will also affect young people's welfare benefits, because the expenses of supporting the elderly must be shouldered by young people. Therefore, apart from providing the elderly with protection, a satisfactory pension scheme should also promote economic growth, or at least it should not hinder such growth lest the younger generation may have to shoulder a heavier burden.

Many economies have realized the need for reforming their pay-as-you-go schemes. Such reforms include raising the retirement age, increasing the rates of contributions and adjusting the levels of pensions by, for example, using inflation rates instead of wage growth as indicators for setting pension levels. However, all these measures can only delay the occurrence of insolvency instead of eradicating the problem. With a view to relieving the immense financial pressure exerted by publicly-managed pension schemes on different countries in the world, the World Bank has recommended a multi-pillar approach. This means the inclusion of other schemes (such as privately-run contributory schemes) in the provision of old age security, so as to reduce reliance on the

pay-as-you-go system. Many Latin American countries and member states of the Organization for Economic Co-operation and Development (OECD) have already embarked on structural reviews and reforms of their systems.

Over the years, the public policy discussions on old age security have involved a wide variety of topics. Discussions in the past focused on identifying the best means of ensuring adequate income for retirees. Current discussions, however, focus on the financial burden imposed by population ageing (especially in advanced countries experiencing an economic slowdown). It is now internationally recognized that it is no longer feasible to rely on pensions as a means of fostering social stability and inter-generational inclusion, and that the tax burden imposed by pay-as-you-go schemes will instead intensify inter-generational conflicts. What is more, it is also recognized in current discussions that there is a need to encourage people to shoulder a greater share of personal responsibility and reduce their reliance on retirement protection schemes. It is also widely recognized in the world that the system of personal accounts can help counter the trend of early retirement and establish a clearer link between past contributions and future benefits.

Let me now turn to our existing tax regime once again. The standard rate on personal income in Hong Kong now is 16%. In 2003-04, only 2.3% of all salaries taxpayers were required to pay tax at the standard rate. If we implement a universal retirement protection scheme, are we supposed to ask all Hong Kong people to share the expenditure required? In the past, the Legislative Council already conducted adequate and comprehensive discussions. But I may still provide some new statistics for Members' reference. In the economically advanced countries of Europe and America, a high percentage of their tax revenue is devoted to the provision of welfare benefits. According to a study conducted by the OECD on the taxation burden in developed economies, such percentages range from 39% in New Zealand which is the lowest to 63% in Denmark, being the highest. Since two thirds of the working population in Hong Kong do not need to pay any personal income tax, we must really consider how we can possibly find enough capital for the implementation of a universal retirement protection scheme.

In regard to Mr YOUNG's amendment, I wish to point out that the SAR Government must also take account of the fact that its main sources of revenue are the salaries tax, profits tax, land sale proceeds and investments. The stability of all these sources of revenue is affected by economic fluctuations. In

view of the fact that there is already tax concession for MPF contributions, the Government must prudently consider the feasibility of offering further tax concession for voluntary MPF contributions and also the impacts on government revenue.

Besides, foreign experience also tells us that the introduction of universal retirement protection will inevitably involve contributions from employers. In Hong Kong, a simple tax regime is upheld. The profits tax rate for incorporated businesses is set at the low level of 17.5%, which makes Hong Kong highly attractive as a centre of international investors. Currently, under the MPF Scheme, employers are already required to make contributions for their employees. If we require employers to make further contributions under the proposed universal retirement protection scheme, should we consider whether there will be any adverse impacts on the overall business environment? Hong Kong is facing fierce competition from neighbouring places, so we must consider the proposal very carefully.

Although Hong Kong is already a world city in Asia, many traditional Chinese cultural concepts, such as "love others' elderly as you would love your own", are still embedded in the minds of Hong Kong people. For example, as indicated by the Study on Image of Ageing commissioned by the Elderly Commission, 62% of the respondents will provide their elderly family members with financial support. Besides, according to a statistical survey conducted by the Census and Statistics Department in 2004 on senior citizens' needs for long-term care, 61% of the elderly population (or roughly 550 000 elderly persons) are estimated to be in receipt of monthly living expenses from either their children or relatives. We must make every effort to preserve this fine traditional concept of family instead of shifting the responsibility of looking after the elderly to society.

Making savings is a traditional virtue of Chinese people and also a significant part of personal financial management and protection. The rate of savings in Hong Kong has always been quite high and this has indirectly boosted the investment market of Hong Kong. With savings, a family can create the conditions necessary for living a quality life and enable its young members to receive good education, but ensuring a happy life after retirement is also a main objective of making savings. As the freest economy in the world, Hong Kong should allow its people to enjoy the freedom of deciding their financial arrangements and prioritizing the uses of their savings.

To sum up, we have studied the experience of other countries and come to realize that as a result of population ageing, countries implementing a universal retirement protection scheme are all greatly worried about the sustainability of their respective schemes. As a matter of fact, through our social security system, the MPF Scheme and huge health care and housing subsidies, the Government has been providing retirees with quite complete protection, and the basic livelihood needs of senior citizens are also catered for.

How people are to live their retirement life is largely a family responsibility and a matter of personal choices. When considering any universal retirement protection schemes, we must consider whether they will weaken the family's role in supporting its elderly members, and care must be taken not to undermine such core values in Hong Kong society in relation to the importance of the family and filial piety. Another point is that with the rising education levels and manpower quality in Hong Kong, retirees in the future may wish to direct the financial arrangements for their retirement life instead of having the Government to do so for them.

Given the ageing of our population, how best to maintain our low and simple tax regime while ensuring the financial sustainability of our old age security system is indeed a problem that society as a whole must try to understand and resolve.

In conclusion, the Government is concerned about and understands the challenges brought about by population ageing, and studies are already underway to assess how the three pillars of retirement protection can complement one another in a sustainable manner. There is no panacea for the problem of old age security. Hong Kong must learn from the reform experience of other countries, meaning that it must consider:

1. the affordability of society;
2. whether there is any consensus on wealth redistribution; and
3. the distribution of individual and public responsibilities and the choices between them.

The present approach is suitable for Hong Kong, which means that it is appropriate to make contributions to personal accounts and make clear records of

all accrued retirement benefits for an individual. It has been proven by experience that there are certain principles behind universal retirement protection schemes and there is also the problem of sustainability. It is therefore necessary to consider the question of sustainability. We have very great reservations about the proposal, and the Government will not lightly implement any universal retirement protection scheme. Consequently, I hope that Members can handle this topic very cautiously.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That Mr Howard YOUNG's amendment to Mr LEE Cheuk-yan'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.

(Members raised their hands)

Mr Albert HO rose to claim a division.

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

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

PRESIDENT (in Cantonese): Have all Members present pressed the "Present" button?

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

Functional Constituencies:

Dr Raymond HO, Dr LUI Ming-wah, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr Andrew LEUNG and Mr WONG Ting-kwong voted for the amendment.

Ms Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr KWONG Chi-kin and Miss TAM Heung-man voted against the amendment.

Geographical Constituencies:

Mr James TIEN, Mrs Selina CHOW, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr LI Kwok-ying and Mr CHEUNG Hok-ming voted for the amendment.

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Ronny TONG and Mr Albert CHENG voted against the amendment.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 22 were present, 13 were in favour of the amendment and nine against it; while among the Members returned by geographical constituencies through direct elections, 26 were present, eight were in favour of the amendment and 17 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan, you may now reply and you have two minutes 46 seconds.

MR LEE CHEUK-YAN (in Cantonese): President, I very much thank those Members who have spoken. But it is greatly disappointing that the Secretary has not answered Members' questions at all. From the beginning till the end of his speech, the Secretary has not addressed a question: What should elderly people in poverty do? What should these elderly people in poverty do now? Now, not all of these elderly people in poverty can apply for the CSSA. Many of them cannot apply for the CSSA, but they are poor. What should they do? What about elderly people in the future? Many Members said earlier that the MPF could not solve the problem. Low-income workers have difficulties; housewives have difficulties; the unemployed have difficulties. Many people also have difficulties, and Members have difficulties too. Perhaps civil servants are the only persons who do not have difficulties. So, throughout the debate the Secretary entirely did not address the situation and plights of elderly people in poverty. Nor did he mention ways to resolve their financial difficulties. There was simply nothing. Insofar as this issue is concerned, he is totally destructive without making any constructive points. He is totally cold-blooded and so, I am very disappointed.

He has been criticizing the universal retirement protection system proposed by non-government organizations. The non-government organizations have engaged actuaries to examine the proposal and the proposal is considered feasible. Yet, he still kept on saying that it is not feasible, citing overseas experience to justify his argument. HU Jintao has also said that we must not copy everything from overseas experience, but still he cited the experience of overseas countries. He kept on saying that this happened and that happened in the United States and in Europe. But President, the Secretary must bear in mind that firstly, the experience of overseas countries has a very long history; secondly, let us not forget the happy experience of the elderly in foreign countries which I mentioned earlier. Why do we not bring the happy experience to Hong Kong and only bring to Hong Kong the difficulties? Moreover, the difficulties of the Government are not insoluble. Overseas governments are all studying ways to resolve their difficulties. Furthermore, let us not forget that there is a very big difference between the proposal made by non-government organizations and systems in overseas countries. The proposal of non-government organizations is very humble, as it only involves \$2,500 to \$3,000 a month, whereas in overseas countries, 60% to 70% of the final income is involved. Their pension systems involve a very high level of contribution. But Secretary, ours is at a very low level, and that is why it is sustainable and

found to be feasible according to the calculation, and this is all because the level is too low. He refused to consider even such a humble proposal, and it is indeed very disappointing. He has dashed the hopes of the elderly people who consider him as cold-blooded.

I hope that the Secretary will reconsider this. Besides, he has distorted one thing and that is, we do not have the first pillar recommended by the World Bank. The first pillar is not about how assistance can be provided to elderly people in need, but a basic pension, which is lacking in Hong Kong. Therefore, the remark made by him earlier about making an effort to erect the first pillar is simply not true. He is not making any effort to build the first pillar.

Thank you, President, and I hope that Members will support the motion.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr LEE Cheuk-yan be passed. Will those in favor please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Howard YOUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Howard YOUNG has claimed a division. The division bell will ring for three minutes, after which the division will begin.

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

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

Functional Constituencies:

Ms Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the motion.

Dr Philip WONG voted against the motion.

Dr LUI Ming-wah, Mr Bernard CHAN, Mrs Sophie LEUNG, Mr Howard YOUNG, Ms Miriam LAU, Mr Timothy FOK, Mr Tommy CHEUNG, Mr Jeffrey LAM and Mr Andrew LEUNG abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Kong-wah, Ms Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr CHEUNG Hok-ming, Mr Ronny TONG and Mr Albert CHENG voted for the motion.

Mr James TIEN and Mrs Selina CHOW abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 20 were present, 10 were in favour of the motion, one against it and nine abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, 23 were in favour of the motion and two abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was negated.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 3 May 2006.

Adjourned accordingly at twenty-seven minutes past Six o'clock.

Appendix I**WRITTEN ANSWER****Written answer by the Secretary for Security to Mr CHEUNG Hok-ming's supplementary question to Question 1**

In the past five years, there were no cases of fire in the rural areas in the New Territories in which the casualties were caused by delay in rescue. Regarding whether there were any cases of delay in rescue due to the lack of emergency vehicular access, the Fire Services Department does not have such statistics. But in general, the efficiency of rescue operations can be increased if emergency vehicles can be closer to the incident location.

Appendix II**WRITTEN ANSWER****Written answer by the Secretary for Home Affairs to Mrs Selina CHOW's supplementary question to Question 1**

As regards the Rural Public Works (RPW) programme, minor works projects to improve the infrastructural facilities and the living environment of rural areas in the New Territories are carried out by the Home Affairs Department (HAD) under the RPW programme.

The local community, village representative and District Council members may, from time to time, make proposals on works projects to the relevant District Offices (DOs). The DOs will consider the proposals, assess their feasibility and costs, seek views from the affected parties and organizations, as well as consult the relevant departments where necessary. During this process, the DOs also have to take into account the technical aspects of the proposed projects, including whether the scope of the proposed project will overlap with that of other works departments, or whether there is any site constraint (for example, underground public facilities).

As the nature or site environment of every RPW project differs, the time needed for consideration and planning also varies. It is clear from the above that the time taken by the DOs to make a decision on the proposals put forward by the local community or organizations depends on individual circumstances. It is therefore not possible to set a standard timetable in respect of the time taken to decide on whether a proposal may be implemented. Nonetheless, according to our past records, most of the works projects would commence within one year after being included in the RPW programme.

Appendix III**WRITTEN ANSWER****Written answer by the Secretary for Security to Mr LAU Kong-wah's supplementary question to Question 1**

The existing vehicular access near Kiu Tau in Kau Lung Hang, Tai Po, only allows the passage of vehicles below 3 m in height. After examining the traffic condition of the area, the Environment, Transport and Works Bureau and the Transport Department considered that the capacity of the existing vehicular access was sufficient to meet the traffic needs, and it was not necessary to construct another vehicular access. However, the existing vehicular access in Kau Lung Hang is located in a low-lying area and access by vehicles may be affected at times of heavy rain. In this connection, the Drainage Services Department is carrying out a project entitled "Construction of Drainage Channels in Ma Wat and North of Hong Lok Yuen, Tai Po", which is expected to be completed in mid-2008. To promptly alleviate the flooding problem of Kau Lung Hang, the works of laying four subsoil drains with a diameter of 2.1 m across the embankment foundation of the Kowloon-Canton Railway for diverting some of the rain water in the upstream area are expected to be completed before the rainy season of 2007. The first drainage pipe will be used immediately for temporary diversion of rain water upon its completion by September this year. This will help to alleviate the threat of flood in the coming rainy season and the possible impact on the traffic and daily lives of the residents of Kau Lung Hang at times of heavy rain.

In view of the special conditions in Kau Lung Hang, the Fire Services Department has a contingency plan in place to handle emergencies in that area. At present, the Fire Services Department's light rescue units, light fire appliances, ambulances and two modified pumps all meet that height restriction, and are thus able to reach Kau Lung Hang for rescue operations.

Appendix IV**WRITTEN ANSWER****Written answer by the Secretary for Housing, Planning and Lands to Mr James TIEN's supplementary question to Question 2**

As regards whether the issue of false information would arise after an Agreement for Sale and Purchase (ASP) has been signed, upon agreement on all the terms of a property transaction and the signing of an ASP by the vendor and the purchaser, both parties have their legal responsibilities to fulfil the terms prescribed in the ASP, and the said ASP becomes a legally binding contract. Hence, if a person makes a representation based on true information stated in a signed formal ASP, then the question of disclosing false information would not arise.

If a person (Party A) makes a representation based on information set out in a signed formal ASP and as a result induces another person (Party B) to complete another property transaction, Party A may be held liable for damages if the representation turns out to be false, unless Party A could prove that he had reasonable grounds to believe and did believe up to the time the contract was made that the facts represented were true. On the other hand, pursuant to section 2 of the Misrepresentation Ordinance (Cap. 284), where Party B has entered into a contract after a misrepresentation has been made to him and the misrepresentation has become a term of the contract or the contract has been performed, he may be entitled to rescind the contract subject to the provisions of Cap. 284.

Appendix V

WRITTEN ANSWER

Written answer by the Secretary for Home Affairs to Dr LUI Ming-wah's supplementary question to Question 4

As regards the number of complaint cases in respect of which the data users concerned were found to have contravened the requirements of the Personal Data (Privacy) Ordinance (the Ordinance) in 2004 and 2005, of the 1 085 and 1 140 complaints handled by the Privacy Commissioner for Personal Data in 2004 and 2005 respectively, 28 cases and 11 cases were found to have contravened the provisions of the Ordinance, details of which are set out below:

<i>Investigation Results</i>	<i>No. of cases</i>	
	<i>2004</i>	<i>2005</i>
Contravention of Data Protection Principles (DPP)	22	9
Contravention of provisions in the Ordinance other than DPP	6	2
Total:	28	11