

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 10 January 2007

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.S.,
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, G.B.S., 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 CHIN-SHEK, J.P.

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 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, S.B.S., 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., J.P.

DR THE HONOURABLE JOSEPH LEE KOK-LONG, J.P.

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

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

THE HONOURABLE MA LIK, G.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

PROF 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

MEMBER ABSENT:

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

PUBLIC OFFICERS ATTENDING:

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

THE HONOURABLE JOSEPH WONG WING-PING, G.B.S., J.P.
SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY

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

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

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

THE HONOURABLE 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

MS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

PRESIDENT (in Cantonese): Clerk, please ring the bell to summon Members to 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 now starts.

This is the first Council meeting held in the year 2007. I take this opportunity to wish Members and public officers good health and every success in their work. I also hope that 2007 will be a year full of vitality and a year to put words into acts to Hong Kong society.

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>
Declaration of Constituencies (District Councils) Order 2006.....	275/2006
Lands Tribunal (Amendment) Rules 2006.....	281/2006
Merchant Shipping (Local Vessels) Ordinance (Commencement) Notice	282/2006
Merchant Shipping (Local Vessels) (Fees) Regulation (Commencement) Notice	283/2006
Merchant Shipping (Local Vessels) (Safety and Survey) Regulation (Commencement) Notice	284/2006
Merchant Shipping (Local Vessels) (Typhoon Shelters) Regulation (Commencement) Notice	285/2006

Merchant Shipping (Local Vessels) (Works) Regulation (Commencement) Notice.....	286/2006
Merchant Shipping (Prevention of Pollution by Sewage) Regulation (Commencement) Notice.....	287/2006
Shipping and Port Control (Amendment) Ordinance 1999 (Commencement) Notice 2006.....	288/2006
Shipping and Port Control (Cargo Handling) (Repeal) Regulation (Commencement) Notice.....	289/2006
Shipping and Port Control (Works) Regulation (Commencement) Notice.....	290/2006
Human Organ Transplant (Amendment) Ordinance 2004 (Commencement) Notice 2006.....	291/2006
Quarantine and Prevention of Disease Ordinance (Amendment of First Schedule) Order 2007.....	1/2007
Prevention of the Spread of Infectious Diseases Regulations (Amendment of Form) Order 2007	2/2007
Construction Workers Registration Ordinance (Amendment of Schedule 1) Notice 2007	3/2007
Construction Workers Registration Ordinance (Commencement) Notice 2007.....	4/2007

Other Papers

- No. 55 — Annual Report 2005-2006 of the Hospital Authority, which contains Statement of Accounts and Auditors' Report
- No. 56 — Report and Statement of Accounts of the Samaritan Fund, together with the Director of Audit's Report, for the year ended 31 March 2006

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Enhancing Hong Kong's Status as a Major International Convention and Exhibition Centre

1. **MR ANDREW LEUNG** (in Cantonese): *President, the International Telecommunication Union TELECOM WORLD 2006 (ITU TELECOM WORLD), recently concluded in Hong Kong, was the first ITU TELECOM WORLD ever held in a city other than Geneva. In this connection, will the Government inform this Council:*

- (a) *of the tangible and intangible economic benefits that this event has brought to such industries as telecommunications, convention and exhibition, hotel, tourism, catering and retail, and so on; and*
- (b) *as many cities in the region are vigorously developing markets for their convention and exhibition industries, whether the Government will introduce measures after this event to enhance Hong Kong's status as a major international convention and exhibition centre in the region?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, the ITU TELECOM WORLD, the famed "Olympics of the telecommunications industry", was held in Hong Kong from 4 to 8 December 2006. This was the first ITU TELECOM WORLD ever held outside Geneva, as well as the largest exhibition cum forum ever held in Hong Kong. The event drew worldwide attention.

According to the statistics provided by the organizer, namely the International Telecommunication Union (ITU), 695 exhibitors from 37 countries participated in the ITU TELECOM WORLD. The exhibition cum forum took up a total area of 70 000 sq m, or the entire floor space of the AsiaWorld-Expo (AWE). Some 62 000 participants from 141 countries attended the exhibition or the forum.

Regarding the first part of the question, the successful hosting of the ITU TELECOM WORLD has significantly enhanced Hong Kong's status internationally and greatly benefited our information and communications technology industry, exhibition industry and other economic sectors.

First, the SAR Government played a key role in co-ordinating and promoting the ITU TELECOM WORLD and rendered support in such areas as traffic management, security and crowd control. Relevant sectors also facilitated on matters relating to logistics, accommodation and exhibition facilities, and so on. The seamless arrangements were unanimously appreciated by the participants, fully demonstrating Hong Kong's capability to host mega international exhibitions and conventions. This has also reinforced Hong Kong's position as the world's events capital and underlined Hong Kong's unique role as a telecommunications hub in the region.

The ITU TELECOM WORLD has demonstrated Hong Kong's pivotal role in accessing the mainland market for overseas companies. During the exhibition, the SAR Government arranged a series of activities to help overseas enterprises deepen their understanding of the mainland market. At the same time, the event attracted participation from about 150 mainland exhibitors and provided an effective platform for mainland enterprises of various sizes to keep themselves abreast of the state of the art technologies and latest business intelligence. Such knowledge will be conducive to their future expansion or entry into the global market.

The local information and communications technology sector also made good use of the platform provided by the ITU TELECOM WORLD to network with enterprises from all over the world and to gain first-hand information about leading-edge technologies, business operation and promotion strategies. They took the opportunity to showcase their excellence to overseas enterprises, attract foreign investment and expand business opportunities. Some 80 local information and communications technology companies, including many small and medium enterprises (SMEs), participated in the exhibition.

Furthermore, the SAR Government took the opportunity to hold bilateral meetings with ministers of overseas governments during the ITU TELECOM WORLD to share information about the latest developments in the telecommunications sector and strengthen mutual co-operation. The Government and the sector also actively participated in the forum of the ITU

TELECOM WORLD to exchange views on telecommunications policies and developments.

Apart from the aforementioned intangible benefits, the ITU TELECOM WORLD has also brought significant direct economic benefits of about \$900 million to Hong Kong. That included expenses incurred by exhibitors for constructing exhibition booths and conducting promotion programmes, as well as exhibitors' and visitors' spending on accommodation, catering, sightseeing and shopping. Moreover, during the exhibition period, the venue operator and its contractors created over 1 000 temporary job opportunities in the exhibition centre. Hotel occupancy rate was over 90%.

Regarding part (b) of the question, the success of both the Sixth Ministerial Conference of the World Trade Organization held in Hong Kong in 2005 and the ITU TELECOM WORLD reflects clearly the Government's policy in furthering the development of Hong Kong as an international exhibition and convention centre. The Government has been closely monitoring demand for exhibition infrastructure and has taken appropriate measures in order to maintain Hong Kong's position as an international exhibition and convention centre.

On infrastructure, the Government has invested \$2 billion to develop the AWE. The AWE is suitable for exhibitions for both light and heavy industries. The ITU TELECOM WORLD held this time is one of the examples. Since its opening in the end of 2005, major exhibitors from Hong Kong, the Mainland, Europe and the United States have held over 40 events and activities at the AWE, and over 90% of them were in Hong Kong for the first time. Our success in hosting the ITU TELECOM WORLD at the AWE will further promote the development of the AWE. We are actively liaising with the AWE with a view to taking forward the early commencement of the AWE Phase 2 project, thereby increasing its total exhibition space to 100 000 sq m.

We also strongly support the expansion of the Hong Kong Convention and Exhibition Centre (HKCEC). Back in 2005, the Government already rendered its support to the Hong Kong Trade Development Council (TDC)'s proposal of expanding the atrium link between the HKCEC's Phase 1 and Phase 2. It will add 19 400 sq m of exhibition space, boosting the HKCEC's total dedicated exhibition space by 42%. The expansion project is expected to be completed in 2009. We are actively pursuing with the TDC the need for further expanding our exhibition facilities, including the development of the HKCEC Phase 3 in Wan Chai.

The Government will continue to work closely with the industry to attract more international conventions and exhibitions to Hong Kong. Relevant departments including InvestHK, our economic and trade offices, the TDC and the Hong Kong Tourism Board, and so on, will further promote Hong Kong's advantages as a convention and exhibition capital. Where necessary, the Government will also continue to assume a co-ordinating role for large-scale international conventions in areas such as security, traffic management and reception so as to facilitate their smooth running.

MR ANDREW LEUNG (in Cantonese): *As I pointed out in part (b) of the main question, neighbouring places of Hong Kong, such as Macao, Guangzhou, Shenzhen, and so on, are vigorously developing their convention and exhibition industries. In fact, the Chief Executive of Macao said in his 2007 policy address that Macao would promote the gradual integration of its tourism, recreation and convention and exhibition industries in 2007. In the face of such competition, in addition to the policies mentioned earlier, what other ideas does the Government have to ensure that we can maintain our status as the leading convention and exhibition centre in Asia?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): I have to thank Mr LEUNG for asking this supplementary question. Just as I have said in the main reply, we have all along monitored closely the development of the convention and exhibition industries, including the competition posed by the neighbouring places. In respect of infrastructure, Members may know from the main reply that in addition to the expansion of exhibition space in the next few years, we also hope to maintain our existing advantages. We will also examine how we can enhance our competitiveness on the software front, particularly in management. Therefore, we plan to hold meetings with the two convention and exhibition organizations, namely the HKCEC of the TDC and the AWE to actively discuss the deployments to be made in the next few years with a view to maintaining our competitive edge in this respect. On the part of the Government, we are more than willing to take matching actions, including the consideration of the need to formulate relevant policy or the injection of more resources. These are measures we will consider.

MR JEFFREY LAM (in Cantonese): *Madam President, in the Secretary's earlier reply to part (b) of the main question, he said, "Since its opening in the*

end of 2005, major exhibitors from Hong Kong, the Mainland, Europe and the United States have held over 40 events and activities at the AWE, and over 90% of them were in Hong Kong for the first time.". May I ask the Secretary whether those events first held in Hong Kong were new events which had never been held in other places before? Or were those events used to be held in other places but have now switched to Hong Kong?

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, according to the information at hand, among those events, at least two mega exhibitions which used to be held in other places are held in Hong Kong for the trades consider it better to stage those events in Hong Kong. There are at least two exhibitions of this nature, one of which has been held in Shanghai and the other has been held in Singapore before. However, I wish to check this up with the AWE after the meeting, so as to give a more detailed reply to Mr LAM. We will prepare a breakdown of the 40 events and activities, confirming the number of events we have successfully secured to stage in Hong Kong instead of other places. (Appendix I)

MR SIN CHUNG-KAI (in Cantonese): *President, in the sixth paragraph of the main reply, the Secretary mentioned the participation of SMEs in the ITU TELECOM WORLD; however, he made no mention of the effect, that is, the effect of their participation. Will the Government inquire about the feelings and feedback of local exhibitors of the ITU TELECOM WORLD? I have received a number of complaints about the limited space and poor design of exhibition booths, and even the usage of such booths as common room. Has the Secretary received such complaints? Will the Secretary conduct some studies or examinations on the feedback of those 80 exhibitors?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, a relatively detailed study will be carried out shortly to gauge the general comments of those exhibitors. For the time being, I may state a few points. In fact, to many exhibitors, including SMEs, it is beneficial to participate in this exhibition. For instance, since the exhibition was held in Hong Kong, many companies which were unable to participate in exhibitions held in Geneva in the past did have the opportunity to participate in this exhibition held in Hong Kong. In the past, when the exhibition was held in Geneva, only less than 10 Hong Kong exhibitors participated, but this time,

some 80 local exhibitors, including many SMEs, participated in the exhibition. This was exactly because the exhibition was held in Hong Kong, which was more convenient to them.

Second, through the development fund for SMEs, SMEs can receive rental subsidy after the exhibition, and we have received some applications in this respect.

Third, a number of local companies, including SMEs, told me, for I had visited the ITU TELECOM, that the exhibition was in general a precious opportunity helpful to them. As for detailed feedback, we will conduct a study shortly and will submit the findings of the study to Members when the opportunity arises.

PRESIDENT (in Cantonese): Mr SIN Chung-kai, has your supplementary question not been answered?

MR SIN CHUNG-KAI (in Cantonese): *I am sorry. But the thrust of my question is not on the views of all exhibitors, not the some 10 000 exhibitors participating in the exhibition. Certainly, I believe the host organization, the ITU, will also consult their views, but for the 80 exhibitors at the Hong Kong China Pavilion, this is actually a golden opportunity. I hope the Government can check whether the problem should be attributed to the poor design of those booths? The Secretary has given his answer, but I want to know whether the report will be submitted to the Legislative Council upon completion?*

PRESIDENT (in Cantonese): If you think that the Secretary has not answered your supplementary question, you just have to state the relevant part. If you do not mind, I will rephrase what you said just now according to the meaning of your original supplementary question. Secretary, Mr SIN Chung-kai's question is: Regarding the feedback of the 80 exhibitors at the Hong Kong China Pavilion, will you conduct an investigation? Moreover, upon the completion of the investigation, will you submit a report to the Legislative Council?

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, our assessment will focus on the some 80

companies at the Hong Kong China Pavilion and the result of the assessment will be submitted to the relevant panel of the Legislative Council for reference.

MRS SELINA CHOW (in Cantonese): *It is undeniable that the ITU TELECOM staged by the ITU this time has made two breakthroughs. First, the exhibition is an international event which used to be held in other places, and this is the first time that it was held in Hong Kong. Second, owing to the nature of the event, a telecommunications exhibition, it has greatly enhanced Hong Kong's international image. May I ask the Secretary, in view of the success this time, whether the Bureau will, in respect of Hong Kong's status in the telecommunications sector, ride on the good start this time to enhance the status of Hong Kong via international exhibitions or international conferences of other industries?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, as far as I understand it, in fact, upon the completion of the ITU TELECOM, I have received a number of thank you letters, endorsing the outstanding performance of the Government and the local trade in this respect. Moreover, we have also received views urging us to consider applying for the hosting of these international exhibitions in future when the opportunities arise. Therefore, I believe, on the whole, the ITU TELECOM held this time has left a deep impression on many countries and exhibitors that Hong Kong is capable of hosting large-scale international exhibitions and forums successfully and smoothly. If we have the opportunity to apply or strive for the staging of similar exhibitions, this impression will certainly be immensely helpful.

MRS SELINA CHOW (in Cantonese): *Perhaps the Secretary has not grasped the thrust of my supplementary question precisely. In fact, I hope the Secretary can tell us that upon the completion of the ITU TELECOM, has the Government conducted any assessment on all significant exhibitions and forums of the telecommunications sector? In other words, to ride on this good start, what else can be attracted to Hong Kong? If the Secretary cannot give me the answer today, he may give a reply in writing.*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): In the telecommunications sector, in addition to the ITU

TELECOM, there are actually all kinds of exhibitions or forums on different domains. I will examine the issue in the light of Mrs Selina CHOW's supplementary question and will provide the information to Members later, explaining how we are going to follow up. (Appendix II)

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

DR LUI MING-WAH (in Cantonese): *My supplementary question is about part (b) of the main question. If Hong Kong is to become an international convention and exhibition centre, we have to do better in this respect, taking account of three factors: first, venue; second, software services; and the most important of all is in fact accommodation. Members may note that the software in Hong Kong is very good and excellent. As for our venues, the Government said earlier that the HKCEC and the exhibition centre at the airport will be expanded. However, I did receive complaints from some customers that accommodation in Hong Kong was a great problem and the problem was serious. During normal days, the rate for a room is \$600, but during the period when exhibitions are held, it will surge up to \$1,600 to \$1,800. Has the Government ever considered if further expansion is carried out, how can the problem of accommodation be dealt with? Has it considered converting the large number of vacant factory buildings now available into short-term accommodation? People attending exhibitions in Hong Kong do not need five-star hotels, and they consider three-to-four-star hotels providing clean and tidy accommodation adequate. Will the Government consider this?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, on the issue of accommodation, certainly, the supply of hotels should increase in accordance with the development of our exhibition industry. The relevant bureau and the bureau responsible for tourism will monitor this closely. Actually, in the next few years, the number of hotels will increase.

Dr LUI asked whether certain factory buildings not specified for hotel purpose could be converted for accommodation purpose, as the issue may involve the temporary land use, this may not necessarily be dealt with

immediately. However, I will record this supplementary question and check this up with the relevant bureau shortly and take follow-up actions. (Appendix III)

DR LUI MING-WAH (in Cantonese): *President, I think the Secretary has misunderstood my meaning. I did not say that vacant factory buildings should be converted to temporary accommodation during exhibitions; I meant that vacant factory buildings should be converted into three-to-four-star hotels in the long run to cope with the future development of tourism industry.*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, I understand the supplementary question, but after all, it does involve the change of land use of existing factory buildings. I will note this point and follow up with the relevant bureau.

PRESIDENT (in Cantonese): Second question.

Formulating Long-term Public Housing Policies on Provision of Elderly Housing

2. **DR JOSEPH LEE** (in Cantonese): *It has been reported that the common facilities and building designs of new public housing estates fail to address the needs of the elderly. Many elderly people trip and fall at the corners in some building blocks as these corners are too narrow. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers, broken down by districts and housing estates, of the elderly aged 65 or above living in public housing estates at present and their respective percentages in the total population in the housing estates; and*
- (b) *whether it has considered formulating long-term public housing policies on provision of elderly housing to plan for, and provide, adequate building facilities, common facilities as well as ancillary housing facilities which cater for the needs and safety of the elderly*

in newly developed estates and old-style estates with ageing population based on the distribution of elderly population in various districts?

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

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

- (a) As at the end of December 2006, the elderly population aged 65 or above living in public housing estates is about 320 000, accounting for 16% of the total population of these estates. As there are numerous public housing estates under the management of the Housing Authority (HA), I would divide the territory into 10 districts and report on the elderly population in each district and their respective percentages in the total estate populations of the districts. The information is at the Annex.
- (b) In view of the growing elderly population in Hong Kong, the HA has been giving special attention to the needs of elderly tenants when constructing new public housing estates and improving facilities in existing ones, in order to provide them with a safe and convenient living environment.

The Housing Department (HD) has implemented the concept of "universal design" in new public housing estates since 2002. Full-scale barrier free access has been provided in residential units and common areas in public housing blocks to cater for the need of the elderly. All entrances of the buildings, corridors and doors of individual flats are of ample width. Ramps and handrails have been installed at appropriate locations. Fittings such as non-slip floor tiles have been used.

As for common facilities, barrier free access has been provided in new housing estates to connect all housing blocks and major estate facilities. Recreational and leisure facilities suitable for the elderly, such as tai-chi areas, have also been provided.

Regarding existing public housing estates, the HD conducted a comprehensive inspection of the facilities in public housing estates in 2001 and drew up an improvement programme to enhance access for the elderly. Improvements include the construction of

handrails and ramps along major staircases and provision of dropped kerbs and tactile strips. As at November 2006, the HD had completed the improvement works in 115 public housing estates, with the rest to be completed in 2006-2007.

From time to time, the HD also solicits views from Estate Management Advisory Committees and Mutual Aid Committees. Having regard to their views and taking into consideration the population distribution and the needs of residents, the HD will make improvements to estate facilities to cater for the needs of the elderly.

Annex

Elderly population in public housing estates and their percentages
in the total estate populations
(as at end December 2006)

<i>District</i>	<i>Total number of estates*</i>	<i>Tenants population</i>	<i>Tenants population aged 65 or above</i>	<i>Percentage</i>
Kwai Chung	16	202 391	34 747	17.17
Tsing Yi, Tsuen Wan and Islands	22	194 513	24 003	12.34
Tuen Mun	13	158 411	16 157	10.20
Yuen Long	15	195 392	13 628	6.97
Sha Tin and Ma On Shan	17	163 910	23 826	14.54
North District, Tai Po and Tseung Kwan O	23	212 180	22 003	10.37
Wong Tai Sin	28	287 362	57 860	20.13
Kwun Tong	19	214 664	47 664	22.20
Hong Kong Island	24	185 219	36 305	19.60
West Kowloon	21	190 045	42 240	22.23
Total	198	2 004 087	318 433	15.89

*Note: Including 152 public housing estates, unsold flats in 39 Tenants Purchase Scheme and three Buy Or Rent Option Scheme estates, and four Interim Housing estates.

DR JOSEPH LEE (in Cantonese): *Madam President, the Secretary's main reply has not answered the thrust of the question. We can see from his reply that ageing is particularly serious in three housing estates, and my question is whether specific measures have been taken to help the elderly in these housing*

estates. I cannot see in his reply the answer to this question. He only said that inspection had been conducted in 2001 and such facilities as handrails had been provided along the staircases. In view of the serious problem of ageing population found in these housing estates, may I ask the authorities what specific facilities have actually been provided, for example, the provision of escalators or other household fixtures, so as to enable the elderly to live more comfortably? The Secretary has not answered this part.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, this is because Dr Joseph LEE did not ask specifically in the main question about the adequacy of facilities in those housing estates. Therefore, I have only highlighted in the main reply the efforts made by the Government in terms of policy in a general sense. If the question is about those estates, I can, of course, provide the relevant information in writing. (Appendix IV)

MR JAMES TIEN (in Cantonese): *President, according to Dr LEE's main question, it has been reported that many elderly people trip and fall at the corners in some building blocks as they are too narrow, and the Government stated in the main reply that there are currently about 320 000 elderly people living in these housing estates. Does the Government have any data indicating that the problem is not as serious as claimed by Dr LEE? For instance, among the 320 000 elderly, how many tripped and fell due to the corners being too narrow last year?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): As far as we understand it, this problem is mainly attributed to the two-phase project being undertaken in the Shek Pai Wan Estate. Phase 1 of the project has completed and it accepted mainly residents from the Wong Chuk Hang Estate, whereas Phase 2 is still underway as a result of the Dickson incident. Under this special circumstance, certain facilities have yet to come into full operation as affected by Phase 2 of the project. Furthermore, the project has even affected the use of some facilities. As far as I understand it, the main reason is that the kerb of a pavement has become narrower as a result of the project. The pavement will, however, become wider as soon as the project is completed. Therefore, the problem is simply caused by the project, which is a most exceptional and individual case. We do not find any other estates presenting the same situation.

MR FREDERICK FUNG (in Cantonese): *President, in response to the follow-up question raised by Dr LEE earlier, the Secretary pointed out that the main question has not mentioned any problem about those building blocks. Although we are not the concerned parties, I can see that there are two explanations for this. First, Dr LEE's main question asked about the corners of some building blocks, which certainly refers to the area in-between two blocks. Second, the corners of a building block may refer to the corridors of that particular block, which are also the turning corners of some building blocks. Furthermore, the Secretary mentioned the provision of handrails at ramps in the second last paragraph of the main reply. Yet, after looking again at the Annex — President, since I have to highlight three points before raising the supplementary question, this will therefore take some time — I can see that apart from the three remote districts where the elderly population is comparatively smaller, the elderly population in many districts is actually higher than the average of Hong Kong (where people aged 65 or above accounts for 12%), in other words, the percentages of those seven districts all exceeded 12%. Therefore, it can be seen that the majority of the elderly people have been relocated by the Government to the public housing estates. My supplementary question is: Will handrails or installations facilitating the mobility of the elderly be provided in the corridors of a certain building block or a particular floor should the Government or the HD note that the number of elderly people is particularly large in that block or on that floor?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): In relation to the hardware, I believe our concerns about the newly built housing estates have been highlighted in the main reply. Mr FUNG, however, asked about the old estates. As for those old estates, I have also mentioned in the main reply earlier that a number of schemes have been implemented, including the Total Maintenance Scheme and the Comprehensive Structural Investigation Programme, which enable us to examine if there is a need to provide more facilities to help the elderly. Work has actually been done. If possible, we may even consider the provision of escalators in suitable places. However, it all depends on the prevailing inspection result, for instance, whether or not space is available to house the new facilities. If so, it will be easier for us to proceed. We may also provide, for instance, slip resistant facilities and handrails, and so on. There is no difficulty at all and many have already been provided.

Certainly, the abovementioned facilities were installed outside the flats. What if the elderly consider it necessary to, say, change the bathtub in his unit to

a standing bath or add handrails to it, such request will be entertained should they make it.

Furthermore, just as I said earlier, the relevant committees or residents' associations will be consulted, with a view to identifying their needs should such needs arise. If we are able to do so, we will assist in the provision of the relevant facilities following the existing maintenance scheme.

MR LEUNG YIU-CHUNG (in Cantonese): *President, the problems faced by the elderly, as mentioned by the Secretary earlier, generally include the climbing of staircases and the bath threshold being too high which obliges them to crawl in. These can be major obstacles to the elderly. In fact, escalators or lifts have been installed by the staircases as far as possible, but it is sometimes impossible to do so due to physical constraint. Can the HD relax its policy to allow the relocation of the elderly so that they do not have to face those problems anymore? Let me cite an example in the Lei Muk Shue Estate, in which a number of building blocks — or at least one of them — cannot install lifts. Without a relaxation in policy to enable the relocation of the elderly, they will have to climb many flights of stairs to their flats on the sixth or seventh floor, which is downright impossible for them to make it. Furthermore, with regard to the high bath thresholds, for instance, any elderly who intends to put forward relevant requests are required by policy to produce medical proof of difficulties in using the baths. Is it possible to relax the policy in question? Can the policy be implemented in a more flexible manner when there is an elderly person living in the unit concerned, instead of enforcing it too strictly and rigidly?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): I totally agree with what Mr LEUNG said just now, that flexibility must be employed when similar cases are being considered. However, we do have our rules to follow. Flexibility has been provided for in our policy and even exercised in some cases, and yet the number of such has to be determined on a need basis. Furthermore, the elderly people were very often reluctant to relocate elsewhere though rehousing arrangements had been made for them. Perhaps it was because the new unit was far away from the housing estates they used to live, which is the major obstacle. If they request relocation within the same housing estate, it will take a longer time before suitable flats can be allocated to them. Therefore, flexible arrangements will be made by all means to help the needy elderly resolve their problems.

DR FERNANDO CHEUNG (in Cantonese): *The Secretary mentioned in the main reply that the HD has implemented the concept of universal design in new public housing estates, that is, barrier free access has been provided in all building blocks. However, actual experiences have told me that, insofar as the majority of the residential units in our public housing blocks are concerned, wheelchair users cannot even enter any unit with the presence of thresholds at the entrances and protruding parts of the metal gates. I am not asking the Government to rebuild all the building blocks as this is too extensive. I only wish to ask the Secretary: Will the HD undertake to make some alterations if such need arises (that is, when the occupant of the unit is a wheelchair user), say, by changing the metal gates or thresholds, or providing a small ramp so as to provide barrier free access for the occupant? This is very important, and I can tell from my experience that there is a problem.....*

PRESIDENT (in Cantonese): Have you finished raising your supplementary question? If so, please sit down so that the Secretary can answer it.

DR FERNANDO CHEUNG (in Cantonese): *Thank you, President.*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): I have also come across such cases. About three months ago, I visited an occupant of one of the residential units, who has to move around on a wheelchair. Just as Dr CHEUNG said right now, we have helped him make some minor alterations in his unit so as to enable him to move around freely by himself. If the number of such cases is not too large, special arrangements can certainly be made.

DR FERNANDO CHEUNG (in Cantonese): *President, my supplementary question is whether or not the Secretary will make an undertaking that follow-up actions will be taken by the HD when such need arises.*

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

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): To put it simply, if the number of such cases is not too large, it is possible to do so.

MR TAM YIU-CHUNG (in Cantonese): *The Secretary mentioned in the main reply that there were certain problems with the design of the common facilities in the new housing estates. The problems of aged housing estates are, however, even bigger. As far as I understand it, since the Kwai Shing East Estate, for instance, was built on the slopes, people have to climb many flights of stairs before reaching the housing blocks. To the elderly people, climbing up and down the stairs is very difficult. Despite our persistent request over the years, the Government has rejected it time and again because of the resources available. Now, the HD is "flooded with money". Can these problems be resolved as early as possible instead of having them pending, and to actually help the elderly, rather than saying so lightly, like the Secretary, that actions would be taken? Will the Secretary actually consider the similar cases?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): We will certainly do so, for instance, provide such facilities as lifts, just as what we have done in a number of housing estates. I want to find out which housing estates they are, but have failed to obtain the relevant information at the moment. Perhaps the relevant details will be provided for Members' information after the meeting. (Appendix V)

The problem very often boils down to the need to identify suitable locations and the viability of the project concerned, rather than a question of financing arrangements. In relation to financing arrangements, we have in fact earmarked a sum of money for this. Provisions have been earmarked in the annual estimates of expenditure for projects in relation to total maintenance and comprehensive structural investigation. We know that Kwai Chung, for instance, also has this problem, and we are exploring the best way that will not cause disturbances to the residents, but bring benefits to them. This is what we are doing now.

DR YEUNG SUM (in Cantonese): *President, in view of the ageing of the Hong Kong population, there will be one elderly person in every four people in 2032. Since the Secretary is responsible for housing and planning, therefore when designing the public housing estates, be it new housing estates or reception estates built for redevelopment projects, will the Government undertake to do the following two things in terms of policy (in the Shek Pai Wan project mentioned by the Secretary, which I had also participated, the Government acted swiftly in providing additional facilities)? First, it is the provision of more residential*

care homes for the elderly (RCHEs). Because in case the RCHEs have to be relocated to the shopping centres, which may be reluctant to lease premises to the RCHEs on the pretext that the elderly carry an odd smell, coupled with the fact that the elderly often have to wait for two to three years before being admitted to these RCHEs, will the Government provide more RCHEs in terms of policy when designing the new housing estates? Second, it is the provision of more support facilities for the elderly, for instance, whether pebble paths, escalators, handrails or benches can be specially provided?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): I will first answer the second part, that is, whether or not those support facilities can be provided. They will definitely be provided, and we are heading in this direction. With regard to the RCHEs, I think they have to be dealt with separately. If the RCHEs that we are talking about are organized by voluntary agencies, where the elderly are taken care of after moving in, the elderly will certainly have to approach the Social Welfare Department or other voluntary agencies themselves by submitting applications. We will not provide this kind of facilities on our own initiative and engage operators for them. Nonetheless, individual elderly residential units with common facilities (as Members may be aware) have already been provided, but they were not very well received as the elderly believed the sharing of common facilities will often give rise to conflicts. Although a large number of such residential units were provided at that time, they had to be converted in view of the unsatisfactory implementation and occupancy rates.

The existing design of housing estates, however, provides singleton units which can cater for the needs of the elderly in this respect. We can see that the services currently available are highly effective and also well received. Though the units are not big, they are just enough for a singleton-elderly to live. We will therefore continue to provide such services when designing new housing estates.

PRESIDENT (in Cantonese): We have spent more than 19 minutes on this question. Last supplementary question.

MISS TAM HEUNG-MAN (in Cantonese): *The Annex to the main reply shows that the percentages of people aged 65 or above in districts like Wong Tai Sin,*

Kwun Tong and even West Kowloon are very high; while part (b) of the main reply pointed out that the existing public housing estates (I had received numerous public complaints when I was working in East Kowloon, stating that the so-called barrier free access in their housing estates was actually access with barrier) are very often full of barriers, and in the second last paragraph of the main reply, the Government highlighted the extra facilities that have been provided in the housing estates. Madam President, may I ask the Secretary if an assessment will be conducted on the adequacy of the efforts made in providing additional facilities? If it is considered not adequate, what will the authorities plan to do to resolve this problem? I have received a lot of public complaints concerning the barriers in the housing estates, so what is the Secretary going to do about them?

SECRETARY FOR HOME AFFAIRS (in Cantonese): I believe we all understand that the newly built estates are equipped with various facilities, so we need not worry about this. We are discussing those old housing estates, where some have already been provided with facilities. According to our experience, the facilities are well received by the residents and are able to meet the local needs. What we are discussing here is those housing estates where such facilities have yet to be provided. But just as I said earlier, we are gradually implementing a number of schemes and progressing step by step. We are not saying that facilities will not be provided in those housing estates, it is just a matter of time.

PRESIDENT (in Cantonese): Third question.

Street Deception Cases

3. **MR LAU WONG-FAT** (in Cantonese): *Madam President, in recent years, culprits of street deceptions have employed many different defrauding tricks, for instance, by making excuses such as seeking spiritual blessings for removing misfortunes for the victims, sharing with the victims a large sum of money found on the street, and jointly buying and reselling magic drugs or high-tech components with the victims to make a profit, and so on. Earlier, there was also a case in which a woman reported that she had been cheated of her life savings of more than a million dollars. In this connection, will the Government inform this Council:*

- (a) *of the number of street deception cases reported to the police last year and the number of such cases solved by the police, as well as the penalties imposed on the convicts; and*
- (b) *whether it has assessed the effectiveness of the measures taken to combat street deceptions by non-locals in Hong Kong, and whether any new measures will be put in place?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, as of November 2006, the police received reports of 201 street deception cases. In the same period, 21 such cases were detected, with penalties of two to four years of imprisonment imposed.

The police adopt a three-pronged strategy to combat street deception, including prevention of such cases, carrying out intelligence-led operations, and conducting prompt investigations.

In respect of prevention, besides raising the awareness of members of the public by making use of the different media, District Response Teams have been established to strengthen the liaison with banks, elderly day care centres, and so on, to increase the alertness of relevant persons, especially the elderly. The police also regularly mount intelligence-led operations, and co-operate with the Immigration Department to enable monitoring of the activities of suspected fraudsters when they enter Hong Kong. Contact is also maintained with the mainland authorities to deal with mainland-based syndicates. Moreover, where appropriate, the police will handle street deception cases centrally at regional/district levels for more effective investigation of such crimes.

The measures taken above have been fairly effective. In recent years, there has been a decreasing trend of street deception, both in the number of reported cases and the amount of reported losses in such cases. For example, the number of reported cases has decreased gradually from 479 in 2004, 393 in 2005, to 201 in the first 11 months of 2006. The police will continue to closely monitor the situation, and take corresponding measures where necessary to combat street deception activities.

MR LAU WONG-FAT (in Cantonese): *Madam President, according to information, many victims of street deception cases are senior in age or women*

with a lower level of education. It is believed that the majority of them pay less attention to current affairs and with lower alertness, which make them the easy victims of such cases. The effectiveness of making use of the media for publicity and education is thus doubtful.

May I ask the relevant authorities whether they will consider adopting combat measures, such as deploying female police officers relatively older in age to participate in "undercover operations", which may be more effective in trapping and arresting street deception gangs?

SECRETARY FOR SECURITY (in Cantonese): Madam President, other than publicity through television or radio stations, the police also visit elderly centres or invite the elderly to participate in events, for instance, deception cases played out in Cantonese opera to raise their alertness.

In respect of the suggestion made by Mr LAU Wong-fat just now, in fact, we did conduct such operations. We call them intelligence-led operations (or the so-called "undercover operations"). We have done this in the past. Through the several measures mentioned just now, we have indeed seen a drop in the number of such deception cases in the past few years.

MR LAU KONG-WAH (in Cantonese): *President, judging from the figures, there is indeed a downward trend in the street deception cases, but the figure is still on the high side.*

The Secretary mentioned that the elderly have to be especially alert. Can the Secretary list the ratio of elderly victims in street deception cases in the past few years? I sometimes heard kaifong in the districts say, "It does not matter if the trick is old as long as it works." According to the Secretary's observation, are many of the defrauding tricks that have caught members of the public off guard old or new?

SECRETARY FOR SECURITY (in Cantonese): Madam President, I do not have the breakdown by age at hand and thus I do not know whether the majority of the victims are elderly. Perhaps, I will go back and check if there is such information; if so, I will give Mr LAU a written answer. (Appendix VI)

These street defrauding tricks usually fall into several categories, the first of which is called "pray-for-blessing gangs". Street defrauding tricks commonly seen in recent years involve a gang of three to five fraudsters targeting relatively well-dressed women or elderly by setting a swindle to lure them into performing some kind of spiritual blessing rites. They may say to the victim that they read in the victim or her family member's complexion that they do not look so well recently, but supplementing that they can have peace of mind after performing spiritual blessing rites. These are old tricks frequently reported in the television programme "Police Report" or publicized in radio programmes by the police to alert members of the public to these spiritual-blessing tricks.

Other defrauding tricks are nothing more than a few tricks, such as borrowing the victim's mobile phone. The fraudster may say that he has some urgent business to attend to but he does not have a mobile phone, and thus he wants to borrow the victim's phone. Once the phone is in the fraudster's hand, he will be gone without a trace.

The third trick is also an old one, which is by "dropping money". In other words, the fraudster and the victim may both find on the street a pack of banknotes, and the fraudster suggests sharing the money with the victim, and so on.

These defrauding tricks mainly hit the weaknesses of human nature. For example, the spiritual blessing trick mainly wants to induce fear in the victims, so that spiritual blessing rites can be performed to remove the victims' misfortune; some other tricks work to induce the avarice of the victims by misleading them to think that they can share the money found on the street. It, however, turns out to be a swindle. Moreover, there are other examples such as selling fake medicine or fake gold jewellery.

I concur with Mr LAU Kong-wah that many are old tricks, to which we need to step up publicity and education to enhance public awareness and educate members of the public not to fall for small advantages. If they are approached by a fraudster saying that they do not look so good and will meet certain misfortunes if not seeking spiritual blessings and if they suspect that this is a swindle, they had better contact the police.

MR LAU KONG-WAH (in Cantonese) *President, the physiognomists I usually meet would say that I look excellent, so I do not know whether I should approach them.*

The Secretary already pointed out just now that the alertness of the elderly may be lower, and the Secretary's reply has also clearly stated that contact will be maintained with the mainland authorities. According to the statistics provided by the authorities, in relation to convicted cases, do many of them involve fraudsters coming from the Mainland to cheat people here? Can the Secretary provide us with information on the ratio?

SECRETARY FOR SECURITY (in Cantonese): Madam President, in 2005, 393 fraud cases were received. In the same period, 30 such cases were detected with a total of 57 persons arrested. Of these persons, 53 of them (that is 93%) came from the Mainland. In the first 11 months of 2006, 201 fraud cases were reported. In the same period, 21 such cases were detected with 30 persons arrested and 29 of them coming from the Mainland.

If these people arrested are mainlanders, they, after committing crimes in Hong Kong, will be dealt with according to an established mechanism. The authorities will repatriate them after their cases have been tried by Court. According to the present mechanism, as they have committed criminal offences in Hong Kong, we will transfer to permit-issuing authorities in the Mainland the information of these unruly elements, so that when they make subsequent visa applications for Hong Kong, the mainland authorities may then decide, at their discretion and where appropriate, whether they will not be issued an exit endorsement within two to five years.

MR LAU WONG-FAT (in Cantonese): *Madam President, the supplementary question I originally wished to put has just been answered by the Secretary.*

MR LAU KONG-WAH (in Cantonese): *President, I wish to put another supplementary question. The police should now discuss with the banks so that in the event of unusual cash withdrawals, the banks should be more alert or even contact the police.*

Recently, a woman from Kwong Yuen Estate, Sha Tin was cheated of \$1 million. Did the bank contact the police at that time? Insofar as this case is concerned, did the mechanism fail to work? Is there a lesson to be learnt here?

SECRETARY FOR SECURITY (in Cantonese): Madam President, what Mr LAU said is true. In fact, the police are also aware that in the process when the "pray-for-blessing gangs" cheat the elderly, the latter will have to go to the bank to withdraw cash. We have thus established an interactive mechanism with the banks so that whenever they find elderly or relatively older women withdrawing a large sum of money, the bank staff will enquire of the purpose of doing so. If they have doubts, they will notify the police.

However, the "pray-for-blessing gangs" may have learnt that we have such a measure, and thus they will ask the victims not to tell anyone, not even if they are asked, or their situation will become worse. Some victims, succumbing to such threat, may really not disclose anything.

In respect of the case mentioned by Mr LAU just now, as it is still under investigation, it is not appropriate for us to comment it here.

MISS TAM HEUNG-MAN (in Cantonese): *The authorities have stated just now that publicity will be stepped up in the television, but it seems that many people are still ignorant of such deception cases. A Member has also pointed out just now that some elderly may not pay attention to Announcements of Public Interest (APIs) on the television.*

May I ask the Government whether it has adopted other channels, such as through co-organizing community activities with district organizations, to conduct large-scale education drives so that the elderly can understand better the tricks employed by these fraudsters?

SECRETARY FOR SECURITY (in Cantonese): Madam President, we have done so. We co-operate with the Fight Crime Committee in the district and kaifong committees, and organize activities for the elderly such as staging dramas in which police officers will role play street deception cases.

Moreover, we also liaise with elderly centres to educate the elderly not to fall for these defrauding tricks.

MS MIRIAM LAU (in Cantonese): *Madam President, according to the Secretary's reply, the number of such deception cases has been dropping year on year, but I notice that the numbers of such cases in 2004 and 2005 were approaching 400 cases and 400-odd cases respectively, with a larger drop in 2006.*

I notice that the Government has changed its publicity strategy since 2006. In the past, examples of such deception cases were often shown in the "Police Report" programme. However, last year, it used a new medium, that is, in the form of API to replay different deception cases to raise public awareness. Does the Government plan to use the same medium in future, that is, continue using APIs to keep the public informed of the latest defrauding tricks?

SECRETARY FOR SECURITY (in Cantonese): Madam President, we will do so. If Members have good suggestions, we will adopt them.

MR LAU KONG-WAH (in Cantonese): *President, some districts are likely black spots of street deception cases, such as districts that are densely populated or with high pedestrian flow. Should the police take focused actions on this front with District Commanders and carry out preventive work in key districts?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, based on analysis of all cases in the past, we do not see any single district where street deception cases are particularly rampant, because these fraudsters are mobile and they will not anchor at any specific place. If, for example, Wan Chai or any district has an unusually large number of deception cases, if this is really the case, we will definitely do so. At any rate, as I have said just now, if we receive intelligence, we will carry out intelligence-led operations to combat these crimes.

The only possible situation is that an unusually large number of deception cases may happen at a particular time and a particular district, and these are telephone deception cases. The reason is that the fraudsters usually access the

victims by random dialling, for example, after dialling 12345, they will dial 12346, and thus the telephone deception cases may surge at a certain time in a certain district. However, as for other defrauding tricks such as spiritual blessings, we do not find that such cases concentrate in a certain district, but rather, they happen in almost all districts.

PRESIDENT (in Cantonese): Fourth question.

Telephone Booking Service of Hospital Authority

MR LEUNG YIU-CHUNG (in Cantonese): President, I hope the Secretariat can have my name rectified next time. Thank you.

PRESIDENT (in Cantonese): The main reply is provided by the Administration, not the Secretariat. So, I hope you can reflect this to the relevant authorities.

MR LEUNG YIU-CHUNG (in Cantonese): President, I hope to raise this matter through you. Thank you.

4. **MR LEUNG YIU-CHUNG** (in Cantonese): *President, the Hospital Authority (HA) is progressively extending the Telephone Booking Service implemented for patients with episodic illnesses (that is, patients who do not require regular follow-up consultations) to all its general out-patient clinics (GOPCs). I have received a number of complaints from the elderly that, owing to a limited quota on the out-patient consultation service and the complex telephone booking procedure, they find it difficult to book consultation appointments, and that different clinics using different booking telephone numbers also causes inconvenience to them. In this connection, will the Government inform this Council whether it knows:*

- (a) *the number of complaints received by the HA so far about the Telephone Booking Service;*
- (b) *if the HA will, from the perspective of facilitating patients, consider the alternative of assigning a single telephone number for the*

Telephone Booking Service, and of the resource and technical difficulties for the HA to provide at the same time different means for booking consultation appointments, including queuing up in person, through the Internet or interactive telephone system; and

- (c) *if the HA will consider increasing the quota for out-patient consultation service, thereby alleviating patients' anxiety arising from the fear of failure to secure a consultation appointment; if not, the reasons for that?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, first of all, I would like to tender my apology to Mr LEUNG Yiu-chung for our mistake in writing his name. We will be more cautious next time.

The main purpose of the telephone booking service introduced by the HA in its GOPCs is to address the public demands for improving the crowded queuing conditions in GOPCs, and making optimal use of the resources in public general out-patient service. In the past, patients often had to line up outside the GOPCs in person in the early morning hours for a consultation slot, and quite a number of members of the public and this Council had expressed concern over such a situation. In July 2005, this Council passed a motion urging the Administration to improve the out-patient service and its appointment arrangements.

In light of the above, the HA has implemented the telephone booking service in its GOPCs on Hong Kong Island since November 2005 on a trial basis. As the effect of the telephone booking service has been generally favourable, the HA has progressively extended the service to its GOPCs in Kowloon and the New Territories since October 2006 and the service has been in operation for some three months. The result achieved is noticeable. The crowded waiting condition at GOPCs has significantly improved and patients no longer need to line up outside GOPCs early in the morning. It is now easier for them to select their preferred consultation session and clinic, making optimal use of the resources for public general out-patient service.

The telephone booking service is still in its early days of territory-wide operation. It takes time for all the parties involved to adapt to this new service, and the telephone booking system itself also has room for improvements. The

HA has been embarking upon a series of improvement measures including: further stepping up publicity, education and support to patients, especially the elderly, on the use of the telephone booking service; streamlining the workflow of making appointments through the telephone booking system to make it easier to use; and allowing flexibility for those patients who have genuine difficulty in using the telephone booking service and offering them assistance as far as possible. The Administration, in conjunction with the HA, will continue to closely monitor the operation of the telephone booking service, and regularly review and enhance the system where appropriate.

Our reply to the different parts of the question is as follows:

- (a) The HA has so far received a total of 46 complaints regarding the telephone booking service since its introduction last year.
- (b) The computer system of the telephone booking service is designed to be as user-friendly as possible to make it easier for patients to use. We note that most patients are used to seeking consultation at specific clinics. Therefore, it is more convenient for them to make booking through a separate telephone number for each clinic and the steps involved for using the booking system would be simpler. Meanwhile, the computer system of the telephone booking service has an automatic search function which, when a particular clinic has exhausted all its consultation slots, will connect automatically to nearby clinics to search for remaining time slots available for patients' selection. The HA will strengthen its publicity efforts about the telephone numbers for booking and enquiries of the GOPCs in each district.

Besides, the implementation of telephone booking service is mainly to improve the crowded queuing conditions in GOPCs. Long waiting queues outside clinics will reappear if we re-open queuing as a means of booking in addition to telephone booking. Furthermore, though in its early days of implementation, the telephone booking service has already achieved quite some improvements to the crowded queuing conditions in GOPCs. For the time being, the HA has to focus its resources on promoting and improving the telephone booking service. It takes time for members of the public to adapt to the telephone booking service,

and telephone is the most accessible communication device for majority of the target users of public out-patient services. Therefore, the HA will not consider for the time-being other modes of booking service, including arranging for appointments via the Internet or allowing queuing up at clinics again.

- (c) At present, public out-patient service is primarily targeted at the underprivileged groups, including the chronically ill, frail and vulnerable elders, and low-income families. We are conducting preliminary planning to establish another GOPC in Tin Shui Wai. However, generally speaking increasing consultation quota is not necessarily the most effective way to improve existing service. In the long run, we will continue to explore ways of enhancing the overall primary health care services. These include introducing family doctor based services, and encouraging private doctors to enhance the quality of their professional services, improve the transparency of the fees they charge, offer more convenient consultation sessions to the public, and strengthen their efforts on disease prevention. The public general out-patient service will continue to target the underprivileged groups, promote family doctor based services as the model of primary health care services, and provide training opportunities to primary health care and family health practitioners.

MR LEUNG YIU-CHUNG (in Cantonese): *President, in fact, we no longer see patients queuing outside public hospitals in the morning for out-patient services. However, this does not mean that there has been improvement to the practice of requiring the people to line up for services. The fact is that the problem has been concealed from our naked eyes.*

We have received a lot of complaints relating to three aspects. First, some elderly really do not know how to use the telephone booking service. Second, even though the elderly know how to use the telephone booking service, they may not be able to make appointment if it is too late when they make the call when the quota for the day has been exhausted. Worst still, they fall ill not before 3 pm because appointment can only be made after 3 pm. If they fall ill at night, the reply for them is: "Sorry, the quota has been exhausted, please make appointment in the following day." So, this may often lead to delayed treatment.

Therefore, may I ask the Secretary how the abovementioned complaints in these three aspects can be addressed? If these problems remain unsolved, these patients will certainly suffer from delayed treatment. Would the Secretary like to see these patients suffer from delayed treatment? If not, what can be done to help those who are late in making appointment or do not know how to use the telephone booking service or fall ill after 3 pm to seek treatment?

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, first of all, I would like to stress that quotas for public out-patient services have been set to reflect the numbers of patients that can be dealt with.

In the past, patients were required to line up at midnight when they are sick. This was a great burden to them. Now, they can make telephone appointments and this is certainly a good arrangement for them. At least, most of the feedback we received from the public in the past few months is positive. Of course, among the complaints I just mentioned, some people's requests are more unique than the others'. Some hope that the system can be more convenient, for instance, with the calls being answered by operators. But I believe this is quite difficult to achieve. Secondly, they hope to receive treatment in a specified session or by a specified doctor. Regarding these requests, it was feasible to make such arrangements in the past occasionally because the patients queued up for chips in person. But now it is no longer feasible and I also consider that there is room for improvement in these aspects.

However, as regards Mr LEUNG's concern that some patients may suffer from delayed treatment because they cannot get the chips, I think there are many private doctors in the community. Generally speaking, their charges are around \$160 to \$200 per visit. Meanwhile, patients in acute condition can go to the accident and emergency departments. In this regard, we believe that such situation will occur in every society and we hope to do our best to ensure that the public understand what services are being provided for their selection. They can then decide how and when to seek consultation.

MR LI KWOK-YING (in Cantonese): *President, the Secretary said that the telephone booking service was mainly to improve the crowded queuing condition in GOPCs, apart from providing service to patients with episodic illnesses.*

However, we have received several complaints recently about some patients who need to return to the clinic for medicines bimonthly being refused by the doctor to be given the next consultation slot for getting medicines and having to make telephone appointment on their own. Does the Secretary consider a review necessary for such a system?

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, it is very difficult for me to comment on doctors' opinion concerning whether a patient needs to take medication on a long-term basis.

According to our current figures, the chronically ill accounts for 31% of the users of the HA's GOPCs. The doctors will usually specify the next time slot for follow-up consultation, which will generally be two or three months later, for the patients when they seek treatment. These patients account for quite a large percentage of the population in Hong Kong, around 400 000 people. I do not think the doctors will refuse to give the patients a follow-up consultation slot when the patients have such a need.

MISS CHAN YUEN-HAN (in Cantonese): *We do not deny that the telephone booking service is a benevolent measure by the Government. But in view of the current situation, we consider it inflexible. Regarding the several situations just mentioned, is it necessary for the Government to conduct a review?*

Among the numerous complaints we have received, some reflected the views of many kaifong who said that the Government was trying to sweep the queues under the carpet in order to hide the problem. I think some of their complaints are justified. For example, no booking can be made after certain time of the day. Another example is that when such patients fall ill suddenly, they do not know what to do, or they have no idea how to dial different telephone numbers.

In my opinion, the premise is that the Government's measure is benevolent. But I think there will be problems if the Government does not make any improvement or conduct any assessment at all. May I ask the Secretary, as you just said that some matters can be reconsidered, whether a review of the telephone booking service will be conducted in the short term?

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, for patients with episodic illnesses who book appointments only when they fall ill, their average number of consultation is around 2.9 or less than three visits a year. Our measure has been implemented for three months only and many patients have sought treatment for one or two times only, rather than many. So, they will certainly need more time to get familiarized with the operation of the system.

Some hospital clusters have particularly assigned staff to teach the elderly or patients with difficulty how to use the system. We believe they will become familiarized with the system after a period of time. I also consider a review necessary in due course. But I believe the effectiveness can be seen in a more objective way after at least six months before we can determine what adjustment or improvement should be made.

DR KWOK KA-KI (in Cantonese): *Madam President, I certainly agree with the Secretary's opinion that such a practice can reduce the length of queues. But many complaints and many people have reflected that flexibility should be employed. For instance, the Secretary just said that some elderly still lined up outside the clinics. As they have already come to the clinics, why are they turned away and told to make appointments by telephone? If they line up there due to some mistakes instead of having done so intentionally, can there be some flexibility in the arrangement?*

Secondly, regarding the telephone system, we have mentioned time and again that some elderly do not know how to press buttons. So I hope in this telephone system, their calls can be answered by an operator, or a staff member in the clinic, by pressing number "0". Because for those elderly who do not know how to use the telephone, this is their lifeline. I do not oppose this scheme, but I hope that flexibility is allowed. In other words, someone will help them at the last moment. Secretary, some people can never acquire new tricks no matter how hard you teach them. It is very difficult to teach some elderly to use the voice phone.

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, you have asked two supplementary questions, which one do you wish.....

DR KWOK KA-KI (in Cantonese): *President, the Secretary can choose any one of them.*

PRESIDENT (in Cantonese): Fine. Secretary, please answer.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, in my opinion, the problem is mainly due to the fact that some elderly or patients do not know how to use the system or are unable to adapt to the system. We are now studying how to help them to use this system together with many non-governmental organizations or social workers who are responsible for looking after them.

As just mentioned by the Honourable Member, these elderly are often served by some people. With the help of these people, they can make use of the system, in particular when an accident has suddenly occurred or they have to press the help bell. Generally speaking, many elderly are provided with such a telephone to call the social workers for help.

If an elderly has arrived at a clinic without a chip, our staff will tell him which clinic in the vicinity still has chips and he can go there to get one. We can see that the utilization rate of out-patient clinics is around 91%. In other words, many people will default, meaning that they fail to turn up after making appointments. But these consultation slots will not be wasted. If some people are waiting, we will let them use the service. So, we hope the needs can be dealt with in a flexible way by all means. But I have to emphasize that our system at present cannot deal with all the problems. And I have mentioned time and again that a primary health care reform as a whole is needed in Hong Kong before all these problems can be solved.

MR WONG KWOK-HING (in Cantonese): *Many elderly have reflected to me that they are not familiarized with the computer system although the Secretary said in his reply that some social workers would offer help.*

May I, through President, ask the Secretary a supplementary question concerning whether the Bureau will consider setting up a system answered by an

operator? Under such an arrangement, the elderly may find the system more friendly and are really given care and concern. Meanwhile, if their calls are answered by an operator, the elderly need not wait until the next day before they can get the chip and consult the doctor if they have any difficulty and need help instantly. Can the Government consider this last resort to help the elderly? In case not every hospital can set up

PRESIDENT (in Cantonese): I think you have raised your supplementary question.

MR WONG KWOK-HING (in Cantonese): *Yes.*

PRESIDENT (in Cantonese): You have asked your supplementary question. You need not talk about your feeling. Please be seated.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, as I have explained in the main reply, we hope that there will be a more standard approach for the public so that they can adapt to it. As to whether manpower will be increased in the future, it depends on the people's adaptability.

If we adopt such approach now, first of all, we do not know how much resources are required because, in my opinion, many people will wait until their calls are answered by an operator, thus resulting in a great demand of manpower and telephone lines. We can see that hundreds of telephone lines are needed by the HA's system. If we need so much manpower to answer these calls, I believe enormous resources will be involved. So, we should assess the need of the service in detail and its efficacy before any decision is made.

MR WONG KWOK-HING (in Cantonese): *President, the Secretary has not answered the last part of my supplementary question. Can a telephone helpline as a last rescue line be set up?*

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

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, as I just said, should one operator be responsible for answering telephone calls or responsible for handling one telephone line? If only one telephone line is set up, I believe the waiting time for this line will be very long. So, we have to fully assess the situation before adopting the approach.

PRESIDENT (in Cantonese): We have spent more than 19 minutes on this question. Last supplementary question.

DR JOSEPH LEE (in Cantonese): *In part (c) of the main reply, the Secretary said that to increase the quota might not be the most effective way. But he also said that public out-patient service will continue to be provided to the underprivileged groups. Besides, the Secretary just said that if they could not seek consultation at public GOPCs, it will only cost them \$100 or \$200 if they consult private doctors. Or they may also go to the accident and emergency departments.*

May I ask the Secretary what specific approach can be proposed before the authorities can implement any long-term health care financing package or primary health care service improvement method? There is a group of genuinely underprivileged people who can neither get the consultation chips nor afford private consultations. What will you do to help them?

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, according to our preliminary analysis, among the patients of GOPCs, 17.8% are on Comprehensive Social Security Assistance. Besides, on the whole, the elderly account for 27.4%. For the remaining majority, over 60% of them are not elderly people and secondly, they are middle-class people.

During the year from 2005 to 2006, in terms of the number of people rather than number of visits which is more than 5 million, we are now providing services to 1 297 000 people who have produced their identity cards for

registration when seeking consultation. In other words, this is a very huge number. We can also see that the coverage in the whole public sector is not small at all.

We have taken a look at the current situation. Besides, there are clinics of private doctors in every district and they have made a lot of improvement in their services. First, the fees can be said to be more transparent; second, fees are not considered too expensive. In our opinion, under such circumstances, it is necessary for us to strike a proper balance between the public and private sectors.

PRESIDENT (in Cantonese): Dr Joseph LEE, has your supplementary question not been answered?

DR JOSEPH LEE (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. I asked the Secretary what he would do to cope with the need of the underprivileged who could not afford private consultations.*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, as I just said, most of those who cannot afford private consultations can be dealt with in this system.

PRESIDENT (in Cantonese): Fifth question.

Desalination

5. **DR LUI MING-WAH** (in Cantonese): *President, further to the completion of the one-year pilot study on desalination in Tuen Mun, the Water Supplies Department (WSD) is now conducting another study in Ap Lei Chau. In this connection, will the Government inform this Council:*

- (a) *of the findings of the pilot studies on desalination conducted in the two places mentioned above;*

- (b) *of the per-cubic-metre cost of desalination and the respective percentages of various expenditure items (such as construction and maintenance of plants, electricity, osmosis membranes and chemicals used for removing impurities and disinfection, and so on) in relation to such cost; and*
- (c) *whether it plans to build a desalting plant using the reverse osmosis technique to help solve in the long run the problem of potable water supply in Hong Kong?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): President,

- (a) The WSD completed a one-year trial operation of the pilot desalination plant at Tuen Mun before end 2005. Preliminary test results indicate that seawater desalination using reverse osmosis technology is technically feasible in Hong Kong. The plant has subsequently been relocated to Ap Lei Chau since early 2006 to try out different coastal water quality for one other year. More test details will be available in the final report to be issued upon completion of the pilot desalination study scheduled for mid-2007.
- (b) Based on the initial findings of the pilot desalination study conducted at Tuen Mun, the unit production cost of the desalinated water is estimated to be \$7.8 to \$8.4 per cu m (at January 2005 price level), with the breakdown on the percentages of various expenditure items as follows:

Construction Cost	52%
Electricity	20%
Membrane Replacement	3%
Staff	2%
Chemicals	10%
Miscellaneous (repairs and maintenance)	7%
Contingency	6%
Total	100%

- (c) The WSD is undertaking a consultancy study scheduled for completion in end 2007 to map out the long-term strategies and formulate implementation plans for the Total Water Management (TWM) programme in Hong Kong. Under the TWM study, we will examine the distribution of various water resources and their cost of supply (including Dongjiang water, reclaimed water, desalinated water, local yield, and so on). We will also map out the long-term strategies on the effective use, development and the share of supply of various water resources for meeting the future demand. The Government has no definite plan on the use of desalinated water at this stage.

DR LUI MING-WAH (in Cantonese): *President, I would like to follow up part (b) of the main reply. It is reported that the cost of seawater desalination in Tianjin is about \$4 to \$5; in Shenzhen, where a desalting plant is under construction, the cost is about \$6; and in the United States, it costs about \$4 desalting about one tonne of seawater. According to the Government's calculation, the cost of desalination at the pilot plant in Hong Kong is about \$7.8 to \$8. Why is the cost in Hong Kong far more expensive than that in places elsewhere? With regard to the cost structure provided to us by the Government, is the calculation based on the equipment used on a pilot basis? If the volume of seawater to be desalted is 100 000 tonnes, 200 000 tonnes or 400 000 tonnes in the future, the figures in the cost structure will be different. Will the cost be far less expensive then?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Dr LUI's supplementary question is rather complicated. Prices vary from one place to another, and electricity tariffs and staff wages are also different, so all this will affect the calculation of the unit cost of desalination per tonne. For example, in the desalting plant in Tianjin, their technology is different from ours, as they used high-pressure, low-temperature distillation. It is done in conjunction with an adjacent power plant by heating the residue heat of the power plant, which can in turn save energy. So, all the places will make use of their own advantages and established industries to achieve conservation, and different places will choose different technologies for trial. We will pay close attention to whether or not the cost can be further reduced, and consideration will be given to the aspect of energy and the use of thermal energy.

DR LUI MING-WAH (in Cantonese): *President, the Government did not answer my supplementary question. With regard to the existing cost structure, can it be extended to become a cost structure involving large-scale machinery? That is, if large-scale machinery is used in the future, the cost structure will be different. Why? It is because the construction cost accounts for 52%, and this is a very important point, because for this 52%, is it.....*

PRESIDENT (in Cantonese): Dr LUI Ming-wah, I understand what you are trying to ask.

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Dr LUI's question is about economy of scale in the construction cost. In fact, we have also considered this point. But at present, equipment is indeed most expensive.

MR ABRAHAM SHEK (in Cantonese): *President, part (b) of the main reply mentioned that the unit cost of desalination is about \$7.8 to \$8.4 per cu m, which is rather high. I would like to ask the Secretary this: How does it compare with Dongjiang water in terms of cost? Will consideration be given to adopting both options? If this option will really be pursued, will the water tariff rise?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): I think it is too early to think about whether water tariff will rise. So, let us not be alarmist. Although the "user pays" principle is our ultimate objective, concerning the point about water tariff made by Mr SHEK, Dongjiang water is slightly different from desalinated seawater. First, we have to pay a price for purchasing Dongjiang water; second, further treatment is required subsequent to the purchase at a cost of about some 40 cents per cu m, and this does not include the cost of infrastructure, such as the construction of aqueducts. But there is still a huge gap between the cost involved and the cost of the equipment for desalination which, as I said earlier, is most expensive. Up to this moment, despite a downward trend in the cost of osmosis membranes, and so on, the cost is still very expensive. So, the price gap will continue to exist over a period of time.

PROF PATRICK LAU (in Cantonese): *As Mr Abraham SHEK has said earlier, the cost is very expensive, as 1 cu m of water, which is about the volume of water consumed for taking a bath, will cost some \$8. May I ask the Secretary whether a more environmentally-friendly approach is adopted in the pilot programme? From the main reply I can see that huge electricity consumption is required. Will the Government consider using renewable energy for producing this type of water?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): Scientific experiments must be carried out step by step. Our first and foremost task now is to thoroughly test the major equipment and facilities. For instance, many new technologies are involved in the process of osmosis or reverse osmosis. After testing them, I already discussed with colleagues the viability of using solar energy as the next step. Given that the test points are usually located at the waterfront, they can readily access solar energy. The use of solar energy is desirable, for it obviates the need to store electricity. Whenever solar energy is available, seawater desalination can be carried out and the desalinated water can be subsequently stored up.

Besides, I also mentioned thermal energy earlier. For example, the cooling water discharged by a nearby power plant is hot, and if we can make use of the heat, it can help conserve energy. The higher its temperature, the more effective the process of reverse osmosis, and this will achieve the objective of energy conservation. So, energy conservation will be the next step of our work. However, we must first ascertain the feasibility of the basic technologies and then we will proceed to work for energy conservation.

MISS CHOY SO-YUK (in Cantonese): *President, the figures stated in part (b) of the main reply are so expensive because the construction cost accounts for 52% of the cost. The Secretary did not say that water tariff will be pitched at this price level, but she mentioned that it would be charged according to the cost. But in fact, the Government should not factor in the construction cost in calculating the level of general charges. Therefore, insofar as these figures are concerned, should the Secretary base the calculation on the original operating cost, rather than factoring in the construction cost?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): We do have established practices in financial management but

with regard to the pilot desalination study, we must take into account the construction cost because it will precisely constitute a rather heavy burden on the Government, and it would be grossly unfair if the construction cost is not factored in. If desalination was adopted across the board, it would require a capital injection of \$50 billion by the Government, which is a colossal amount of investment that will not cover a long period of time due to the factor of corrosion. So, in pursuing this option, we must understand clearly the financial implication. The commitment required in this respect is not temporary, and the cost is exorbitantly high. Hence, insofar as the pilot programme is concerned, we must make this point very clear.

DR KWOK KA-KI (in Cantonese): *President, I very much agree with the Secretary who said earlier that the cost is very expensive. I wonder if it is because the Dongjiang water is so easily accessible that we have failed to conserve water or reduce wastage of water by various means in the last few years. I would like to ask the Secretary this: Insofar as the current policy is concerned, should consideration be given to conserving water or spending a lot of money on the desalination process which is wasteful both in terms of energy and money?*

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, although you have asked a very good supplementary question, how does it relate to the main reply? Can you explain it?

DR KWOK KA-KI (in Cantonese): *President, I am thinking about what methods there are to reduce the chance of desalination, including giving consideration to water conservation.*

PRESIDENT (in Cantonese): It seems that the main question is not about the need of desalination. It only asked about the findings of the pilot programme. So, your supplementary question is still unrelated to the main question. I suggest you think about it. I will call upon another Member to ask his question first and then, I will let you ask yours later.

MR LAU KONG-WAH (in Cantonese): *President, we have experienced a failure in desalination before, and the cost of this process is quite expensive. In*

fact, the supply of Dongjiang water is basically a measure taken by the State to support Hong Kong. It has been so before and it is still so today. I wonder if Hong Kong has communicated with the Mainland beforehand when it plans to pursue the option of desalination. Particularly as we have recently invested some \$5 billion in the construction of closed aqueducts, will this investment turn out to be a wastage if there are changes in the future?

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): In carrying out work in desalination, we have indeed discussed it with our colleagues in the Mainland. In fact, we often have exchanges in respect of technology. I just discussed this with them a few days ago because the Mainland is very interested in this technology and they consider it necessary for some contingency work to be carried out in each city, as no one knows what changes will take place in respect of clean water in the next decade. An example of past failures is that the Lok On Pai desalter had adopted the distillation technology across the board, which turned out to be a huge wastage of money. At that time, the cost of desalting 1 litre of water was almost as expensive as the cost of 1 litre of oil and so, it was proven to be completely ineffective. But as technologies advance, we, being a responsible government, must examine how technologies can be substantively applied. This is why we have implemented the pilot programme.

As for the Mainland and the investment in Dongjiang water, certainly, we still have to use this option for many more years. Moreover, it may not be the same between the use of natural water resources and the use of desalinated seawater. In some cases, it may be necessary to use water of a very high quality, and the water produced by desalination is pure water. We may have to distinguish among ordinary water, potable water and water for medical use in the future. With regard to the policy on total water management, it is necessary to map out a long-term plan before the objective can be achieved.

DR KWOK KA-KI (in Cantonese): *President, I wish to follow up mainly part (c) of the main reply in relation to the distribution of various water resources, the cost of supply and long-term strategies. Perhaps I would focus on reducing water consumption by, say, using reclaimed water or other methods. What is their respective proportion and what is the long-term strategy on them?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): On the long-term strategies, as I pointed out in the main reply,

we will first conduct some basic studies of reclaimed water, desalination and the development of more catchment areas before we can ascertain the effectiveness of each of the options. In respect of reclaimed water, two projects are currently in progress: The first is in Ngong Ping with a capacity of 600 cu m; the other is in Shek Wu Hui with a temporary capacity of 110 cu m. Given the limitations in the use of reclaimed water, the cost will be exorbitantly high in order to make it to be acceptable to the public and of a quality as good as that of raw water in terms of hygiene. Therefore, we must look into what purposes reclaimed water can serve, but we have yet come to any conclusion. Lastly, we certainly have to expand the reservoirs but given the constraints in Hong Kong where population is dense and land is scarce, it is very difficult to further designate more catchment areas. The several studies conducted in the past did not consider this a viable option either.

Following technological development and possible use of renewal energy as I mentioned earlier, desalination seems to be a more realistic and forward-looking direction.

MISS CHOY SO-YUK (in Cantonese): *President, part (c) of the main reply mentioned the studies of various water resources. The Secretary mentioned earlier the use of wastewater, saying that the treated water can serve limited purposes, as it can only be used for irrigation or other purposes. But in fact, in many places, wastewater that has completed primary treatment will undergo secondary treatment, in order for it to be suitable for potable use, and from what I can see, the cost involved is far lower than the figures provided to us here. Will the Secretary consider conducting studies on secondary treatment of wastewater, so that it can become potable water after treatment?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): According to the information available, it is very costly to carry out secondary treatment in order to make the water suitable for potable use. I do not know what expectations Members have insofar as the standard is concerned. In Singapore, the cost is on the high side if reclaimed water is treated to reach a standard suitable for potable use. It is even higher than those methods adopted by us now, and it mainly depends on the expectations of the people. The Muslims in Singapore consider that this kind of water is contaminated because when they drink the water and excrete it from the body, they will be contaminated by pork. So, in the process of water treatment, we

must very carefully deal with over 300 organic chemicals. This purification process is very costly. In Hong Kong, there is also another limitation in producing reclaimed water because salt water is used for toilet flushing in many places, and it will be very expensive to produce water from salt water, for it is necessary to carry out the desalting process. So, there are not many districts where reclaimed water can be produced. In fact, many experts consider that the use of salt water for toilet flushing is already a way of water recycling.

PRESIDENT (in Cantonese): We have spent more than 18 minutes on this question. Last supplementary question.

MR LAU KONG-WAH (in Cantonese): *The Secretary briefly mentioned earlier that pure water produced by desalination may be more suitable for potable use, but the main reply seems to talk about only the cost-effectiveness. Can the Secretary tell us which type of water is of a better quality: Water produced by using advanced desalination technology or the treated Dongjiang water after chlorination?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): In fact, while desalinated water is pure water, as I said earlier, it will be used for medical and research purposes or for meeting other special needs; or electronic engineering and electronic plants may also require pure water and so, desalinated water may be more suitable, but the trace metals, which mean the small amount of metals essential to the human body, will all be lost and this is why in many places, such as the Middle East countries, some minerals are added to the water but the people are not accustomed to the smell. Besides, the water will pass through many aqueducts in the course of transportation. We would describe it as "septic", which means that air circulation is poor with a chance for germs to develop in the aqueducts and for this reason, it is necessary to maintain a residual amount of chlorine. The use of a transportation network to replace bottles for transporting water will also be different. In this regard, we have not yet studied in detail what option will be ultimately adopted, but the standards required of the transportation network are the same as those that the transportation of ordinary potable water is required to meet now.

PRESIDENT (in Cantonese): Last oral question.

Building of a Third Air Cargo Terminal

6. **MR WONG TING-KWONG** (in Cantonese): *President, the Airport Authority Hong Kong (AA) recently announced in December 2006 that a third air cargo terminal would be built by way of open tender. In this connection, will the Government inform this Council:*

- (a) *whether it has assessed Hong Kong's future demand for air cargo services and air cargo handling capacity; if it has, of the assessment results; if not, the reasons for that;*
- (b) *whether it knows the factors considered by the AA in deciding to build the third air cargo terminal; and*
- (c) *whether it has assessed the impact of building the third air cargo terminal on the air cargo industry; if it has, of the assessment results; if not, the reasons for that?*

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

- (a) The AA expects the demand for air cargo services to continue to grow. At the same time, competition from airports in the region will also intensify. In order to maintain the competitiveness of the Hong Kong International Airport (HKIA), the AA adopts a regular planning programme involving different aspects, namely an annual budget, a rolling five-year plan, as well as a 20-year plan that is updated every five years. In developing these plans, the AA takes into account the views of the industry and relevant stakeholders. In its latest 20-year plan, the HKIA 2025, the AA forecasts that Hong Kong will handle 8 million tonnes of air cargo annually by 2025, exceeding the capacity provided by the existing two cargo terminals and the express cargo terminal.
- (b) The AA's objective is to maintain the HKIA's long-term competitiveness. In considering proposals for facility expansion to achieve this objective, the AA takes into account key factors including the demand of airlines, shippers, freight forwarders and

other industry players; the views of the AA's business partners; regional market dynamics; and the time required for design and construction. Having considered these factors, the AA concludes that this is the right time to proceed with the development of a third air cargo terminal to ensure the timely provision of sufficient cargo handling capacity.

- (c) The AA believes that the global air cargo traffic will see sustained growth, and that cargo flows from Asia, particularly those from the Mainland to the United States and Europe, will be the fastest to grow. As the HKIA expands its connections with points in the Mainland and other places, the third air cargo terminal will enable the air cargo industry in Hong Kong to capture a good share of the growing air cargo demand, thereby facilitating and contributing to the sustained growth of the industry.

MR WONG TING-KWONG (in Cantonese): *In the face of the competition from neighbouring regions in developing air cargo services, will the authorities adopt other initiatives to enhance the competitiveness of our air cargo industry apart from building a new air cargo terminal?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): President, I believe it is most important for us to ensure that the HKIA does have adequate air cargo terminal facilities to satisfy the needs of the industry. In particular, we must forecast the future growth in air cargo traffic, and ensure that competition is in place and then, through competition, we hope to reduce the operating costs. Of course, we shall continue to encourage the signing of more civil aviation agreements with other places, and we shall also encourage the launch of more new air routes. All these are goals that we shall keep on striving to attain.

MS MIRIAM LAU (in Cantonese): *Hong Kong's air cargo throughput last year was 3.6 million tonnes. May I ask the Secretary, at present, what is the total air cargo handling capacity of the two cargo terminals together with the express cargo terminal? When will the present facilities be expected to reach capacity?*

What is the air cargo handling capacity of the third air cargo terminal and when will it be commissioned?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): With regard to the present air cargo handling capacity, for example, the throughput of Hong Kong Air Cargo Terminal Limited (HACTL) this year — President, I mean 2006 — was 2.56 million tonnes. The Asia Airfreight Terminal has also expanded its facilities. With the additional handling capacity of Phase II, I think its annual handling capacity should be about 1.5 million tonnes. At present, the DHL Express Cargo Terminal has an annual handling capacity of about 200 000 tonnes. In other words, with regard to handling capacity, President, people may have very different ideas about it. Take the HACTL as an example. According to its original design, or at the time of signing the contract, its estimated handling capacity was 2.6 million tonnes. However, the HACTL has certainly done some work to enhance its handling capacity. Therefore, its present handling capacity could be as high as over 4 million tonnes. Of course, President, now it is most important for us to discuss long-term competitiveness, and we also have to forecast our future growth, so as to ensure that we can build some new air cargo terminals in advance to satisfy needs in the future.

MS MIRIAM LAU (in Cantonese): *He really has not answered many aspects of my question. First, I wanted to know the anticipated date of the existing facilities reaching capacity. Besides, what is the projected handling capacity of the third air cargo terminal? And when is it expected to be completed?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): The projected handling capacity of the third air cargo terminal is 2.5 million tonnes. This is a projected figure. With regard to when the facilities will reach capacity, of course there are many predictions because this will also depend on the growth in the air cargo traffic every year. The answer I want to give is: The AA has actually taken full consideration of such factors as the present growth trend and the storage capacities of the two air cargo terminals, and so on, and it feels that this should be the right time for proceeding with the construction of the third air cargo terminal.

MR SIN CHUNG-KAI (in Cantonese): *President, I also feel that Ms Miriam LAU has not been given fair treatment. It seems that the Secretary has not answered her question at all. However, I also want to put forward my own question, and I do not know whether the Secretary would answer it. My question is: Suppose we act according to the projected growth in air cargo traffic by 2025, that is, as it is put forward in the AA's report that we need to build the third air cargo terminal now, and since we have such huge air cargo traffic, but there are only two runways at the HKIA, therefore, the runways will reach capacity too, am I correct? If the air cargo traffic does grow as projected in the report, when will the two runways in our airport reach capacity? It is because the growth of air cargo traffic.....*

PRESIDENT (in Cantonese): I understand your supplementary question.

MR SIN CHUNG-KAI (in Cantonese): *We must act to complement the handling capacity of the third air cargo terminal, right? Otherwise, we may face the scenario of having no time slots for our air freighters to take off from the airport.*

PRESIDENT (in Cantonese): Yes, Mr SIN Chung-kai, your supplementary question is: Since we are now developing the air cargo industry, but with only two runways, will the development be hampered? Right?

MR SIN CHUNG-KAI (in Cantonese): *Right.*

PRESIDENT (in Cantonese): Secretary, have you caught this supplementary question?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I have caught it. President, he was asking a question on the runways. President, I would like to explain this: The crucial point is not how many flights can be facilitated by our runways in landing or taking off. There are still many time slots during the night-time on our runways that can be used by

the air freighters. At present, the most important issue is in fact the air cargo terminal facilities. Besides, the runways are not the only issue that matters. In fact, we still have to take other issues into consideration. How many flights can be allowed to take off and land in an hour? Is it possible to increase the number of flights? From the perspective of air traffic control, is there any scope for simplifying the air traffic control protocol with the relevant mainland authorities now? In respect of territorial airspace, can there be greater flexibility? If we can answer all of these questions in the affirmative, then it will help us a long way in increasing the number of our flights, and it would not be a matter of whether we have only two runways. Of course, we also know that the AA has already stated its position on whether Hong Kong needs to build the third air cargo terminal, and we shall conduct the relevant study.

PRESIDENT (in Cantonese): Mr Abraham SHEK.

(Mr SIN Chung-kai raised his hand to indicate an intention to speak)

MR SIN CHUNG-KAI (in Cantonese): *President.....*

PRESIDENT (in Cantonese): Sorry.

MR SIN CHUNG-KAI (in Cantonese): *I would like to raise a follow-up question.*

PRESIDENT (in Cantonese): Fine.

MR SIN CHUNG-KAI (in Cantonese): *When will the relevant study be completed?*

PRESIDENT (in Cantonese): Please sit down first. Did you mention this point in your earlier supplementary question? If not, I cannot possibly allow you to raise this question. You may wait for another turn.

MR ABRAHAM SHEK (in Cantonese): *We in the construction industry are very glad to hear that the Government can now proceed with the construction of the third air cargo terminal. May I ask the Secretary how much money would be invested in the third air cargo terminal, and how many job opportunities will be created?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I would like to thank Mr Abraham SHEK for this supplementary question.

I am afraid I cannot give any reply on the size of the investment involved because we are still at the stage of inviting tenders. Insofar as the AA is concerned, of course it will carefully examine the proposals to be submitted with the tenders, so as to ensure that all the facilities can meet our requirements and that the bidders do possess cargo handling capability and are financially capable in this regard. As for the size of the investment involved, of course it will be decided by the relevant company. Regardless of whether the amount of investment is relatively large or small, it is imperative that the proposal must meet the requirements prescribed by the AA, and we must ensure that what it does can eventually satisfy the demands of the air cargo industry.

With regard to the number of job openings that can be created, I am sorry, we are unable to answer this question at the moment because this will depend upon many factors such as the scales of the bidding companies, and so on. But one thing is definite, in the long run, we certainly need the third air cargo terminal. And for this reason, the air cargo terminal will definitely need to recruit staff members. Besides, since more cargoes will come to Hong Kong, this will propel the growth of other industries, thus increasing the numbers of openings in such industries. However, I cannot provide any concrete figures now.

MR ALBERT CHAN (in Cantonese): *President, the Secretary has mentioned in the main reply that the AA believes that the global air cargo traffic will see sustained growth, and that cargo flows from Asia will be the fastest to grow. Is the Secretary aware that the upsurge in cargo flows will lead to the continual increase in the number of flights at night (in particular midnight) at the airport, and consequently it will affect the environment, especially it may bring about the*

problem of creating noise nuisances to the residents? How can the Secretary strike a right balance between promoting economic growth and reducing noise nuisances to the residents?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Thanks to Mr Albert CHAN. I know Mr CHAN is most concerned about the noise issue. I have to reply questions raised by him in this regard every year.

I believe Mr CHAN knows all too well that the Civil Aviation Department has stipulated the regulations, and he knows the circumstances under which aircraft are allowed to take off, and in respect of noise, in which directions aircraft can take off, and so on. I believe I have mentioned all such information on each occasion I replied Mr CHAN's questions. In this regard, Mr CHAN has said correctly that the Department has to strike a balance in the light of the circumstances. I believe Mr CHAN also knows that currently there are not too many air freighters taking off at night. There has not been any substantial increase in the figures in this aspect. In my earlier reply, I have already said that we are conducting studies from different perspectives, including the question Mr SIN Chung-kai has asked on whether there is the need for building a third runway; whether we can extend the control of our territorial airspace; whether there can be greater flexibility and the number of aircraft that can land and take off in an hour, and so on. We shall take all the factors into consideration. And we shall not allow more flights just because we have spare time slots at night. We understand everyone's concern about the noise issue. Therefore, in this regard, we shall strike a right balance.

MISS CHOY SO-YUK (in Cantonese): *President, it is reported that there are great demands for immediate transshipment services, speedy cargo services and express cargo services. May I ask the Secretary whether, in building the third air cargo terminal, it will be explicitly stipulated in the tender specifications that the successful bidder must provide such facilities?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): With regard to the issue of express cargo service which Miss CHOY So-yuk is concerned about, we have actually established an express cargo

terminal in the airport, which is being operated by the DHL. The company has actually acted in line with the trend you have mentioned by expeditiously expanding its facilities. Therefore, it should have adequate cargo handling capacity. Of course, we have just started the process of inviting tenders. I believe we have to allow interested persons or companies to present to the AA in their tenders the modes and scales of their operations, the sources of the cargoes they will handle and whether express cargo service will be provided, and so on. I believe interested companies will submit their proposals and the AA will consider them from an overall perspective.

MR LAU KONG-WAH (in Cantonese): *President, in part (b) of the main reply, the Secretary mentioned that this was the right time to proceed with the development of a third air cargo terminal. I do not know the time that he has referred to. Is it this year? However, the Secretary has just disclosed that, according to the authorities, there will be a projected growth of nearly three times in the total throughput when comparing the figure of last year and the projected figure after 20 years. This is a very optimistic forecast. Therefore, may I ask the authorities whether they have assessed the competition with the neighbouring places, such as the Guangzhou Airport? If yes, will they still hold such an optimistic view?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I would like to clarify that it is not three times, Mr LAU. In replying Ms Miriam LAU, I mentioned that during the past 12 months, we had handled nearly 3.6 million tonnes of cargoes. If it is doubled, the figure is already over 7 million tonnes. So it is not as much as three times. Of course, we fully understand that we are at the moment As I have said earlier on in my main reply that we do have competition from the airports of Shenzhen, Guangzhou, and so on. Of course, we also have to face some other competition. This forecast is in fact not too optimistic because in the long run, our projection of 8 million tonnes in 2025 is actually in line with the forecasts made by many participants in the industry, including the HACTL, and it is a figure generally agreed by everyone. In other words, the AA arrived at such a projection only after it had actually conducted prior consultation with the existing operators of air cargo terminals, Shippers' Association of Hong Kong, members of the industry and associations of the logistics industry, and so on, and the

circumstances of other places have also been taken into account. So in all aspects, this projection is in fact quite relevant.

MR LAU KONG-WAH (in Cantonese): *The Secretary has not replied when the project will proceed. Will it be proceeded with this year?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Regarding when the project will be proceeded with, we have now started the tender invitation procedure by inviting interested investors to submit their proposals for prequalification, and the closing date of submission is 2 February. After making the decisions, we shall formally invite them to submit detailed proposals for the consideration of the AA. Insofar as the schedule is concerned, we are definitely aiming at commissioning the third air cargo terminal in 2008 (Appendix 1).

PRESIDENT (in Cantonese): We have spent more than 18 minutes on this question. Last supplementary question now.

MISS CHOY SO-YUK (in Cantonese): *President, the operating costs of the logistics industry are very high. This is a core issue about which many people are concerned. May I ask the Secretary, when conducting the tender for the third container terminal — sorry, not container terminal — when conducting the tender for the third air cargo terminal, whether he will consider introducing a competition mechanism so as to bring about fee adjustments through market forces?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Regarding the construction of the third air cargo terminal, the first objective is to cope with the future demands, and the second objective is to enhance competition. In other words, apart from the existing facilities, the industry will have an additional choice in air cargo terminals, and this should promote competition. In examining the proposals, the AA will naturally consider the scales of their operations and fees charged, and so on. Of course, one of the points we shall take into consideration is the benefits it will bring to

the economy of Hong Kong as a whole. This is most important. As Miss CHOY So-yuk has said, with greater competition, can the operating costs be reduced through the addition of this facility? The AA will take all these factors into consideration in the tendering process.

MS MIRIAM LAU (in Cantonese): *President, I would like to ask the Secretary to clarify a piece of information because it seems that he has given us a piece of erroneous information. I just want him to clarify it.*

PRESIDENT (in Cantonese): This is not part of this question. But I believe you may inform the Secretary of it after the meeting and the Secretary should take action accordingly. If there is any error in the information, he should release accurate information to members of the public. Fine. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Lift and Escalator Mechanics Registered as Skilled Workers

7. **MR WONG KWOK-HING** (in Chinese): *President, upon full implementation of the Construction Workers Registration Ordinance, the work described in Part 1 of Schedule 1 to the Ordinance may only be carried out by registered skilled workers for the relevant designated trades, or by registered construction workers under the instruction and supervision of such registered skilled workers. That Schedule also stipulates that only the "competent lift workers" and "competent escalator workers" (hereinafter "competent workers") within the meaning of section 29A(4) of the Lifts and Escalators (Safety) Ordinance (the Ordinance) may be registered as skilled workers for lifts and escalators respectively. Some trade unions have estimated that at present, about 3 000 persons cannot be registered because they are not regarded as competent workers for the reason that they are not directly employed by registered contractors for the relevant trades. Notwithstanding that some of these workers have over 10 years of work experience, all of them can only be registered as general construction workers and some of them may eventually be forced to switch to other trades. In this connection, will the Government inform this Council whether it will adopt any one of the following measures:*

- (a) *to amend the definitions of competent workers in the Ordinance to include mechanics who are not directly employed by registered contractors for the relevant trades but have the specified years of work experience; and*
- (b) *to amend the Construction Workers Registration Ordinance by allowing lift and escalator mechanics who do not fall within the definitions of competent workers but with a certain number of years of work experience to be registered as skilled workers?*

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

- (a) There are two routes to become a "competent lift/escalator worker" under section 29A(4) of the Ordinance. A person is qualified if he:
 - (1) is the holder of a certificate in mechanical, electrical, electronic or building services engineering, or has completed a course relating to lifts/escalators at any technical institute or Vocational Training Centre or such equivalent course as is approved by the Director of the Electrical and Mechanical Services (the Director), and has undergone such craft apprenticeship in lift/escalator works as is approved by the Director for a period, or an aggregate period, of not less than four years; or
 - (2) has been in the employment, for a period, or an aggregate period, of not less than four years, of any registered lift/escalator contractor and is considered by the registered lift/escalator contractor by whom he is employed to have had sufficient experience or training in lift/escalator works of that particular type so as to carry out such lift/escalator works competently without supervision.

The Administration is exploring the feasibility of a scheme to enable those who possess sufficient skills and work experience but have not undergone formal academic training or craft apprenticeship to become "competent lift/escalator workers" under section 29A(4)(a) of the Ordinance. The proposed scheme will involve refresher

top-up training courses and arrangements to verify previous training received by the workers.

Under the proposed scheme, if lift/escalator workers fulfil the requirements under section 29A(4)(a) of the Ordinance as "competent lift/escalator workers", such status does not require the recognition by registered lift/escalator contractors. If the workers change their employers, the status of being "competent lift/escalator workers" will remain.

The proposed scheme does not involve legislative amendments. The Administration is mapping out the details and actively examining the feasibility of the scheme, with a view to consulting the industry as soon as possible.

- (b) The proposed new scheme mentioned in the first part of the reply will enable lift/escalator workers who possess sufficient skills and work experience but have not undergone formal academic training or craft apprenticeship to become "competent lift/escalator workers" under section 29A(4)(a) of the Ordinance, and thereby satisfying the requirements to become registered skilled workers for the lift/escalator mechanic trades under Part 1 of Schedule 1 of the Construction Workers Registration Ordinance. As such, there is no need to amend the Construction Workers Registration Ordinance.

Development of Restaurants

8. **MR TOMMY CHEUNG** (in Chinese): *President, will the Government:*

- (a) *inform this Council whether it has studied the trend of changes in size among local restaurants; if so, of the results of the study; if not, whether the authorities will conduct such a study to assess how Hong Kong's economic conditions have affected the development of restaurants; and*
- (b) *set out in the following table the respective numbers of licensed general restaurants in various size groups and their percentages in the total number of such restaurants in 2004-2005 and 2005-2006?*

<i>Size groups adopted by the Food and Environmental Hygiene Department for the purpose of determining restaurant licence fees</i>		<i>Licensed general restaurants</i>			
		<i>2004-2005</i>		<i>2005-2006</i>	
<i>Exceeding (sq m)</i>	<i>Not exceeding (sq m)</i>	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
	<i>100</i>				
<i>100</i>	<i>150</i>				
<i>150</i>	<i>200</i>				
<i>200</i>	<i>250</i>				
<i>250</i>	<i>300</i>				
<i>300</i>	<i>350</i>				
<i>350</i>	<i>400</i>				
<i>400</i>	<i>450</i>				
<i>450</i>	<i>500</i>				
<i>500</i>	<i>600</i>				
<i>600</i>	<i>700</i>				
<i>700</i>	<i>800</i>				
<i>800</i>	<i>900</i>				
<i>900</i>	<i>1 000</i>				
<i>1 000</i>	<i>2 000</i>				
<i>2 000</i>	<i>3 000</i>				
<i>3 000</i>	<i>4 000</i>				
<i>4 000</i>	<i>5 000</i>				
<i>5 000</i>					

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

- (a) As the licensing authority for food premises, the main responsibility of the Food and Environmental Hygiene Department is to draw up regulatory measures to ensure the hygiene and safety of food premises. In respect of trade facilitation, the Department has also launched measures to facilitate the trade. For instance, it has streamlined food business licensing regime and enhanced the efficiency in issuing licences. As regards the operation and scale of food businesses, they should be determined by operators having regard to their business needs and development. The Government

has no plan to study the change in the sizes of food premises at present or in future.

- (b) As at 2 January 2007, there were 7 943 restaurants holding valid general restaurant licences (including full and provisional licences). A breakdown of these premises by size groups is provided in the following table.

<i>Size groups adopted by the Food and Environmental Hygiene Department for the purpose of determining restaurant licence fees</i>		<i>Licensed general restaurants (as at 2 January 2007)</i>	
<i>Exceeding (sq m)</i>	<i>Not exceeding (sq m)</i>	<i>Number</i>	<i>Percentage</i>
	100	3 335	42.0%
100	150	1 086	13.7%
150	200	698	8.8%
200	250	548	6.9%
250	300	390	4.9%
300	350	300	3.8%
350	400	232	2.9%
400	450	156	2.0%
450	500	127	1.6%
500	600	179	2.3%
600	700	138	1.7%
700	800	108	1.4%
800	900	85	1.1%
900	1 000	60	0.8%
1 000	2 000	377	4.7%
2 000	3 000	88	1.1%
3 000	4 000	16	0.2%
4 000	5 000	9	0.1%
5 000		11	0.1%
	Total	7 943	100%

As we have not collected data on the breakdown of the licensed restaurants by size group before, the relevant figures for 2004-2005 and 2005-2006 are not available. Insofar as licensed general restaurants are concerned, the total numbers for 2004, 2005 and 2006 are 7 949, 8 020 and 7 976 respectively.

Post Office Robbery

9. **MR KWONG CHI-KIN** (in Chinese): *President, as a post office was robbed recently, will the Government inform this Council:*

- (a) *of the total number of post offices at which the PayThruPost service is provided at present; and among them, of the respective numbers of post offices which are manned by only one or two staff members, have glass screens or closed-circuit televisions, and have security guards stationed;*
- (b) *of the criteria for deciding whether or not to adopt the above security measures; and*
- (c) *whether it will implement such measures in all those post offices at which the above service is provided but the security measures have not been adopted; if it will, when the measures will be implemented; if not, the reasons for that?*

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

- (a) At present, the Hongkong Post (HKP) offers PayThruPost service at 131 post offices. Of these, 51 are manned by two staff members and the remaining by three or more staff members. All the counters in these 131 post offices are installed with glass screens. The deployment of additional security measures, including closed-circuit televisions and security guards, and so on, depends on the scale and circumstances of individual post offices.
- (b) In deciding whether to adopt the security measures mentioned above, the HKP has taken into account the circumstances of individual post offices, the advice of the Crime Prevention Bureau of the Hong Kong Police Force, and the guidelines issued by the Treasury on the security arrangement for government collection and payment offices.
- (c) The HKP contacted the Crime Prevention Bureau of the Hong Kong Police Force immediately after the recent robbery case to identify areas for improvement. For security reasons, it is not appropriate

for us to provide details of the enhanced measures, but the HKP has already started implementing those measures, taking into account the needs of individual post offices for protecting staff, customers, government revenue and property.

Disposal of Public Fill

10. **MR CHAN KAM-LAM** (in Chinese): *President, according to the Co-operation Agreement on Cross-boundary Marine Dumping signed between the Government and the State Oceanic Administration (SOA) in March 2004, public fill from Hong Kong may be delivered to the Mainland for disposal. After the South China Sea Branch of the SOA had determined the reception point in the Mainland for receiving public fill, the Government invited tenders in April last year to commission a contractor to operate the public fill reception facilities in Hong Kong and deliver public fill to the designated reclamation sites in the Mainland. In this connection, will the Government inform this Council:*

- (a) *whether, prior to the tendering exercise, it was aware of the fact that the successful tenderer has to bear the costs for the construction of infrastructural facilities at the reception sites in the Mainland, as well as the requirements which will be imposed on the successful tenderer by the mainland authority; if it was, of the reasons for not setting out the details in the tender document;*
- (b) *of the average disposal charge per tonne of public fill based on the value of the contract awarded by the Government; and whether it knows if the successful tenderer concerned has taken into account the above costs for infrastructural facilities in setting its bid price;*
- (c) *whether the Government is required to pay the mainland authority in respect of the disposal of public fill from Hong Kong; if so, of the rate of charge per tonne; and*
- (d) *as a tenderer has pointed out that the mainland authority had considered designating the Dayawan Petrochemical Industry Park as the public fill reception point but eventually chose Guanghaiwan of Taishan, which is farther away from Hong Kong, whether the Government is aware of the reasons why the mainland authority has taken such a decision.*

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

- (a) The Government was aware that the successful tenderer for the delivery of public fill to Guanghaiwan of Taishan had to bear the costs of construction of project facilities necessary for the receipt of public fill from Hong Kong at the reception site and to comply with the requirements imposed by the mainland authorities prior to the tender exercise. The tender document stipulated that tenderers had to carry out the necessary enquiries and to obtain all detailed requirements in respect of the reclamation site from the Taishan authorities. In this connection, the Taishan authorities have produced a booklet on their "Receiving Conditions and Technical Requirements" for distribution to prospective tenderers, which clearly sets out the project facilities and other technical requirements necessary for the receipt of public fill from Hong Kong.

- (b) and (c)

The Government pays the relevant fees for the disposal of public fill to the mainland authorities through contract payment to the delivery contractor.

The scope of the tender concerned is primarily to operate all public fill reception facilities in Hong Kong and to deliver public fill to the Taishan reclamation site. Operation of public fill reception facilities is for two years and about 17 million tonnes of public fill will be handled. As for the delivery of public fill to Taishan, the service period is one year and the estimated quantity is 10 million tonnes. The contract was awarded in November 2006 with a contract sum of \$768 million.

When submitting their bid, tenderers need to understand the tender requirements and to consider all relevant costs in setting the bid price. Hence, tenderers should have been fully aware of the requirements of the mainland authorities (including fees payable to the mainland authorities for handling public fill) before setting the tender price and submitting the tender.

- (d) Sites for accommodating public fill from Hong Kong are determined by the SOA. We understand that the site selection process has

taken into consideration such factors as environmental impact, the quantity of public fill and the project arrangement and technical requirements of the site concerned.

Companies Tendering Government Service Contracts

11. **MR LEE CHEUK-YAN** (in Chinese): *President, according to Financial Circular No. 4/2006 issued by the Secretary for Financial Services and the Treasury to Directors of Bureaux and Controlling Officers, in respect of the tenders invited for government service contracts (excluding construction service contracts) that rely heavily on the deployment of non-skilled workers, a tender bid should not be considered if the tenderer concerned has been convicted of any of the following provisions during a certain period in the past: the provisions under the Employment Ordinance (Cap. 57) and the Employees' Compensation Ordinance (Cap. 282) which carry a maximum fine corresponding to Level 5 or higher within the meaning of Schedule 8 to the Criminal Procedure Ordinance (Cap. 221); sections 17I(1), 38A(4) and 41 of the Immigration Ordinance (Cap. 115); section 89 of the Criminal Procedure Ordinance; and sections 7, 7A and 43E of the Mandatory Provident Fund Schemes Ordinance (Cap. 485). For tenders invited in the first year from 1 May 2006, the reference period of conviction records will be the past 12-month period immediately preceding the tender closing date; for tenders invited within the following four years, the reference period will be from 1 May 2006 to the tender closing date; and for tenders invited thereafter, the reference period will be the five-year period immediately preceding the tender closing date. In this connection, will the Government inform this Council:*

- (a) *of the names of security/guarding services companies or cleansing services companies which have been convicted, within the period from 1 May 2005 to the present, of having breached any of the above provisions, and for each of the cases, of the case reference number, the charge(s), the penalty imposed, and whether the company concerned is currently engaged in any government service contract (if so, of the name of the relevant government department and the details of the service contract); and*
- (b) *whether it will consider any tender bid lodged by a company which has one or more of its employees (who are neither shareholders nor partners of the company) convicted, within the reference period of conviction records, of having breached any of the above provisions?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, our reply to the question raised by Mr LEE Cheuk-yan is as follows:

- (a) For government service contracts, according to the provisions in the tender document, the contractors bidding for the service contracts have only given consent for the Government to use the obtained information in respect of conviction records for the purpose of tender evaluation and contract administration. The Government cannot disclose such information for uses other than tender evaluation and contract administration. For this reason, the Government cannot provide the names of the contractors with the relevant conviction records. By the same token, we cannot disclose the names of non-government service contractors on the same legal consideration. Notwithstanding the above legal constraints, the Government can however provide the following related information for Members' reference.

Based on the information available, during the period from 1 May 2005 to 31 December 2006, a total of 45 security/security guard services companies or cleansing services companies were convicted of the relevant provisions under the Employment Ordinance (Cap. 57) and the Employees' Compensation Ordinance (Cap. 282) which carry a maximum fine corresponding to Level 5 or higher, or the Mandatory Provident Fund Schemes Ordinance (Cap. 485) (Section 7 and 7A), involving 216 summonses from 56 cases and a total fine of \$766,550. Of these cases, 20 companies have their conviction records arising from the Government's security/security guard or cleansing service contracts. These involved 23 cases, 112 summonses and a total fine of \$532,400.

Eight of the abovementioned 20 convicted companies are currently undertaking 40 security/security guard or cleansing services contracts awarded through tendering procedures. The tenders for all these contracts were invited before 1 May 2006. They are therefore not subject to the tightened measures as promulgated in Financial Circular No. 4/2006. The relevant information of these contracts is given at Annex.

- (b) Procuring departments are required under Financial Circular No. 4/2006 to check with the Labour Department, the Immigration Department and the website of the Mandatory Provident Fund

Schemes Authority to see if the bidding company has any conviction records under the relevant offences of the ordinances listed in the Financial Circular to determine whether its tender proposal should be considered.

Since contractors participating in tender for service contracts are required to be a legal person, for example, a company or an organization, under Financial Circular No. 4/2006, only the conviction records of the bidding company shall be counted. The Government will review the guidelines as stipulated in the Financial Circular from time to time to see if any improvements can be made where practicable.

Annex

Information on government departments' security/security guard
or cleansing services contracts awarded
through tendering procedures currently
undertaken by the eight convicted security/security guard
or cleansing services contractors
(as at 1 January 2007)

<i>Department</i>	<i>No. of contracts</i>	
	<i>Security/security guard service</i>	<i>Cleansing service</i>
Housing Department	1	-
Food and Environmental Hygiene Department	-	23
Civil Engineering and Development Department	1	-
Hong Kong Police Force	-	1
Leisure and Cultural Services Department	1	2
Government Property Agency	1	-
Hongkong Post	1	-
Marine Department	-	7
Lands Department	2	-
Total	7	33

Noise Nuisance Caused by Vessels

12. **MR MA LIK** (in Chinese): *President, will the Government inform this Council of:*

- (a) *the respective numbers of complaints received, in each of the past three years, from coastal residents about the noise nuisance caused by vessels, with a breakdown by the districts in which they live;*
- (b) *the procedure adopted by the authorities for handling such complaints and the follow-up actions they have taken; and*
- (c) *the measures and legislation in place to regulate the level of noise emission and the operation areas of vessels, in order to minimize the noise nuisance caused by vessels to coastal residents; whether it has assessed if there is a need to step up regulation; if it has and the assessment result is in the affirmative, of the options under consideration?*

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

- (a) The Marine Department and the Environmental Protection Department received a total of 17, 13 and 12 complaints about vessel traffic noise in 2004, 2005 and 2006 respectively. The locations involved are as follows:

<i>Year</i>	<i>Location</i>	<i>No. of Complaints</i>	<i>Total</i>
2004	Aberdeen	3	
	Shau Kei Wan	3	
	Sai Wan Ho	1	
	Kwun Tong	1	
	Hung Hom	2	
	Mong Kok	1	
	Tsing Yi	4	
	Tsuen Wan	1	
	Sha Tin	1	17
2005	Aberdeen	2	
	Shau Kei Wan	1	
	Tsing Yi	1	
	North Point	1	
	Hung Hom	1	
	Tung Chung	1	
	Tai Kok Tsui	1	
	Yau Ma Tei	1	
	Kwun Tong	2	

<i>Year</i>	<i>Location</i>	<i>No. of Complaints</i>	<i>Total</i>
	Sham Tseng/Tsing Lung Tau	1	
	Mui Wo	1	13
2006	Aberdeen	1	
	Shau Kei Wan	1	
	Tai Kok Tsui	1	
	Hung Hom	1	
	Mong Kok	1	
	Kwai Chung	1	
	Tsing Yi	1	
	Tsuen Wan	2	
	Sai Kung	1	
	Ma Wan	1	
	Pui O	1	12

- (b) The Marine Department and the Hong Kong Police Force will follow up complaints received from the public about the noise nuisance caused by vessels. The enforcement officer(s) will first issue advice to the coxswain or the person-in-charge of the vessel to require him to minimize the noise, and will also encourage the shipowner to install an engine silencer for the vessel. The two departments have also published and distributed leaflets to shipowners to remind ship operators to take noise abatement measures. For example, the Marine Region of the Police Force has issued over 1 800 leaflets to vessels for water trades and pleasure vessels within Hong Kong waters since June 2006.
- (c) At present, traffic noise of moving vessels is not subject to control under the Noise Control Ordinance. Since 2 January, the Code of Practice issued under the Merchant Shipping (Local Vessels) Ordinance has laid down technical guidelines on the main engine of a local vessel, requiring that the engine exhaust pipe be installed with a silencer or an expansion chamber to reduce the noise generated by a vessel in operation. The silencer or expansion chamber is one of the inspection items during vessel surveys. As for the restricted areas of navigation, they are established for the sake of navigation safety and have nothing to do with noise control. The Government currently imposes control on the noise generated by vessels in operation by means of the above Ordinance and the current arrangements are effective on the whole. Therefore, the Government has no plan to change the regulatory arrangements for the time being. We will continue to monitor the vessel noise problem and will conduct a review if necessary.

Extending Coverage of Protection of Wages on Insolvency Fund

13. **MS LI FUNG-YING** (in Chinese): *President, it has been reported that as the local economy has improved, the surplus of the Protection of Wages on Insolvency Fund (PWIF) has reached nearly \$600 million. In this connection, will the Government inform this Council whether it will consider extending the coverage of PWIF to include default Mandatory Provident Fund (MPF) contributions by employers?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Chinese): *President, the PWIF was set up in 1985 to provide timely relief in the form of *ex gratia* payment to employees of insolvent employers. Employees who are owed wages, wages in lieu of notice and severance payment by their insolvent employers may apply for *ex gratia* payment from the PWIF. Under the Protection of Wages on Insolvency Ordinance, the maximum payment for each employee is \$36,000 in respect of wages (for services rendered within four months prior to the last day of service), \$22,500 in respect of wages in lieu of notice, and severance payment up to \$50,000 plus 50% of the remainder of the entitlement. The maximum total amount of *ex gratia* payment that an employee can receive from the PWIF is \$278,500.*

There are provisions in the MPF legislation which impose liability on employers for defaulting on MPF contributions and the Mandatory Provident Fund Schemes Authority takes enforcement action against defaulting employers. The Government has no intention of extending the coverage of the PWIF to include default MPF contributions by employers which do not form part of wages or employment benefits under the Employment Ordinance. Nevertheless, where the insolvent employers deduct employees' wages for making employees' MPF contributions and default on these sums, such arrears of wages are already covered by the PWIF provided that they fall within the four-month limit mentioned above.

Road Works on Lantau Island

14. **MR DANIEL LAM** (in Chinese): *President, with the successive commissioning of a number of major tourist and other facilities, there is an increasing demand for land transport on Lantau Island. Furthermore, the road works with a cost of over \$1 billion to widen Tung Chung Road, which links North and South Lantau, will be completed in 2007. In this connection, will the Government inform this Council:*

- (a) *whether Tung Chung Road will be fully open to all vehicles upon the completion of the above project so as to facilitate movements of local residents; if not, of the reasons for that; and*
- (b) *whether it plans to widen South Lantau Road for the convenience of local residents; if not, of the reasons for that?*

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

- (a) The improvement works to the section of Tung Chung Road between Lung Tseng Tau and Cheung Sha is now underway. Upon completion, Tung Chung Road will be upgraded to a dual two-lane carriageway.

At this stage, we do not have any plan to fully open Tung Chung Road to all vehicles. Upon completion of the above works, the Transport Department will closely monitor the traffic situation and if necessary review the associated traffic arrangements.

- (b) South Lantau Road is already a dual two-lane carriageway. Widening works to sections near Cheung Sha School and Pui O, and improvement works to a section at Tong Fuk are currently underway. We expect that the overall operation of South Lantau Road will be further improved upon completion of the relevant road works in 2007.

Public-private Partnership Pilot Scheme

15. **MS AUDREY EU** (in Chinese): *President, at the end of 2004, the Government announced its new nature conservation policy, under which a public-private partnership (PPP) pilot scheme would be launched for enhancing conservation of priority sites. Six applications for PPP were received in 2005 but the result of the applications is still not available. In this connection, will the Government inform this Council:*

- (a) *of the exact dates on which the above six applications were received by the departments concerned;*
- (b) *of the total number of meetings so far held to examine the six applications by the Inter-departmental Task Force concerned; and*

- (c) *whether it would set a time limit for processing the six applications so that the priority sites will not be affected by prolonged processing time?*

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

- (a) The Agriculture, Fisheries and Conservation Department has been actively conserving ecologically important habitats in Hong Kong, such as country parks, special areas and Sites of Special Scientific Interest, and so on. However, the Government does not have the right to enter ecologically important sites under private ownership to carry out conservation work. Hence, the Government announced the New Nature Conservation Policy in end 2004, with a view to addressing the inadequacy in conserving ecologically important sites under private ownership through the Pilot Schemes for PPP and Management Agreements.

We received a total of six PPP applications, which proposed to implement pilot nature conservation PPP projects in Sha Lo Tung, Tai Ho, Wu Kau Tang, Mau Ping and Mui Tsz Lam, Yung Shue O, and Tin Fook Wai. The Government received the application in respect of the Sha Lo Tung site on 17 May 2005 and the other five applications on 31 May 2005.

- (b) The Government has set up an Inter-departmental Task Force, comprising representatives from departments responsible for conservation, planning, environment and works, to examine the applications. The Task Force has held eight meetings since May 2005.
- (c) We have not set a time limit for processing the PPP applications. We need to consider the applications on a case-by-case basis, having regard to factors including the development plans and ownership of the land under application, current ecological conditions, expected ecological benefits brought by the projects, environmental impact of the proposed developments under the projects (including related transportation and infrastructure facilities), financial viability and performance evaluation of the projects as well as monitoring arrangements. Owing to the complicated policy issues (such as land administration and planning policy) involved in Pilot PPP Scheme, the time required to examine the applications is longer than expected.

West Kowloon Waterfront Promenade

16. **MR JAMES TO** (in Chinese): *President, after putting the West Kowloon Cultural District development project on hold temporarily, the Government has provisionally developed the site into a waterfront promenade, but the number of people going there is small. It is learnt that the Government has allocated an additional \$9 million last year to provide additional facilities at the waterfront promenade, and will make greater efforts to tackle the problem of supporting transport facilities. In this connection, will the Government inform this Council:*

- (a) *of the works progress of the facilities, including the open air cafes, at the above waterfront promenade;*
- (b) *whether the number of visitors to the 10-day Mid-Autumn Lantern Display organized by the Leisure and Cultural Services Department (LCSD) at that waterfront promenade last year meets the target of 6 000; whether it has reviewed the adequacy of supporting transport facilities during the period of the display and the suitability of the venue concerned for holding large-scale activities;*
- (c) *whether it plans to organize activities at the waterfront promenade during Lunar New Year or other specified dates on its own or in collaboration with other organizations in order to attract more visitors; if so, please list out the information of such activities, including their names, types and organizers, according to the dates of the activities; and*
- (d) *as I was told by the Transport Department (TD) that it would discuss with green minibus operators on the provision of feeder transport service at that waterfront promenade, of the progress of such discussion; and whether the Government will consider implementing a trial scheme, whereby scheduled feeder service will be arranged on holidays for people travelling to and from the waterfront promenade, when the provision of such service by green minibus operators cannot be arranged?*

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

- (a) *The Government conducted enhancement works for the water promenade in the middle of 2006. The enhancements aim to*

provide for a more vibrant and attractive open space along the West Kowloon harbour front for public enjoyment, and meet public aspirations with better public facilities along the both sides of the Victoria Harbour. The enhancement project includes extending the existing timber boardwalk with lantern lighting and the cycling track northwards by 300 m and 800 m respectively to the New Yau Ma Tei Typhoon Shelter. Upon completion, the timber boardwalk and the cycling track will be extended to 700 m and 1 500 m respectively. In addition, a 300-m walking trail will be provided at the northern end of the timber boardwalk to extend the water promenade close to the bus stops near the Kowloon portal of the Western Harbour Crossing and the Kowloon Station of the Mass Transit Railway (MTR) so as to enhance accessibility to the feeder transport service. At the same time, there will be bicycle renting/sale facilities at the extended cycling track and a mini cycling ground in the middle of the promenade to provide more areas and space for activities. A new lawn and landscape area will be created along the extended portion of the boardwalk and cycling track. The existing children's playground will be enlarged with more facilities. Other supporting facilities such as pergolas, toilets, seating benches and directional signs will also be provided. The above enhancement works are near to completion and are expected to open for public use in February this year. Regarding the light refreshment restaurant, the LCSD has completed the drafting of the tender documents for this restaurant within the promenade and will shortly identify a suitable operator in accordance with established tendering procedures. The light refreshment restaurant is expected to come into operation in May this year.

- (b) The 10-day small-scale Mid-Autumn Lantern Display held last year attracted about 7 455 visitors, a number higher than the anticipated 6 000. As the promenade was a bit away from the main road nearby, visitors who arrived by bus or the MTR had to walk for some distance for the activities. Provision of other supporting facilities, such as electricity supply and sewage disposal, were also limited. Moreover, the level of noises generated from the activities was another consideration since there were domestic premises near the venue. The experience shows that the venue is more suitable for passive activities, activities of a smaller scale and do not produce too much noise.

- (c) For the coming Lunar New Year, the LCSD will organize another 10-day small-scale lantern exhibition from 16 February to 25 February. Besides, bicycle renting/sale facilities will be provided in the promenade to facilitate visitors and encourage people to participate in cycling activities there. The LCSD has launched a tender exercise for the bicycle renting/sale service. The new bicycle renting/sale facility is expected to commence operation in April this year. In order to attract more people to make use of the promenade for cycling and other activities, the LCSD plans to organize a Cycling Fun Day cum Artistic Cycling Demonstrations and Family Fitness Fun Day within the area at a later time. The LCSD will also closely liaise with the Yau Tsim Mong District Council, Yau Tsim Mong District Office and relevant local bodies and invite them to organize activities in the promenade to make it more attractive.
- (d) At present, visitors may take Kowloon Motor Bus Route No. 8 or Green Minibus Route No. 77M and alight at the west entrance to walk into the promenade. The TD has liaised with other green minibus operators with a view to increasing transport services to the promenade. However, the operators have no plans to reroute their existing services via the promenade or introduce special services to it at this moment because they expect that the number of passengers for the promenade will be limited. Taking into account the nature and the anticipated number of participants of future activities, the LCSD will discuss with the TD whether it is possible to arrange for the provision of special transport services by franchised bus or green minibus operators.

Hormones Found in Food

17. **MR FRED LI** (in Chinese): *President, it has been reported that it is a very common practice among farm operators to use hormones to stimulate the growth of animals and plants. In this connection, will the Government inform this Council:*

- (a) *how the existing legislation regulates the permitted levels of hormones contained in animals and plants on sale for food consumption; if there is no such regulation over various types of hormones used for the above purpose, of the reasons for that, and whether it will legislate in this regard; if it will legislate, of the details;*

- (b) *whether the Food and Environmental Hygiene Department (FEHD) has taken food samples regularly to test the level of hormones contained therein; if so, of the number of samples taken in the past three years and, among such samples, the number of those found to have contained hormones as well as the relevant details; if not, whether the FEHD will include hormones as an item for chemical tests under the Food Surveillance Programme; and*
- (c) *whether it has conducted any research on whether consumption of foods with excessive hormones may lead to early maturity in children; if so, of the research findings; if not, whether such research will be conducted and, if so, of the research timetable?*

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

- (a) The current Harmful Substances in Food Regulations (Cap. 132, sub. leg. AF) provides that no person shall sell or consign or deliver for sale for human consumption, any fish (excluding live fish other than shell fish), meat (flesh or other edible parts of animals and poultry intended for human consumption) or milk which contains any of the following hormones for human consumption:
- Dienoestrol
 - Diethylstilboestrol
 - Hexoestrol

(including salts and esters thereof)

Any person who breaches any of the above requirements is liable to a fine of \$50,000 and imprisonment for six months.

Furthermore, the Public Health (Animals and Birds) (Chemical Residues) Regulation (Cap. 139, sub. leg. N) provides that any food animal farmer who keeps any food animal (including animals and poultry) that contains the abovementioned hormones, unless administered in accordance with the prescription of a registered veterinary surgeon, commits an offence. In addition, any food animal trader who knowingly keeps any food animal that contains

the abovementioned hormones also commits an offence. Any person who breaches any of the above provisions is liable to a fine of \$100,000.

There is no specific provision in law prescribing standards for hormones used on food plants. Neither has the international community set any comprehensive standard for hormones used on food plants. The Centre for Food Safety (CFS) will continue to monitor the food safety of plants in accordance with the risk analysis principles. Moreover, the Pesticides Ordinance (Cap. 133) provides that the Agriculture, Fisheries and Conservation Department is responsible for controlling the manufacture, import, supply, packaging and retail of pesticides. Under the Ordinance, hormones used on plants are already included as "plant growth regulator" in the definition of pesticides. At present, there are 11 plant growth regulators registered in Hong Kong. They are mostly used in agricultural production to regulate and stimulate the growth of plants and make the plants less prone to diseases. Under normal circumstances, these plant growth regulators, when used as directed on the labels, would not cause harm to humans, animals or the environment.

We will closely monitor relevant developments in international standards and consider the need to extend the current scope of regulation.

- (b) Under its regular Food Surveillance Programme, the CFS takes food samples for hormone testing at the import, wholesale and retail levels. Between January 2003 and June 2006, the CFS took a total of about 700 food samples (including meat, fish products, shell fish products, milk and milk products) to test for hormones. All the test results were satisfactory.
- (c) The Department of Health (DH) has not conducted any study on precocious puberty among Hong Kong children in relation to consumption of food with excessive hormones. The DH does not have any plan for such a study. However, the Student Health Service of the DH regularly conducts physical checks and puberty development assessments for students between the age of six and 19. Over the past three years, about 0.2% students were found in each academic year to have shown signs of precocious puberty and needed to be referred to the Hospital Authority for follow-up.

Most of these cases are related to inheritance. At present, there is no evidence suggesting that precocious puberty in the children of Hong Kong is related to hormones in food.

Broadening Tax Base

18. **MISS TAM HEUNG-MAN** (in Chinese): *President, the Government announced on 5 December last year that it would stop advocating the Goods and Services Tax (GST) but continue the public consultation on other options for broadening the tax base. In this connection, will the Government inform this Council:*

- (a) *of the channels through which the Government facilitates the public's understanding of the various options to broaden the tax base, apart from uploading the Final Report of the Advisory Committee on New Broad-based Taxes submitted in 2002 onto the relevant government website;*
- (b) *whether it has now set priorities for the choice of the various options for broadening the tax base; if it has, of the details; and*
- (c) *whether it will adhere to the "revenue-neutral" principle in adopting any options to broaden the tax base, that is, to reduce the burden of the existing taxes on the public while introducing new taxes; if it will, of the types of the existing taxes involved; if not, the reasons for that?*

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

- (a) In 2002, the Advisory Committee on New Broad-based Taxes chaired by Mr Moses CHENG submitted a detailed report to the Government on the Committee's study on the various options for broadening the tax base having regard to a set of internationally recognized principles of a good tax system. Since the launch of the public consultation, most of the options for broadening the tax base, other than the GST, as proposed by different sectors have been covered by Mr CHENG's report. Therefore, the Government will use the report as the basis for continuing discussion with the public on the options for broadening the tax base. Apart from uploading

the report on the Internet, the Government is prepared to discuss with interested parties viable options for broadening the tax base. We also welcome the public to continue to submit by post, fax or email their views to us on different options for broadening the tax base.

- (b) The Government is open-minded and hopes that the public will continue to provide their views on other viable options for broadening the tax base for the remaining part of the consultation.
- (c) The public consultation on tax reform is still carrying on and will end in March 2007. There is as yet no decision on how the tax base should be broadened and what should be the best option for achieving this purpose. We welcome public views on whether "revenue neutral" should be adopted as a principle in considering the options for broadening the tax base.

Plan to Designate Marine Park

19. **MISS CHAN YUEN-HAN** (in Chinese): *President, in an environmental impact assessment report submitted to the Government in October last year, the CLP Power Hong Kong Limited proposed to construct a liquefied natural gas (LNG) receiving terminal on Tai A Chau. However, some green groups have pointed out that the Agriculture, Fisheries and Conservation Department had, as early as 2002, proposed to designate Soko Islands, which include Tai A Chau, and the surrounding waters as a marine park but the relevant statutory procedures had not yet commenced. In this connection, will the Government inform this Council of the reasons why the plan to designate the marine park has not been implemented so far and whether it will be put on hold as a result of the LNG receiving terminal project?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Chinese): President, the Government has not shelved the plan of designating the surrounding waters of Tai A Chau as a marine park. We are now considering the relevant resource allocation issues for the designation of the marine park. The implementation schedule of the marine park can only be drawn up after the resource allocation issues have been resolved. The designation plan of the marine park will not be put on hold as a result of the proposal to construct a LNG receiving terminal.

MEMBERS' MOTIONS

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

First motion: Enhancing the efficacy of the management of public finances.

ENHANCING THE EFFICACY OF THE MANAGEMENT OF PUBLIC FINANCES

MISS TAM HEUNG-MAN (in Cantonese): Madam President, I move that the motion as printed on the Agenda be passed.

Madam President, Financial Secretary Henry TANG said earlier that he was preparing the 2007-2008 Budget (the Budget). In proposing this motion today, I hope that Honourable colleagues will be given an opportunity to voice their expectations of the Budget. In fact, this is one of my purposes of moving the motion. Later in the meeting, Members from the Civic Party will also discuss their proposals for the Budget of the new financial year in relation to different policy areas.

I believe nobody will object to one point, and that is, in drawing up the Budget, the Government should uphold the principle of fiscal prudence. Different from the way the Government has been managing finances in the past — to be a real miser, what we mean by fiscal prudence is to utilize public resources according to the principle whereby expenditure and savings are effected as necessary, so that every cent is spent to maximize cost-effectiveness.

In the past few years, the Government has successfully lowered the public expenditure to below 18% of the Gross Domestic Product (GDP). The forms provided in this journal of the Taxation Institute of Hong Kong have indicated that the GDP *per capita* per annum is beginning to fall below 18%. This serves to prove that the Government is prudently saving public funds. Nevertheless, controlling public expenditure is not enough. I am hoping that the Administration will enhance the efficacy of the utilization of public coffers.

Enhancing the efficacy of the management of public finances is very important to Hong Kong. On the one hand, as the Basic Law has already laid

down stringent requirements on public expenditure, the Government has to strive to discharge its constitutional obligation. On the other, just as Financial Secretary Henry TANG has said, the public has high expectations for the Government. It is up to the Government to utilize more resources to meet the demands of the public.

Specifically, the Government should reorganize the manner of allocation of public funds in order to enhance the efficacy of the management of public finances. In this connection, I would like to propose the following points.

Firstly, the majority of the expenditure of the Government has been on the remuneration package of government personnel. The Government should conduct a comprehensive review of the current establishment, with a view to assessing which posts should be deleted, which jobs should be outsourced, and which posts are in need of more manpower. It is only through this review that the Government will be able to maintain a reasonable size.

Secondly, as a member of the Public Accounts Committee, I am particularly concerned about the numerous cases of waste of public money as revealed by the Audit Commission — the problems of short term tenancies, the inability of the Hospital Authority to recover the arrears, and the overpayment of disability allowance by the Social Welfare Department. However, the number of cases uncovered by the Audit Commission is only the tip of the iceberg. The Government should adopt the positive attitude of "welcoming supervision", and allocate more resources to the Audit Commission to undertake an increasing number of value for money assessments.

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

Thirdly, internal audit mechanisms should be set up by government departments and statutory organizations. For those departments and organizations in which such mechanisms are already in place, ongoing improvements and efforts must be made to ensure smooth operation of the mechanisms. We should understand that even with an increase of manpower in the Audit Commission, the Commission is still not capable of investigating the operations of all departments. Under this circumstance, individual departments should put in place respective monitoring measures to ensure that public funds are appropriately utilized.

Fourthly, there should be a change of mindset in the allocation of public funds. I hope that the Government would cease to boast that it has already done its best as proven in the fact that in comparison with the past, there have been larger percentages of public expenditure invested in policy areas such as health care, education and social welfare. The amount of expenditure invested in a policy area should be determined by its needs. If the Government has sufficient grounds, I would not mind seeing the expenditure on education or health care amount to more than half of the total public expenditure. It is advisable that the Government should take heed of the principle that "necessary expenditure should not be saved".

Fifthly, where there is room for saving, certain spending should be saved by all means. Should we really spend \$5.2 billion on the new Central Government Complex in the Tamar site? Should the building cost be more expensive than that of a Grade A commercial building in Central? While the Government is ready to spend billions on these white elephant projects, it is slow to spend a billion or so on projects to alleviate poverty. What is the reason? It is advisable that the Government should uphold the principle of "unnecessary expenditure should be saved" even if the surplus for the current financial year may be higher than the set target.

Of course, the Government can implement many other measures apart from the five proposals mentioned above. In short, the real principle of fiscal prudence does not require the Government to accumulate wealth endlessly. Instead, it requires the Government to enhance the effectiveness in making use of the wealth.

Deputy President, in mentioning the wealth of the Government, it is inevitable to mention the fiscal reserves. Before Christmas, we debated the sharing arrangement of the investment income of the Exchange Fund in the Chamber. Many colleagues said that our fiscal reserves were abundant. In my opinion, the assessment of whether the fiscal reserves are above or below the level of abundance will depend on the application of the reserves.

The Government has to draw up a reasonable level of fiscal reserves in order to meet government expenditure in times of emergencies. When the reserves are above the predetermined reasonable level, the Government has to consider how to return the excess reserves to the people. In the event that the

reserves are below the level, it is justifiable for the Government to implement tightening measures. In this way, the dissatisfaction of the public will be lowered accordingly.

Financial Secretary Henry TANG once stated in the Legislative Council that the fiscal reserves of Hong Kong were enough to meet 16 months of government expenditure, very close to the sufficient level already. However, he did not mention anything about the reasonable level of resources. Similarly, according to the information provided in the journal of the Taxation Institute, in the past few years, the Government had drawn up the figure amounting to 12 months of government expenditure as the reasonable level of fiscal reserves. I think this can serve as a basis upon which the Government should review what the reasonable level of fiscal reserves should be.

Deputy President, since Financial Secretary Henry TANG believes that the fiscal reserves of Hong Kong are sufficient, the Government may as well from today, return wealth to the people by drawing up various measures through which the majority or even the total amount of the fiscal surplus can be channelled to the public.

According to the figures provided by the Treasury, as at November last year, the fiscal deficit for the current year amounted to \$3.6 billion. However, the majority of the revenue from direct taxes has not yet been received. With the recent active trading of billions of dollars daily in the stock market, it is obvious that there will be an increase of revenue from stamp duty. It is almost certain that the fiscal surplus for the current year will exceed the figure of \$5.6 billion as estimated by the Government.

According to the estimation of the Hong Kong Institute of Certified Public Accountants, the fiscal surplus for the current year will exceed \$20 billion. Many people are already eyeing the surplus and calculating how to use it. Reducing tax is the first idea that comes to their minds. However, I do not think tax reduction should be given first priority.

There are only about 1 million taxpayers in Hong Kong. Under this circumstance, not everyone will benefit from tax reduction. Would the amount not be better utilized if it is used to improve the services and policies of the Government in such areas as health care and education?

Take the situation of delivery wards crowded with pregnant women as an example — we will debate the subject later in the meeting — is it possible for us to use the surplus to increase resources for the obstetric services? There is another example. The public has been continually urging for the implementation of small-class teaching. However, on the grounds that small-class teaching involves a substantial amount of additional resources, the Government has continually delayed the implementation. Is it possible for the Government to consider utilizing the surplus to expand the current pilot scheme on small-class teaching? And should not more resources be granted to our tertiary education sector?

Secondly, even the middle class would agree, the upward trend of the economy of Hong Kong will offer conditions whereby they can earn more money. This is far more important than tax reduction as this is the key to the survival of Hong Kong in the long run. Our surplus should be primarily used in areas where the competitiveness of Hong Kong can be enhanced, such as the strengthening of infrastructure, facilitation in the research and development of new technologies and new products.

Taking into account the narrow tax base in Hong Kong, the Government has earlier conducted a consultation exercise on the introduction of Goods and Services Tax with a view to broadening the tax base. As a matter of fact, efforts of promoting economic development and increasing the income of low-income people will result in more people falling into the tax net. Improvements in health care and education will promote parenthood, and to a certain extent, broaden the tax base. In this connection, endeavours of the Government to build a more prosperous economy, create jobs for more people, and bring more low-income people into the tax net are the best ways to broaden the tax base.

Deputy President, I believe the Government should consider implementing tax reduction only after the above proposals have been fully considered. However, I agree with Financial Secretary Henry TANG when he said it was not necessary to revert the salaries tax to the level of 2002-2003. Instead, the Government can take the piecemeal approach to broaden the tax bands or introduce allowances for other taxes first, so that the tax burden on the middle class can be alleviated. I also propose that separate personal assessments should be allowed for husbands and wives.

Apart from considering the adjustment of salaries tax, it is worthwhile for the Government to consider reducing profits tax. Last year it was disappointing that Mr TANG simultaneously refused to examine the proposals of "Group Relief" and "Carry Back Tax Losses". As a matter of fact, this arrangement has been implemented by many countries. It is common that companies within a group generate profits while others suffer deficits. Companies that generate profits have to pay taxes while those that suffer deficits will be exempted from losses in taxes until they once again make profits. Group relief will be particularly helpful to small and medium industries. As there are precedents of this arrangement in overseas countries, I hope that the Government will consider this proposal. Using the difficulty to prevent tax evasion as a pretext, the Government has ignored the issue. I sincerely hope that the Government will seriously look into this subject.

On the other hand, I share the view of the Hong Kong Institute of Certified Public Accountants that, to avoid taxation disputes, which in turn may adversely affect the confidence of investors, the Government should ensure clarity in the current tax assessment guidelines and consistency in enforcement. This refers particularly to the provisions regarding income of employees, sources of profits for companies, personal service companies and measures against tax evasion. The Government may also consider following the example of Singapore in providing tax concessions for overseas enterprises that set up regional headquarters in Hong Kong.

In fact, the Government may consider granting a one-off tax rebate. To a large extent, the excess surplus of Hong Kong comes from the revenue from land and investments. As such non-recurrent revenue is unstable, the one-off tax rebate may be more practicable. It is only when the recurrent revenue of the Government appears to stabilize that we should consider implementing measures of tax reduction on a larger scale.

In order to complement the implementation of the new tobacco control legislation, I propose that the Government should increase tobacco tax. However, I have reservations about reducing liquor duty and the waiver of rates levied on vacant land and properties.

Deputy President, enhancing the efficacy of the management of public finances will bring long-term benefits to the Government as well as the

community. The same amount of money can be used for different purposes. It can be devoted to many more meaningful purposes for the benefit of the public. With these remarks, I beg to move. Thank you, Deputy President.

Miss TAM Heung-man moved the following motion: (Translation)

"That this Council urges the Government, when drawing up the 2007-2008 Budget, to continue to uphold the principle of fiscal prudence whereby expenditure and savings are effected as necessary, strive to enhance the efficacy of the management of public finances, explicitly stipulate the appropriate level of fiscal reserves, and explore how the fiscal surplus in 2006-2007 can be returned to the people through various feasible measures."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Miss TAM Heung-man be passed.

DEPUTY PRESIDENT (in Cantonese): Two Members will move amendments to this motion respectively. The motion and the two amendments will now be debated together in a joint debate.

I now call upon Mr SIN Chung-kai to speak first, to be followed by Mr Jeffrey LAM; but no amendments are to be moved at this stage.

MR SIN CHUNG-KAI (in Cantonese): Deputy President, the Democratic Party agrees with the recent remark of the Financial Secretary about the four elements of salaries tax being dealt with separately. Thus, there is only one demand in my amendment today, and that is, to revert the personal allowances, tax bands and marginal tax rates to the 2002-2003 level.

The Democratic Party disagrees with the argument of some public comments that raising the personal allowances will narrow the revenue base. If the Government raises the allowances from the current level of \$100,000 to the 2002-2003 level of \$108,000, it will only narrow the tax net, but not the revenue base. This is not my opinion, but that of the current Chief Executive, Mr

Donald TSANG, when he was still the Financial Secretary. I quote from Mr TSANG's speech on 3 April 1996, "We must be clear about what are the real issues here. We must make a sharp distinction between two separate concepts: the revenue base and the tax net. They are not the same thing. The revenue base is made up of the profits and salaries tax, the revenue from land sales and the full range of other taxes, duties and charges levied by the Government." "But the tax net is quite a different concept. It is, in essence, a description of the number of taxpayers. At a time of economic growth and rising real wages, we can maintain revenue while providing salaries tax concessions, which may allow some taxpayers to drop out of the tax net. This means that we can reduce the tax net, that is, reduce the number of taxpayers, without affecting the revenue base." (End of quote)

If the Government is willing to raise the personal allowances, those who will benefit are the low-income earners. I am not saying that the grassroots do not have the obligation to pay tax. But we should not forget that besides salaries tax, there are many other indirect taxes in Hong Kong. Even the grassroots living in public housing estates are paying rates and land rents to the Government. If these are not taxes, then what are they?

According to the data of the Government, it is estimated that the total amount of tax paid by 160 000 taxpayers who pay the least salaries tax in 2006-2007 accounts for only 0.1% of the total revenue from salaries tax. Further, the number of salaries taxpayers with an annual income between \$100,000 and \$108,000 is less than 50 000. Under this circumstance, even if the allowances are raised, the impact on government revenue will be minimal.

Because of several important reasons, the Democratic Party supports tax reduction. Firstly, when the Government increased tax in 2003, it was caught in serious deficits — a deficit of over \$60 billion for two consecutive years. The economy of Hong Kong gradually returned to stability after mid-2003. The Government has since recorded surpluses for three years in a row. I reckon the surplus for the current year will probably exceed \$30 billion. It is certainly a suitable time for the Government to withdraw the temporary measure of increasing salaries tax. Secondly, the Democratic Party believes that enabling the grassroots to live and work in contentment is the best way to help them. In this connection, ensuring sufficient employment for the grassroots and enabling them to become self-reliant is more important. Thirdly, it is the belief

of the Democratic Party that society is dynamic. With the tax cut, the middle class will spend more on consumption and investment, bringing about an increase in the demand for goods and services in the community. As a result, all classes of society will stand to benefit.

In respect of fiscal reserves, the Government should also consider at what level it would be considered as sufficient. The Government has mentioned setting the level at an amount equal to 12 months of government expenditure. The Democratic Party agrees to this. I have another reason for proposing this amendment. I would like to look into the issue of fiscal reserves and ask at what level it would be considered sufficient. This is a question raised not only by colleagues in the Legislative Council but also posed by the public to the Financial Secretary direct. When the Chief Executive, Mr Donald TSANG, held the post of Financial Secretary in 1998, he had set the benchmark of the fiscal reserves at the aggregate of an amount equal to the Hong Kong Dollar money supply M1 and 12 months of government expenditure. Mr Antony LEUNG, the former Financial Secretary, pointed out in 2001 that it would be sufficient for the fiscal reserves to be maintained at 12 months of government expenditure. To date this benchmark is still in place. The incumbent Financial Secretary has repeatedly emphasized that setting the level of fiscal reserves at 12 months of government expenditure is the long-term target of the Government. I believe, at least at this moment, this is still the policy of the Government.

In proposing this amendment, I hope to highlight that the Government has not implemented this expressly stipulated appropriate level of fiscal reserves.

According to the medium range forecast in the Budget released by the Government in March last year, the Government forecast that within five years, the accumulated fiscal reserves would be \$90.8 billion. The current level of reserves, which is equivalent to 15 months of government expenditure, will gradually increase to a level equivalent to 17 months of government expenditure. Last November, the Financial Secretary also pointed out that, by 2012, the fiscal reserves would exceed \$400 billion. Taking into account the conservative nature of government forecasts, we believe the level will definitely not remain at the level of 17 months, but will probably exceed the amount of 17 months of government expenditure. Under this circumstance, even if the Government does not lower the level of reserves, it should keep it at 15 months instead of increasing it to the level of 17 months or even 18 months. As a matter of fact,

the Government has sufficient fiscal reserves. Excessive accumulation of fiscal reserves will only lay to waste social resources.

On the other hand, the accumulated surplus of the Exchange Fund is approaching \$500 billion. This surplus is the common asset of the people in Hong Kong. With such a solid financial foundation, it is desirable to maintain the fiscal reserves at the current level of 12 months. Excessive accumulation is not advisable. Regarding one of the themes of this meeting, that is, enhancing the efficacy of the management of public finances, I think the Government should learn from the experience of maintaining an over-conservative attitude in its estimation of deficits or surpluses in the past few years. Indeed I hope that the Government will be more accurate in all of its estimates.

Finally, I would like to talk about the expenditure of the Government. In respect of the surplus, the public has high expectations that the Government will use the surplus to improve people's livelihood and infrastructure, and to create more employment opportunities.

I so submit.

MR JEFFREY LAM (in Cantonese): Deputy President, there has been continuous improvement in the overall economy of Hong Kong since the Government successfully eliminated the "double deficits" ahead of schedule. With buoyant tradings in the stock market, land sale results beating set targets, strong corporate profits and a reduced unemployment rate, scholars and the Hong Kong Institute of Certified Public Accountants are estimating that the Government will record a surplus amounting to over \$20 billion, much higher than the original figure of \$5.6 billion estimated by the Government.

As the economy is much improved and the Treasury is "flooded", I believe that "returning wealth to the people" has become the consensus of society. Of course, the Government should not change its principle of fiscal prudence whereby expenditures are spent as necessary on the grounds of improved revenue, and become a spendthrift. Nevertheless, members of the Liberal Party believe that the middle-class people of Hong Kong have been working in silence all these years. They shared their comforts with other classes and suffered the same hardships of these classes during the economic downturn of

2003. In addition, they accepted most of the pressure of tax increases for two consecutive years. That is why we support the reversion of the salaries tax rates to the 2002-2003 level, in other words, the level before the introduction of tax increase. It is unnecessary for the Government to worry that a reduction in revenue will affect normal operation. In improving the return rate of the Exchange Fund, the Government will be able to increase revenue. Later in the meeting, colleagues of the Liberal Party will talk about our view on this proposal.

In the rest of my speech, I would like to focus on how to make good use of the opportunity offered by the improved finances of the Government to make sustained investments in the future of Hong Kong, so as to maintain the momentum of economic growth, consolidate our established advantages, enhance our competitiveness, and prevent Hong Kong from being marginalized.

Deputy President, I would like to make an analogy here. There will be a huge amount of surplus for the Government this year, just like a very good harvest for the farmers. It is the belief of some people that by storing up all the grain and food, they will avoid hunger in the future. But others think that it would be best to open the barn and distribute the grain to all. In our view, apart from returning wealth to the people in an appropriate manner, we should make substantial investments in building various hardware and software to ensure that Hong Kong will continue to enjoy many good harvests in the future.

For instance, the Government should increase investments in education to upgrade the quality of manpower. Apart from strengthening the abilities of students in biliteracy and trilingualism, we have to commit more investments to the "3-3-4" academic structure, including building more dormitories and accepting more local students as well as exchange students from the Mainland and overseas countries. In addition, the Government should also put more efforts into nurturing talents of various sectors, such as design, creative industries, tourism and hotel services.

Furthermore, in view of the fact that the neighbours of Hong Kong are making continuous commitments in the development of infrastructure, we should no longer idle away and lag behind. Instead, we should accelerate our pace of construction. Let us cite the Guangzhou-Shenzhen-Hong Kong Express Rail Link as an example. The project is running at full steam in Guangdong

Province. In contrast, the Government of Hong Kong is still idling. After several years of discussion, there is still no concrete plan of implementation. I believe if we do not look into the matter seriously, we will miss a good opportunity of complementing the development of the Mainland. Moreover, the completion of the Shenzhen Western Corridor in mid-2007 will greatly affect the traffic of Tuen Mun. To effectively facilitate the movement of cross-boundary vehicles, I hope that the Government will commence road improvement projects in the Tuen Mun District as soon as possible. The implementation of other large-scale infrastructure projects that involve investments of billions, including the Hong Kong-Zhuhai-Macao Bridge and the Logistics Park, is still waiting for the green light and go-head from the Government to take actions according to its plan. I believe these projects will not only improve our infrastructure facilities, but also create employment opportunities, thus killing two birds with one stone.

Conversely, if we think that the year will bring another good harvest and hence stop sowing, we will only use up our resources in idleness. There will be a day when all our reserves are exhausted. With nothing to fall back on, it will be too late for regrets.

Deputy President, Hong Kong should also seize the opportunities to create a more business-friendly environment and enhance its competitiveness as well as attraction. For instance, in respect of the profits tax for businesses, there was an upward adjustment of 1.5% in 2003. So far it has remained at 17.5% without further adjustments. Although many people say that the stock market flourished last year while the retail market thrived during the past Christmas and New Year holidays, 2 300 applications for suspending payment of provisional profits tax were received by the Inland Revenue Department from April to October last year. Compared to the same period of the previous year, 100 more applications were received, representing an increase of about 5%. It is obvious that not every class in society has benefited from the economic recovery. The small and medium industries, in particular, are still weathering difficult times and struggling for survival.

As a matter of fact, reducing profits tax is now a global trend. In the past, Hong Kong used to advocate its low tax regime. Compared to other regions, the difference has been substantially narrowed. This situation resembles the race between the tortoise and the hare. Soon we will be overtaken and the advantage we previously enjoyed will diminish.

Let us take Singapore, with which we often compare Hong Kong, as an example. In recent years, the country has continually lowered its profits tax rate, reducing it from 26% in 2000 to 20% in 2005. Now there is only a difference of 2.5%, with the likelihood that Singapore will further reduce the tax in the future. Many countries of the European Union have also substantially reduced the average profits tax rate, from 35% in 2000 to 25% in 2005, a reduction of 10%. A profits tax of only 12% is levied in Macao, our neighbouring city.

In fact, tax reduction will bring about many economic benefits. The United States is a good example of this. In the eighties, President Ronald REAGAN implemented a tax reduction of the largest rate in the history of the country. As a result, the United States enjoyed the longest period of prosperity after the Second World War. Subsequent to the September 11 incident, President George W. BUSH also implemented a policy of substantial tax reduction. In 2005, he encouraged the flow back of some US\$400 billion of overseas profits to the United States. In promoting the growth of the local service industry, he succeeded in stimulating the spending of countrymen and stabilizing the economy of the country.

Of course, the Government should continue with the efforts of removing barriers for the industrial and commercial sectors. We have noticed that the Government will adopt a series of measures to set up liaison groups for various industrial and commercial sectors, and to draw up performance pledges for licensing activities so that licensing procedures can be expedited. For example, the Government is planning to streamline the existing licensing regime for the manufacture and sale of instant food by reducing the number of licences based on food categories from 10-odd to three. Supermarkets and snack shops will benefit from this initiative. We believe that this initiative is pointing to the right direction. Similar measures that broaden the beneficiary sectors should be introduced expeditiously and implemented as soon as possible.

Deputy President, in brief, I hope the Government will adopt prudent measures or appropriate measures in taking wealth from the people. It is only through these measures that society can be prosperous and its people live in peace. A government that adopts unwise measures in using up wealth of the people will only leave the coffers empty and its people in poverty. I hope that the Government will make good use of public funds and create a better tomorrow for Hong Kong.

Deputy President, I so submit.

MR WONG KWOK-HING (in Cantonese): Deputy President, public finances are precious and important assets of all people and taxpayers in Hong Kong. The Government, as the manager of these assets, causes wide-spread concern in society in each and every cent it spends of the money. The Treasury has been experiencing deficits for many years since the economic downturn in 1997. But for the current financial year, it is expected that the Treasury will be able to turn the deficit into surplus. In other words, there will be the so-called "flooded" situation. Under this circumstance, the Government should attach great importance to addressing the social problem of the widening disparity between the rich and the poor. It should redistribute public resources with a view to achieving the effect of wealth redistribution. Based on the people-oriented principle, the Government should also concentrate more on investments that would contribute to the long-term development of Hong Kong, whereby a harmonious society with long-lasting peace and order can be built. This should be the responsible attitude of a Government towards the management of public finances.

Regarding investments in long-term development, apart from technological research and education, allocation and training of human resources are also important elements. In recent years, economic restructuring has become an important subject in society. Today, the financial and service industries are the major economic sectors in Hong Kong. Unfortunately, many people in society do not have the academic qualifications to capitalize on employment opportunities in these industries. As a result, due to their low income and lower academic qualifications, these people are unable to improve their lot despite improvements in the economic environment. Among the 352 000 persons whose monthly income is under \$5,000, many are unable to find full-time employment and have to work part-time instead. As the supply of grass-roots labour is more than the demand, the Government should allocate part of the public resources to build a broad-based economy with a view to creating more employment opportunities. Deputy President, apart from the unemployment problem brought about by economic restructuring, serious regional unemployment has also arisen as a result of imbalance in new town planning. In areas like Tung Chung and Tin Shui Wai, apart from public housing estates and large private housing estates, we can only find glamorous shopping malls. The majority of the tenants in these malls are chain stores of large conglomerates. It is almost impossible for small businesses to survive in these malls. These areas are like isolated islands. With opportunities of setting up businesses and employment being severely deficient, the unemployment problem in these areas is increasingly serious. At a time of

affluence, should the Government not commit more resources to creating more opportunities of employment and setting up businesses?

Deputy President, the concept of social enterprises is gaining popularity in overseas countries. Unfortunately, in Hong Kong, this concept has not been widely promoted. At a time when the finances of the Government become increasingly stabilized, the Government is well positioned to commit more resources to developing social enterprises. This can be achieved by providing more assistance to these enterprises through the Commission on Poverty so that the number as well as the resources of the social enterprises under assistance will be increased. Moreover, the Government should also expedite the formulation of new legislation and support initiatives for social enterprises. For instance, it is advisable for the Government to conduct a review of its procurement agreements with a view to giving priorities to social enterprises in the undertaking of various outsourcing and procurement contracts of government services. This will help leaving employment opportunities to the people of Hong Kong. The Government should further study this issue.

Deputy President, last year the Commission on Poverty proposed that the Government should consider providing long-term transport subsidies to low-income employees living in remote areas. Such subsidies will enable low-income residents living in remote areas to work across districts, and will serve as an incentive for them to work in the urban areas or other districts. Unfortunately, due to limitations and barriers imposed by the Government, the implementation of the scheme still lacks a specific schedule. On the surface, this may not be a solution to the employment problem in the long run. However, providing transport subsidies to socially disadvantaged workers living in remote areas will at least help them leave their islands and communities. It will be a step towards resolving their employment problem. Therefore, I believe the Government should attach great importance to this scheme, and stop finding various pretexts for delaying its implementation.

Deputy President, with respect to social welfare expenditure, the ageing population is an important issue confronting all of us in Hong Kong in the future. According to the statistics of the Government, by the year 2033, the proportion of the elderly people in the total population of Hong Kong will substantially increase from 12% to 27%. In other words, more than a quarter of the population can be categorized as senile, which can also be translated into a continuous increase in expenditure on health care and welfare. Taking into

account this long-term change in our demographic structure, the Government should take precautions against the difficult times ahead, and this should start from the management of public finances.

Finally, I would like to point out that many groups have put forward their proposals in respect of the Budget for the new financial year. With a view to storing wealth in the pockets of the people, and allowing the people to spend more, many of them have proposed that the Government should revert the allowances of salaries tax, tax bands and marginal tax rates to the level of 2002-2003. This proposal will only bring benefits and no harm to the overall economic activities. Therefore, in upholding the principle of fiscal prudence and living within one's means, the Government should avoid being too conservative and ignoring the importance of returning wealth to the people as well as storing wealth among the people. In this connection, I urge the Government to seriously consider and take on board the five proposals submitted earlier by the Hong Kong Federation of Trade Unions to the Government. Thank you, Deputy President.

MS LI FUNG-YING (in Cantonese): Deputy President, each year before the announcement of the Budget, colleagues of this Council will propose a motion debate on expectations of the Budget. Although today's original motion emphasizes enhancing the efficacy of the management of public finances, proposals for tax reduction are still very much the mainstay of our debate. Furthermore, there are a lot of similarities between these proposals for tax reduction and last year's debate.

In respect of my views on the Budget, I plan to divide them into two parts, with the first part focused on the management of public finances, and the second part on the direction of returning wealth to the people. On the policy of public finances, the first and foremost point is that the Government should adhere to the requirement specified in Article 107 of the Basic Law, that is, the Government of Hong Kong Special Administrative Region should follow the principle of keeping expenditure within the limits of revenues in drawing up the budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of Hong Kong's Gross Domestic Product. In discussing this requirement, many people in the community believe that the aim of this provision is to prevent the SAR Government from becoming a spendthrift. This interpretation is, of course, accurate. But there is another point which is rarely discussed in society. In last year's debate on the Budget, I already put forward

the point. Apart from the requirement that the Government should not squander public funds in an irresponsible manner, Article 107 also requires the Government not to become a miser and refuses to return wealth to the people when there is a huge surplus. When the revenue and expenditure of the Government is disproportionate, the Government is neither keeping expenditure within the limits nor achieving a fiscal balance, hence, not meeting the requirement of the Basic Law.

The second point is concerned with the benchmark of the Government in maintaining the level of fiscal reserves. As reiterated by the former Financial Secretary in the Budget, the level of reserves should be maintained at an amount equal to one year of government expenditure. Last year, in announcing the Budget, the Financial Secretary already indicated that the reserves of the Government were equal to 15 months of government expenditure. In my speech on the Budget, I already raised my queries about this point.

My views on these two points have not changed. According to the current estimation of the Government, the fiscal surplus for the year amounts to \$30 billion, much higher than the original estimate of \$5.6 billion. When an income of \$30 billion is registered, how should we spend it in order to achieve a fiscal balance? I hope that the Financial Secretary will give us an explanation when he announces the Budget in the future.

In view of the huge surplus, many colleagues of this Council are wishing that there will be a reduction of salaries tax. I do not oppose to this proposal. However, with respect to the order of priority in the utilization of resources, I believe that we should, first and foremost, help those who have not benefited from the economic recovery. The number of the unemployed in Hong Kong was 160 000 as at November 2006. Moreover, the problem of polarization of wages is still unresolved. As at the third quarter of last year, there were 55 000 families earning a monthly income of more than \$100,000 in Hong Kong. Families with a monthly income of less than \$10,000 numbered some 666 000, among which some 130 000 families were earning a monthly family income of less than \$6,000. Taking the transport subsidy for low-income workers living in remote areas to work across districts as an example, I have been urging for a transport subsidy that covers all low-income workers who have to work across districts, and not a subsidy limited to workers of four remote areas only. Unfortunately the Government has been using some specious excuses to reject it. With a huge surplus in the Treasury, the Government, on the one hand, is considering alleviating the taxation burden of the middle class; but on the other,

it is haggling over every penny with the low-income earners. In my opinion, this is not the direction we should be heading. The problem of disparity between the rich and the poor has become a potential threat to social stability in Hong Kong. As there is a huge surplus, I hope that the Government can consider putting the issue of narrowing the disparity between the rich and the poor at the top of its priority list in preparing the Budget.

Deputy President, regarding the issue of tax reduction, following the salaries tax increase introduced by the former Financial Secretary, in terms of the tax to income ratio, taxpayers with a monthly salary of \$20,000 to \$40,000 have to bear the heaviest tax burden, and the rate of tax increase for them is the highest. Therefore, before the introduction of tax reduction, a review should first be conducted on tax bands, so as to ensure that the salaries tax can truly manifest the principle of a progressive tax. I hold that only such a change can realize the principle of a fair and reasonable tax regime and give the Government more flexibility and room in utilizing resources. Thank you.

MR LI KWOK-YING (in Cantonese): Deputy President, we are witnessing strong economic growth and a flourishing market in Hong Kong in recent years. According to information, the local economic growth for the past three years is the best performance recorded in the last 20 years. It is expected that the Government will have a very substantial fiscal surplus. Under this circumstance, how to use this surplus and return wealth to the people has become a topic attracting wide attention in the community.

Frankly speaking, according to the current financial position of the Government, it is obvious that the Government is well positioned in terms of ability and room to cut tax and increase appropriation to improve people's livelihood and facilitate the implementation of government policies.

First of all, taking into account the social problem of an ageing population, the Government can use the surplus to implement measures that stimulate local birth rate which has remained low for a long time. The problem of low birth rate is faced not only by Hong Kong but also many other countries in the world. However, these countries have adopted proactive initiatives in a bid to improve local birth rates. One of the initiatives adopted by some affluent European countries is to provide financial incentives to couples with a view to encouraging childbirth. We can cite Germany, a country that has been facing the problem of low birth rate, as an example. In order to encourage childbirth, the German

Government has adopted a policy of "money splashing". It has announced that commencing from 1 January this year, all parents of newborn babies will be eligible for 14 months of maternity leave, as well as a subsidy equal to two thirds of their salaries during the period of maternity leave. As far as ameliorating the problem of ageing population is concerned, the German Government is prepared to implement practical initiatives with financial incentives and maternity leave to stimulate childbirth. Has this given any enlightenment to the SAR Government?

Deputy President, in recent years, it is not that the SAR Government is not concerned about the knotty problem of ageing population, otherwise it would not have implemented schemes that aim at attracting professionals or investment migrants to Hong Kong in order to maintain our competitiveness. Moreover, the evidence that the Government is willing to seriously look into the problem of low birth rate can be best manifested in the Chief Executive's statement that openly encourages Hong Kong families to have three children each. However, with respect to encouraging childbirth, the Government is still remaining at the level of empty talk. On the level of policy formulation, incentives are yet to be drawn up. As circumstances vary in different places, it is not necessarily appropriate for us to copy the initiative of the German Government in providing subsidy to encourage childbirth. However, should the SAR Government not at least put in place tax allowances for newborn babies as an effort to encourage childbirth?

Apart from encouraging childbirth, the problem of ageing population also implies that the Government will have to bear a substantial expenditure on health care. This will be a potential problem in the fiscal burden of the Government. To a certain extent, the current enormous expenditure on health care is closely related to the direction of the Government's health care policy which emphasizes treatment to the neglect of prevention. Fostering healthy living habits and promoting regular health checks among the public will greatly reduce their chances of seeking medical treatment in public hospitals. In this connection, the Government should endeavour to encourage people to develop a habit for regular health checks so that they will know more about their own physical conditions. This will lower the incidence of falling sickness, increase the chances of discovering diseases and finding cures early which, in turn, will alleviate the burden on public health care in the long run.

Prevention is better than cure. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has proposed that the

Government should implement a scheme of health checks for all. The scheme involves distributing coupons with a cash value of \$500 in phases to all residents in Hong Kong. These coupons will serve as cash that meet part of the charges for health checks. Residents with the coupons will be eligible for health checks in private health care organizations within the validity period of one year. According to our estimation, the total amount of public funds spent by the Government in the implementation of this three-year scheme is around \$3.5 billion. Compared to the possibly unfathomable health care expenditure, this amount of public funds for implementing health checks under the scheme is relatively insignificant.

Furthermore, the issue of health care reform will be an item of concern for the future SAR Government in administration. After years of discussion, the Government has yet to draw up a concrete health care financing proposal. Given the ageing population and enormous public health care expenditure, it can be envisaged that individuals will have to make more commitment in their own health care expenses. The Government often emphasizes that patients with means should seek medical treatment from private health care organizations and encourages people to take out medical insurance. In order to further take forward these plans, the Government should capitalize on the good opportunity that it is enjoying a satisfactory financial position and examine how the surplus can be used to provide incentives for the people in taking out medical insurance. According to statistics, at present, only some 100 000 middle class people have taken out medical insurance on a more comprehensive basis — a relatively low proportion when compared to the total population. The Government may as well introduce tax allowances for private medical insurance contributions, thereby encouraging more people to take out medical insurance.

Deputy President, the SAR Government should seize the opportunity of a fiscal surplus to draw up plans for the improvement of people's livelihood. This will not only achieve the aim of returning wealth to the people, but also bring about improvement in the general living of the people.

Deputy President, I so submit.

DR FERNANDO CHEUNG (in Cantonese): Deputy President, this is the second time this Council discusses the management of public finances in this Chamber. In our last meeting, we discussed the sharing of the investment

income of the Exchange Fund. And in this meeting, we are discussing how to enhance the efficacy of the management of public finances. The Government is certainly not very effective in its management of public finances. In the last meeting, there was almost a general consensus among all parties and groupings to urge the Government to allocate a larger portion of the investment income of the Exchange Fund to the Treasury so as to increase the fiscal reserves of the Government. However, when Financial Secretary Henry TANG was asked by Members at what level the accumulation of reserves would be considered sufficient, he replied that it would be difficult to give an accurate figure. I can hardly imagine that the highest ranking official charged with the responsibility of managing the overall public finances in Hong Kong can be so irresponsible. The Government is only bent on the continual accumulation of wealth. But it is not ready to return to the people fruits of economic achievements created by their concerted efforts through public investments and social services. Apart from the term "Scrooge", I cannot think of another more appropriate word to describe this Government.

Although the total asset value of our Exchange Fund amounted to \$1,160 billion as at end of October, it does not mean that the investment strategy of the Hong Kong Monetary Authority (HKMA) is very successful. On the contrary, the investment return rate of the HKMA is often criticized to be "lagging behind the market". As a result, it is the people who suffer losses. In 2005, the investment income of the Exchange Fund for the whole year amounted to \$37.9 billion only. The return rate was 3.1%, much lower than the target of 5% set by the Government.

When this figure is compared to other investment benchmarks during the same period, failure in the investment strategy of the HKMA is all the more obvious. In 2003, the investment return rate of the Exchange Fund was 10.2%, while that of the MSCI Global Investable Market Index during the same period was 23%. The investment return rate of the Hang Seng Index was even higher, standing at 34.9%. In 2004, the investment return rate of the Exchange Fund was 5.7%, and the return rates of the MSCI Global Investable Market Index and the Hang Seng Index were 12.7% and 13.2% respectively. In 2005, the differences of the three figures were closer, but the investment return rate of the Exchange Fund was still much lower than the other two indices.

While the investment performance of the HKMA is unsatisfactory, resulting in reduced income for the Treasury, government departments are often

too generous with public funds without taking into account the necessity of saving resources. In the past, there were numerous examples of wastage by the Government evident in the problems revealed by the Audit Commission. In outsourcing maintenance works of highways, the Highways Department had wrongly written "a price of \$50 per 1 metre" instead of "a price of \$50 per 50 metres" in the engineering contracts, a mistake that cost the Government a loss of billions of dollars. Several hundred shell companies made use of the lenient assessments undertaken by the Trade and Industry Department in approving applications for funds and took away public money of over \$700 million. Suspected of putting blind trust in the advice given by a consultant, the Post Office used over \$200 million to purchase an automatic mail processing system that failed to read Chinese characters. All these muddled accounts of government departments have easily wasted billions of dollars of public funds. Had these monies been allocated to items for the improvement of people's livelihood, they would have benefited many needy people.

A report released by the United Nations earlier has revealed that in respect of wealth per capita, Hong Kong ranks first in the world, with the net asset value *per capita* amounting to HK\$1,577,000. While the community of Hong Kong has accumulated an enormous amount of wealth, the level of public reserves of Hong Kong also ranks first. Unfortunately, the figures concerning our poor population are similarly staggering. According to the figures released by the Hong Kong Annual Digest of Statistics, in 2005, the number of employees earning a monthly income of less than \$3,000 stood at 153 000, while the number of low-income earners with a monthly income of less than \$4,000 stood at 189 000. Both figures have doubled when compared to those of 10 years ago, indicating that the grassroots have not benefited from the economic growth. Despite the economic recovery, the unemployment rate of young people of 15 to 19 years of age has not seen any improvement. The unemployment rate of this age group rose from 19.8% in the first quarter of last year to 23.7% in the third quarter. Almost one out of four young persons is unemployed while the assistance given to them by the Government is minimal.

Moreover, we feel disturbed by many social problems. Take the increasingly serious problem of drug abuse among young people as an example. During the period from January to October last year, cases of young people under 21 years of age being involved in serious drug crimes stood at 1 700, representing an increase of 14% over the same period of the previous year.

Cases of domestic violence in the first nine months of last year stood at 2 971, representing an increase of 65% over the same period of the previous year. But the resources allocated by the Government to family services are acutely insufficient. Take the situation of the refuge centres of Harmony House as an example. During the period from April to September last year, the monthly enrolment of residents stood at 7 509, representing an increase of 5% over the same period of the previous year. As there was inadequate supply of places, Harmony House had no other option but to refuse 741 applications from needy families to enroll for residential places — a substantial increase of 32% over the same period of the previous year. Meanwhile, the manpower of social workers is far from able to meet the needs. Each social worker of the Integrated Family Services Centre has to handle 70 to 80 cases simultaneously. Under this circumstance, these social workers are severely weighed down with work.

The number of psychiatric patients in Hong Kong is continuously on the rise. The number of attendances at psychiatric out-patient clinics rose from 504 000 in 2001 to 573 000 in 2004, representing an increase of 13.4%. In 2004, the number of first attendances at psychiatric out-patient clinics rose to some 25 000. The waiting time of patients was three to four weeks while the longest waiting time could be as long as over 100 weeks.

There are long queues for elderly services as well. The average waiting time for securing residential places is 31 months while that of nursing homes is 38 months. For the elderly people who choose to live among the community, it still takes a long waiting time before elderly services are available.

As for the allocation of residential places to people with disabilities, some applicants have waited for nine years but places are still unavailable.

For the above reasons, I hope to deliver a message here, and that is, being a responsible government does not mean that it has to devise ways to reduce taxes and return wealth to the rich when the economic condition is good. At present, many poor people are living in dire straits. If we rashly give out candies without proactively examining the ways of using the abundant fiscal resources effectively to implement various social investments, we will (*the buzzer sounded*).....

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

DR FERNANDO CHEUNG (in Cantonese): Thank you, Deputy President.

DR KWOK KA-KI (in Cantonese): Deputy President, the motion moved by Miss TAM Heung-man is very meaningful. Since we have recorded a surplus larger than expected, the question now is how we are going to manage this surplus.

There are two amendments to this motion, proposed by Mr SIN Chung-kai and Mr Jeffrey LAM respectively. The proposals of both amendments are similar in that they both ask the Government for tax reduction. I must say I do not agree to these amendments, and the reason is very simple. When we take a look at the social conditions around us, we will find that there are many social problems that need to be addressed urgently. With respect to these problems, the Government has not done enough.

Deputy President, the Panel on Health Services discussed several items closely related to resources last Monday. Yesterday, I mentioned a disaster for many residents of Tseung Kwan O. Due to inadequate resources, from February to July 2006, the number of beds in rehabilitation wards was slashed.....to half as at January this year. By 16 February, the remaining 19 beds will be slashed as well. As far as health care services are concerned, residents of the area are under immense pressure.

Deputy President, one of the problems discussed by the Panel on Health Services on Monday was the problem of pregnant women. Pregnant women from the Mainland have caused a lot of problems to the obstetric services of various hospitals, and in turn, local pregnant women. At present, health care problems brought about by these pregnant women from the Mainland are shared by local pregnant women. For instance, the number of times they are able to see doctors before giving birth is fewer, the opportunities for doctors to give them medical examinations are also fewer, and the duration of these medical appointments is increasingly shorter. Blame for these situations should not be attributed to the doctors. However, availability of medical treatment for local pregnant women is decreasing.

Apart from the problems of pregnant women from the Mainland and local pregnant women, the Hospital Authority (HA) is facing other problems as well. Today, we have just asked the Finance Committee of the Legislative Council to

increase the provision for the Samaritan Fund. Why should we do that? In recent years, many people in Hong Kong have to pay for their own medical services. Due to the disparity of wealth, and the increasingly unaffordable medical expenses, many people have no choice but to apply for assistance under the Fund. Very often, we can see that the items requested by the Samaritan Fund — such as braces used in cardiac surgeries, gamma knives and anti-cancer drugs — are necessities for the public.

Deputy President, the fact that many patients are in urgent need of treatment and medicine is sufficient proof of the inadequacy of the public health care system. From our perspective, some anti-cancer drugs are very expensive. But from the perspective of the patients, these drugs are something that prolong their lives and alleviate their pains. The average monthly expense on these drugs amounts to \$20,000. Under the existing mechanism, what is the advice from a doctor? A doctor will tell a patient that there is a prescription from the HA which is free of charge. But if he can afford \$20,000 to \$40,000, certain kinds of drug will be available to him. It will be even better if he can afford \$40,000 to \$80,000. Unfortunately, the hospital does not have the money.

I do not know how many people would like to see family members encounter this kind of situation when they have the greatest needs and meet the greatest difficulties. However, hundreds of patients are suffering such treatment in public hospitals every day. In my opinion, the public health care system — used to be our pride — can no longer maintain its previous standard. I have proposed many options to various bureaux and to the Financial Secretary. We do not know when the health care financing proposal will be available, but at present, are there any ways to increase provisions and alleviate the pressure on the middle class? For instance, if the middle class people are willing to take out medical insurance for themselves and their family members, is it possible to provide some concessions to them, including some kinds of tax rebates?

Regarding some people who have no money to seek other assistance, I would like to cite an example. Recently, some psychiatrists and psychiatric patients came to see us. At present, the consultation provided by each doctor to each old patient has been shortened to five to six minutes. Deputy President, do you think a psychiatric patient can describe his problem to the attending doctor within five to six minutes? What is the result? Due to work pressure, experienced psychiatrists are resigning one after another.

I feel sad when I see this kind of situation. Why? Because over 70% of the psychiatric patients are short of means, and over 70% of them are claiming various kinds of public assistance. They do not have the means to seek consultation from private doctors or buy drugs themselves. Since the Government was in financial difficulties (though it pledged to make an additional \$30 million in funding for the purchase of new drugs in the current year), most of the psychiatric patients in Hong Kong are still taking the old drugs. The cost of the old drug is under \$2 per day — one third of the price of a Chinese newspaper. That is what the Government has been paying for their drugs.

It makes me miserable to find people suffering like this. What kind of society is this? How can we treat the most disadvantaged people in this way? The most disadvantaged people do not only include patients but also doctors. Doctors who graduated within the past few years are receiving only 50% or half of the salary of those who had graduated a few years before them. They work in low morale in hospitals. The majority of them will not consider how best to further their training but leave the HA once they have the opportunity. We are facing a very serious problem, and that is, the problem of a succession gap. However, unless the Government can find a solution to the problematic situation of the HA or other solutions (including health care financing), the situation will certainly worsen in the following few years.

I think it is appropriate for the Government to shelve the consultation on the Goods and Services Tax. Nevertheless, this is definitely not the suitable moment for considering tax reduction. I support the appropriate use of existing social resources. We will consider using resources where there is a need. We will even consider committing more resources to individual areas by way of profits tax or progressive profits tax, so that many of the urgently needed services in the community — health care services and services for patients in particular — will be provided accordingly.

Therefore, I support the original motion and oppose the two amendments. Thank you, Deputy President.

MR WONG TING-KWONG (in Cantonese): Deputy President, all economic activities in the year 2006 that just went by had been remarkably terrific, with the Gross Domestic Product (GDP) being expected to grow more than 6.5%, the Hang Seng Index rising past the mark of 20 000 points and the unemployment

rate dropping to a six-year low of 4.4%. All over the place are auspicious signs. Every trade is booming. According to many analyses, this year's fiscal surplus is expected to be over \$20 billion, much higher than the \$5.6 billion forecast by our Financial Secretary, Mr Henry TANG. With regard to the question as to how to make good use of the surplus and effect proper fiscal management, members of the public hold different views. I am, however, of the view that in addition to upholding the principle of fiscal prudence to spend only when necessary, it is also advisable to make investments for our long-term economic development and to forge a favourable business environment. Only that can be regarded as a sound strategy in fiscal management.

Our economy is in the early stage of recovery. It is advisable to give the community a respite. This is especially true of small and medium enterprises (SMEs). Yet the Government could not afford to wait long before launching the consultation exercise on the levy of Goods and Services Tax (GST). The levy of GST will, we think, aggravate the issue of wealth gap, damage the excellent tradition of a simple tax regime, and cause unfavourable impacts on our economic structure, which includes shooting up the rate of inflation, harming the retail trade and tourist industry, increasing the operation costs of every trade and industry, and adversely affecting our business environment and job market. If Hong Kong were to levy GST, the grassroots would, of course, suffer; there would also be no gains for the middle class. Fortunately, the Government has, for the time being, shelved the GST consultation.

Being in possession of abundant financial resources, the SAR Government should, apart from appropriately returning wealth to the people, put in resources for economic development and change its outdated policy of not subsidizing any individual industry. For items conducive to our economic restructuring and employment, there ought to be reasonable tax reliefs and concessions in charges payable for the use of land. This is to reform the current practice, whereby concessions are only available to investments by big enterprises. Also, the practice of giving consideration on a case by case basis should be replaced by the grant of standardized concessions to qualified enterprises. At the same time, further studies should be conducted to simplify the application and vetting procedures for various business licences and improve the co-ordination among different government departments so as to eliminate all unnecessary hurdles for our businesses. As for cutting down operation costs, our request is that the freeze on government fees affecting people's livelihood and business should stay.

We do not want the Government to hastily revise government fees at a time when it is financially affluent. That can have an impact on the community. It may more or less be blamed for driving up the rate of inflation. So, in this respect, the Government must approach with care and caution.

Our economy is currently undergoing restructuring, with the patterns of industry and trade undergoing changes. It is necessary for the Government to firmly grasp the opportunities with far-sighted strategies. In Hong Kong, there is a free flow of capital. Both industry and trade are well developed. Moreover, visitors are free to come and go. The communication and information systems are well developed. A simple taxation system is in use and the tax rates are low. The legal system is sound. Besides, world-class financial market infrastructure as well as efficient and transparent regulations are available. What is more, Hong Kong respects intellectual property rights, with relevant sound legislation and professional legal expertise in hand. These inspire businessmen with great confidence. In my opinion, if blessed with a matching government policy on investment, the situation will be conducive to Hong Kong in our bid to become a platform for international trade where products from the Mainland and goods from all over the world converge, and to bring about a never-ending display and marketing centre for merchandise from all parts of the world. If so, foreign businessmen may come here to buy commodities produced on the Mainland, and there can be more foreign goods for us to buy here, which can help to draw overseas or mainland brand names to Hong Kong to invest or to set up merchandising centres. In this way, transactions can be made simpler and less costly, thus bringing to our economy fresh points of growth.

On the other hand, the Government should increase the investment in research and development (R&D) to analyse the global economic trend, help the self-adjustment of the direction of development, and carry out professional researches and formulation of policies so as to help enterprises build up high value-added local brand names. At present, our investment in R&D is utterly not commensurate with our level of economic development. So, the Government should appropriately increase the level of R&D investment to more than 2%.

At the same time, the Government should invest more in infrastructure. This includes conducting a study on opening up the Frontier Closed Areas and

putting in resources to build infrastructure and set up cross-boundary economic zones on the land so released. The development of transport network is crucial to the development of Hong Kong too. In addition to speeding up the materialization of the Hong Kong-Zhuhai-Macao-Bridge project, earnest efforts should also be made to strive for the early implementation of the project of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. Also, the feasibility of building a freight railway should be looked into actively so as to shorten the time needed to deliver mainland goods to the Kwai Chung Container Terminals from their sources. Though the Mainland is at present building at full speed the Express Rail Link, we are still at the study stage. Our worry is that in the future, both people and cargoes will be diverted to Shenzhen and cost us our competitive edges.

Deputy President, I so submit.

MISS CHAN YUEN-HAN (in Cantonese): Deputy President, today Miss TAM has raised the issue of "enhancing the efficacy of the management of public finances," which is a topic worth much discussion. Different aspects are involved in public finances and they include how the Government makes effective deployment of our resources, how wealth is to be redistributed, how the economy is to be stabilized, and how the economy is to be promoted and jobs created. To solve these four "how" questions and achieve the goals, it is, of course, necessary to employ different fiscal means.

However, Hong Kong does not have a monetary policy, with interest rates following the US Dollar. Given the positive non-intervention policy of the Government in the past, and the current principle of "big market, small government", public finances have failed to play certain roles, such as the promotion of economy. Never has the redistribution of wealth been a topic given much attention by the Government. So, the sole task of the Financial Secretary of Hong Kong is to guard the wealth in the government coffers. Being only entrusted with the task of guarding the money chest, the Financial Secretary is only concerned about whether or not there is enough money in the chest for use.

In fact, our money chest is already very full. Yet with a huge sum put in the Exchange Fund, the Government still "claims to be broke" in the hope of

making people pay more tax. Honourable colleagues in Chamber may probably recall that, in order to levy new taxes, the Task Force, when releasing a review of public finances in 2002, stated that the fiscal reserves of \$400 billion then would be exhausted in six years — I remember that all of us were shocked on hearing that in 2002 — and that in 20 years, our foreign debts would amount to \$2,661 billion. It was big news in 2002. Would our situation really deteriorate to such a state? Today, after five years, we have yet to witness the exhaustion of the fiscal reserves. The level of fiscal reserves still stands at \$300 billion even after a downward adjustment. The rate of economic growth is estimated at a level as high as 6.8%. This year's fiscal surplus is estimated to be \$25 billion.

Judging from all this, it is a justified claim to say that the Government, in order to levy new taxes, often resorts to scaring us, "making things scary wherever possible". Last month, with the calling off of GST, other items like the land departure tax, even the electricity consumption tax were revisited. All in all, all sorts of tax items are mentioned. The goal is just to collect more money. So, every effort is made to extract money from the people's pockets.

Actually, in order to ensure stable revenue for the public coffers, the levy of GST is not the only option. A more fundamental means is to improve the economic structure and reduce the reliance on unreliable revenue from land sales and financial speculations. Let us refer to the figures of 2005. In Singapore, industry took up 33% of their GDP. In the case of Taiwan, it was 25%. In South Korea, it was 36%. It was 26% in Japan. In these economies, the service industry only took up about 70% of their GDP. Only in Hong Kong can it be said that the production structure is being neglected completely. We have raised this issue again and again. Perhaps things have also gone wrong. But the Government still paid no attention. At the same time, our industry has been allowed to go downhill. The tilt has gone too much to the service industry. As a result, the service industry now takes up as much as 91% of our GDP, thus greatly upsetting the balance of our economic structure, and rendering government revenue volatile. As a matter of fact, following the reunification in 1997, we have had more than enough such sufferings. The Government has, however, drawn no lesson from such bitter experiences, and still maintains its "one commodity policy", keeping the tilt towards the service industry, one that already takes up 91% now.

Over the past 10 or 20 years, Hong Kong has been excessively dependent on real estate-related revenue. Nowadays, the economy is dependent on stock speculations, which bubble even more than real estate. Even developers have said that "it is better to speculate in stocks than to speculate in real estate". It is perfectly correct that because of the boom in the stock market, Hong Kong has had an affluent Christmas and New Year. The Treasury also received a lot of revenue from stamp duty. However, we Hong Kong people with experience of the financial turmoil in fact "feel very hesitant" and scared on seeing such high stock prices, not knowing for how long the stock prices will keep rising, and wondering whether there is going to be a crash, whether there will be enough time to quit when the crash comes, and whether our economy can withstand it. Because of our experience in 1997, we are all scared. But on the contrary, there has not been much reaction from the Government.

As stated above, public finances serve different functions, namely to redistribute wealth, promote economy and create jobs. With regard to redistribution of wealth and the alleviation of the wealth gap, my colleague WONG Kwok-hing has made his comments just now. I am going to focus my discussion on how to promote economy and create jobs. In managing public finances, the Government, in my opinion, should not just keep putting money into the money chest; nor should emphasis be placed on "handing out candies". "Candies are handed out" every year. Even if "candies have to be handed out", that ought to be done by way of such approaches as various taxation policies, land planning and fiscal measures so as to promote industrial diversification. I think only this is for the good of Hong Kong people. Over the past few years, I have been to The Hong Kong Polytechnic University for some seminars. When talking about the development of Hong Kong, people, including mainland scholars on visit here, all again and again criticized our industries for being unhealthy, and opined that should we continue like that, there would be a lot of problems. Unfortunately, neither the Government, nor the Financial Secretary nor the Secretary for Financial Services and the Treasury paid any attention. They are concerned only about when to cut taxes, raise taxes and collect taxes. When the Government is in such a situation, it is often our wish to find out whether or not consideration can be given under such favourable circumstances to the idea of granting tax relief to certain creative industries and high value-added industries so as to encourage investment in such areas. I wonder if the Government has given consideration to this. Has consideration been given to increasing R&D investment so as to make it possible for SMEs to develop their products? Has consideration been given to helping Hong Kong people

make their comeback to Hong Kong? At present, there are apparently not enough jobs in Hong Kong. Often, in order to vie for jobs, members of the same trade accuse each other. In my opinion, given such a situation, the Government really has to give consideration to the idea of not relying entirely on buying and selling to address our economic issues. Instead, some efforts should be focused on the development of economic elements.

Moreover, I have to give the Government this reminder. In recent months, the Government has repeatedly led some bosses to the Mainland for visits and investment. Involved were the Chief Executive and the Secretary for Financial Services and the Treasury. It is fine for them to lead those delegations. However, I wonder if they have considered bringing in foreign investors so that they can look around and be briefed on Hong Kong so as to encourage them to invest here. It is my hope that after today's debate, the Government will really consider finding ways to create more economic activities and jobs for Hong Kong through the overall management of public finances.

MR RONNY TONG (in Cantonese): Deputy President, today's topic is on enhancing the efficacy of the Government's management of public finances. However, there is an even more important issue. What is the most important principle in managing public finances? To understand the Government's principle in managing finances, it is necessary to understand the Government's responsibility first. Perhaps let me draw an analogy. If Hong Kong were a listed company, then the Government would have been the board of directors, taxpayers the shareholders and non-taxpayers the employees. Should the said company this year make huge profits amounting to more than \$30 billion, I wonder if the board of directors could discharge their responsibility simply by distributing dividends at the request of the shareholders in total disregard of the employees' demise or survival. I think it definitely should not be so.

The Government's most basic principle in fiscal management should not be the generation of more wealth for Hong Kong. I am not saying that it is wrong to generate wealth. I am only saying that the focus should not be entirely on generating wealth. The principle that the Government ought to follow is to let all sectors of the community have equal opportunities. As far as the Government is concerned, the aim of governance is to forge in Hong Kong a just and equitable society so that the hardworking people in Hong Kong will not be denied the chance to climb up the social ladder. In other words, the objective of

the Government's management of finances is to create a society in which every person has equal opportunities so that people of different abilities can bring into full play their skills on a relatively even base.

The real meaning of making good use of public funds lies in the prescription of proper cures to the community's most acute ills. Our Gini Coefficient tops those of all developed countries or regions. This is known to all, and many colleagues have mentioned it again and again. Recent data, including those from the Bauhinia Foundation of the Government that we noted from newspapers today, show that the disparity between the rich and the poor in Hong Kong grew sharply from 13 times in 1993 to 23 times by 2005. We can note that no attempt has been made by the Government to address such deep-rooted conflicts. Surely, the economy has improved. However, has every person benefited from it? Has every person's living standard been improved? Mr Donald TSANG even boasted that this year is the best year in the last two decades. It is believed that many Hong Kong people do not agree with such a statement. Facts have proved that not every person in Hong Kong may benefit from efforts to improve the economy. That being the case, I wonder how we should approach the work that has to be done. According to the Government, there is a fiscal surplus amounting to \$30 billion. Should we hand out every cent of the \$30 billion?

This year, when the Financial Secretary conducted consultation on the Budget, we in the Civic Party proposed that \$1.3 billion be used to implement policies drawn up to deal with poverty, such as spending \$900 million to revert CSSA for the elderly to the level of 2003, \$130 million to have CSSA for the disabled and disability allowance reverted to the level of 2003, and another \$210 million to revert children's CSSA to the level of 2003. In addition, the Government should restore all study-related subsidies, and extend the transport subsidy scheme to all 18 districts in Hong Kong. These policies are going to cost just \$100 million. At the same time, we have to press Financial Secretary Henry TANG for a reply. Last year he promised the people of Hong Kong to use the fiscal surplus to provide a transport subsidy scheme. What has it achieved so far? What stage has it reached?

Another quite serious problem is that the economy of remote areas is unable to meet the job demands of local residents. In those remote areas, the greatest problem is inadequate investment, which leads to a narrow range of jobs. Hong Kong people working in the remote areas sometimes make less than

50% of what their urban counterparts earn. Why do we not deal with such a major problem? As we have fiscal surplus, why do we not adopt a plan proved to be practicable in many foreign countries? That is to offer in remote areas rent-free periods, rates waiver or measures encouraging investment to improve the local economy so that Hong Kong people, or at least those in the remote areas, will not be subject to the strain from limited range of jobs. To them, this will be of considerable help. There can be full benefit for Hong Kong people only if there is improvement in the districts' economy as well as in the overall economy. We cannot accept a system in which only a certain group of Hong Kong people have all the advantages whilst another group of Hong Kong people are neglected.

Deputy President, recently in the press are all sorts of reports on the Civic Party's approach to fiscal management. Some say that we are urging the Government to cut taxes. Some say that we oppose tax cuts. Some say that they know not what the Civic Party is talking about. I can tell Secretary Frederick MA — he is now listening carefully to our speeches — that the position of the Civic Party is very simple. We are, of course, not against tax cuts. However, all matters vary in gravity and priority. As stated by me just now, as long as the deep-rooted conflicts before us remain unsolved, we in the Civic Party are not going to accept the proposal to hand out every cent of the \$30 billion to all shareholders while the employees are left to starve. Our request is very simple. If the Government has a surplus of \$30 billion, the issue of poverty should be dealt with first. The request of us in the Civic Party is very modest. The request is for the Government to set aside just a few billion dollars to help the poor. If the Government can address these issues and tell me that we still have room for tax cuts, we in the Civic Party will definitely give our support.

MR ALAN LEONG (in Cantonese): Deputy President, first of all, let me take the opportunity of the first meeting in 2007 to wish you, Deputy President, and Honourable colleagues a healthy and smooth new year.

During the holiday that just went by, because of strong consumption and a robust stock market, the entire community was radiant with a touch of optimism rarely seen in recent years. Perhaps Chief Executive Donald TSANG, who went north to make his duty report, was also touched by such joy. As a result, he, somewhat boastfully, made the claim that the economy of Hong Kong was at its best in the past two decades.

Looking back over the past year, we see our economy getting out of the doldrums. It is even likely for our revenue, reserves and other economic benchmarks to be so good as to exceed forecasts. People of all quarters almost unanimously think that the fiscal surplus of the Government will eventually exceed the figure of \$5.6 billion stated in last year's Budget. It may even get to as high as \$20 billion or \$30 billion. However, we can still ill-afford to turn a deaf ear to facts that are more negative or less pleasant.

(THE PRESIDENT resumed the Chair)

Madam President, these include the fact that last year about 20 government departments were criticized by the Audit Commission in value-for-money audit reports; at present some 5 000 mentally or physically disabled persons are still waiting for residential services; 1 100 pre-school disabled children are still waiting for early education and training services; cases of domestic violence reported to the police for assistance soared by 160% over a period of five years; nearly 22 000 elderly people are waiting for residential care places; even though the local birth rate and the number of school children have been dropping steadily, students are still taking lessons in crowded classes of 30 or 40 each; and the construction industry still remains the sector hardest hit by unemployment, with the rate of unemployment constantly standing at 11%.

Madam President, because of vigorous economic performance, the Government's financial position for the current year is likely to look very good. A wish generally shared by all quarters of the community is "the return of wealth to the people". Being just the trustee of public wealth, the Government must not regard itself as the beneficiary of the abundant revenue going into the Treasury. It is, therefore, only reasonable for it to return to the community the excessive fruits of prosperity after holding back sufficient reserves for future needs. Surely, this process of returning wealth to the people has got to be rational, orderly and carried out after careful consideration and deliberation.

First of all, in order to rationalize public finances, it is necessary to, as stated by Miss TAM Heung-man, who introduced this motion, enhance the efficacy of the management of public finances and economize so as to ensure that there can be abundant financial resources for the Government. Every year, the Audit Commission would present many examples showing waste of public money, evident that the departments themselves are not aware of the need for

effective management of resources. Each department or statutory body should set up its own mechanism for internal management of resources so as to regularly examine the operation of departmental finances, and take the initiative to detect and plug loopholes. In addition, the Audit Commission should be given additional resources to enhance the effectiveness of their auditing work.

Secondly, the Government should examine with a fresh mind all the spending on education and welfare. Frequently, officials put on tinted glasses and consider subsidized schools and organizations as well as people receiving aid to be vested interests with insatiable greed. In fact, so long as the Government is prepared to fully consider the opinions of stakeholders, and make proper deployment of resources, then more high-calibre people can be mobilized for the labour market. What is more, those of the disadvantaged groups can be given better care too, thus fostering social harmony and, in a way, assuring the sustainable development of economy. The Government should consider the commitment of resources to education and welfare as social investment trading for even greater wealth.

One of the ways to promote harmony is to strengthen the infrastructure of all the districts. With regard to infrastructure and development, the objective ought to be the development of a people-oriented community with nice buildings and sustainable development. Our needs for facilities to enhance the quality of living, such as libraries, parks, landscaped sitting-out areas, performance venues and community services appear to be more pressing than the need for skyscrapers. These facilities can help to create a lot of jobs and boost the people's physical and mental health. Hence, the social cost will be lowered, thus bringing in another sizable source of social wealth.

The real meaning of returning wealth to the people lies in the release of resources by the Government for the purpose of enhancing the community's quality and ability to create wealth. Madam President, directly cutting taxes, caring for the disadvantaged, and beefing up development efforts are all different ways of returning wealth to the people. To explore the optimum method and scale of returning wealth to the people against different social background, we ought to have careful, open and fair discussions. Every quarter of the community should be given the opportunity to benefit from our economic growth. This is a mission which every political party, every legislator and every government must bear in mind when preparing or examining a budget.

Madam President, I so submit.

MR ABRAHAM SHEK: Madam President, our Government's coffers are overflowing with cash this financial year, thanks to the good returns on land sales, investment of our massive fiscal reserves and substantial stamp-duty receipts from a bullish stock market. Our economy is in good shape, with low inflation and employment levels at an all-time high. The Government's fiscal surplus is tipped to reach between HK\$20 billion and HK\$30 billion this year, which far exceeds the original estimates of HK\$5.6 billion. With such abundance, it is only natural that people have expectations for government handouts in the forthcoming Budget.

The primary goal of fiscal management policy should not merely be to accumulate wealth or generate investment income for the Administration, but also to help the people in impoverished lives. While it is important for our Government to strive to maintain fiscal sustainability and stability, I believe its efforts should also go towards improvement of people's livelihood and fostering of social well-being. The Financial Secretary, at this instance, should utilize Hong Kong's fiscal resources to achieve broader economic and social goals. This means building a stronger, more enterprising economy and a fairer society, hence extending more working opportunities to citizens and ensuring a prosperity that is to be shared by all.

A sustainable public finance system is absolutely required for achieving high and stable rates of economic growth. The recent withdrawal of the Goods and Services Tax (GST) proposal has temporarily addressed concern among many people's misguided worries of tax reforms. Still, our exceptionally narrow tax base is indeed a subject that has to be tackled within the parameters of our Government's financial management. With almost one third of our gross revenue coming from investment income, land sales and other property-related income, our revenue base is too susceptible to external economic cyclical swings, whose disruptive effects cannot be fully mitigated with our limited fiscal and monetary tools.

Surely, any increase in direct tax is not going to be popular but popularity should not be the particulars of the basis for the Government's fiscal policy. I strongly urge the Government to strive to search for alternative sources of raising stable and sustainable income to consolidate our broad revenue base.

Madam President, it may be wishful thinking to advocate allocating a portion of revenue from land sales and premiums to pay for recurrent expenses,

and to use this as a way to alleviate the financial strain of paying for welfare and social services — as some of our critics may suggest. Under the present policy of public finance management, land premiums are treated as capital revenue as all land premiums are credited to the Capital Works Reserve Fund, which is mainly used for infrastructure spending. However, land revenues can fluctuate in tandem with the volatile real estate market. If our Government becomes overly reliant on land revenues to pay for the recurrent expenses needed to upkeep ever-increasing essential public services, our public finance system may suffer from a cash-flow crisis in the case of a property market downturn.

During yesteryears, we have seen the Government having made heavy cutbacks in social welfare spending, especially during budget deficits periods. I strongly urge the Government to undertake its moral obligation to combat poverty with stronger actions. We should explore the feasibility of implementing poverty eradication initiatives, including the establishment of a child development fund to offer financial support to disadvantaged children with talents in the areas of academic and arts. In the long term, it is better to help these children by giving them the tools needed to build up their own skills — so that they can become human resource assets in the years to come — than to simply hand out financial aid.

Madam President, low profits and salaries taxes make Hong Kong attractive as an international business centre. It is of paramount importance that Hong Kong's simple and low tax regime be safeguarded in our bid to lure overseas investment. Under the latest taxation arrangement signed between Hong Kong and the Mainland a few months ago, Hong Kong businesses earning money on dividends, interest income and royalties from mainland enterprises saw the top rates on withholding tax slashed by about half. It is an added incentive for improving local business environment by luring more overseas investors entering the mainland market through Hong Kong.

Madam President, I am opposed to the Honourable SIN Chung-kai's amendment urging the Government to rigorously define the optimal level of fiscal reserves as being equivalent to 12 months of government expenditure. With reserves estimated to reach HK\$400 billion this year, Hong Kong needs the assurance that there will be strong reserves available in order to maintain monetary and financial stability. An abundant level of fiscal reserves ensures market confidence in the Government's ability to meet higher and unanticipated

spending pressures without significantly changing Hong Kong's low-tax regime. It also underpins the stability of our linked exchange rate. Such stability is essential to the maintenance of the status of Hong Kong as an international financial centre.

The Financial Secretary has proven himself to be a lucky and capable custodian of our public finance. I am sure that he would know that he must fulfil his constitutional obligation, as stipulated under the Basic Law, to follow the principle of keeping expenditures within the limits of our revenue when he draws up the Budget.

With these words, Madam President, I support the amendment to be moved by the Honourable Jeffrey LAM. Thank you.

MR VINCENT FANG (in Cantonese): Madam President, a motion on enhancing the efficacy of the management of public finances will definitely gain support from every colleague. It is especially so, as mentioned by quite a few colleagues that this year's government surplus is expected to rise sharply from the forecast of \$5.6 billion to more than \$20 billion. Notwithstanding this, the Government is still likely to play the same old tune by saying that financial planning must be prudent as the stock market tends to fluctuate and there are not many quality lots left, therefore neither stamp duty nor land sales can provide reliable revenue.

I fully agree with this. Precisely because of this, it is all the more necessary for the Government to enhance the efficacy of the management of public finances. The Government recently stated that on account of the improving economy, it hoped to once again expand the establishment of the Civil Service. Although the current size of the Civil Service is already down by some 30 000 from its peak, let us not forget that the most labour-intensive jobs have already been outsourced. The Government should not feel complacent for having saved some public money by outsourcing. Instead, there should be a review to find out why it costs more to do the work themselves than to have it outsourced.

Facts show that there are too many cases of wastefulness and poor management on the part of the Government. Public funds are not being fully put to good use.

All along the Government insists on keeping the budget balanced. This is understandable. However, to deliberately mark down fiscal revenue does not make a good accountant of the Government. In my opinion, money should be spent where appropriate, especially on items that can reinforce our economic development. It is worthwhile even if it does lead to a transient non-structural deficit.

If the forecast is that, given no unusual circumstances, our economy in the coming year is going to keep growing, could the Government consider certain measures to return wealth to the people? In the event that the Government, for reason of unusual circumstances, has to take back the candies already handed out, the people will still understand.

On the other hand, with a sharp rise in the surplus, how is the Government going to use it? Is the surplus again to be accounted to the fiscal reserves? However, how much fiscal reserves should be kept to be considered enough? This question was already discussed last month. Basically, colleagues unanimously agreed that the current level is already good enough to maintain the soundness of our monetary system. So, are we still to go on accumulating reserves without any long-term planning? Or are we to put to good use the revenue in excess of the estimate so as to promote social harmony and reinforce our economic development?

In the case of most enterprises, surplus is mainly spent on paying bonus to employees, purchasing equipment capable of improving the business, or setting up funds and making some general investments. As there are many experts in the Government, whose financial skill is certainly better than mine, there is no need for me to give any advice.

However, it is my sincere hope that the Government, now blessed with plentiful revenue and reserves, can share the surplus with the people.

For the above reasons, I am in favour of first returning wealth to members of the middle class, who have all along been contributing most to the community, by reverting salaries tax to the 2002-2003 level. As also mentioned by the Government, such a measure will only cost \$5.2 billion. Besides, I especially support Mr Jeffrey LAM's suggestion that the surplus should be used to improve the business environment, enhance the competitiveness of enterprises and

strengthen the support for the development of small and medium enterprises (SMEs), particularly those trades affected by various policies.

SMEs make up more than 90% of the total number of local enterprises, and also constitute a major driving force of our economic development. However, in this Council during the past two years, I did seek from the Government support for trades or members of trades required to switch to new trades or jobs because of government policies. I also hope that the Government can set up for the food business, which has been running into more and more problems, a food business-related emergency relief fund and waive rental payments of market spaces for those periods when chicken and fish supply to Hong Kong was suspended for fear of risks from avian flu and malachite green. However, the Government's reply all along is that no precedent should be set.

Madam President, members of our trades do not often seek financial help from the Government. It was not their fault that brought about the problems; nor were they within their control. In the markets or marketplaces, it is necessary to observe usage restrictions imposed by the Government. Lease-holders are not allowed to switch to other business and sell other things. What is more, when there is no business, lease-holders are still required to meet the overheads. Apparently, they are in great difficulty. Even though a rent waiver does not help much, it is still their hope that the Government can show sincerity and help members of the trades.

In the long term, members of the trades would like to put in some efforts to set up an emergency fund. However, with regard to the start-up capital, I wonder if the Government could consider allocating some money to finance it at a time when the surplus is relatively high.

In fact, the sum is going to be a one-off grant. In the event of future emergencies, there will be no need for them to make a plea to the Government every time, which is also to the advantage of the Government. My wish is for the Secretary to go back and give it thorough consideration.

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

MR ALBERT CHAN (in Cantonese): President, when the talk is about enhancing the efficacy of the management of public finances, all Legislative

Council Members, officials and members of the public will, I believe, definitely give support. However, once the talk goes deeper to details or concepts seeking to define what the improvement or enhancement of the efficacy of the management of public finances ought to be, there is bound to be a lot of disagreement. Often such disagreement involves ideology, sense of values, concepts of governance, and social convictions. Also, most of them are ideas on social and political philosophy.

The League of Social Democrats (LSD) insists that insofar as the efficacy of the management of public finances is concerned, the Government has a role, namely, to make distribution and redistribution of the community's overall resources. Given the current situation, the disparity between the rich and the poor, the collusion between the Government and businesses, and the monopolization exercised by plutocrats, the Government, in order to enhance and improve a tilted and biased pattern of public finance, must put things right and modify views, policies and approaches. We hold that at a time when there is financial affluence, the Government must make good use of public wealth to alleviate the disparity between the rich and the poor. Once such a goal is attained, it is one step closer to the so-called objective of improving and enhancing public finances.

However, at a time when the community is affluent and the wealth gap is wide, further tax cuts for those with handsome incomes will only make a tilted system create inequality further, widen the gap and aggravate the disparity between the rich and the poor. So, the LSD firmly opposes the two amendments as both cannot improve the management concept of public finances and yet make even worse, or further aggravate, the disparity between the rich and the poor in Hong Kong.

With the stock market and luxury property market reaching all-time highs again and again, the people ought to be able to share the fruits of wealth. However, it is not so in reality. In the districts, we notice that there is still considerable difficulty for job-seekers, especially non-skilled workers aged above 45. Wages have not shown much improvement. At a time when rich men are savouring lavish meals, millions of people are still living in misery. Therefore, the Government has a responsibility — I would like to stress that this is the Government's basic responsibility in managing public finances.

Thanks to Secretary Frederick MA for listening to our speeches. The reason is that every time when "Long Hair" or I speak, the Financial Secretary

will leave. Secretary Frederick MA is broad-minded. Although he disagrees with our views, he still has the breadth of mind to stay on. So, it is, first of all, necessary to praise Secretary Frederick MA for his attitude. This is the basic attitude for dialogue.

The proposal from the LSD is that, under the current circumstances, the Government should, in our opinion, observe five fundamental guidelines.

First, it is necessary to promote social equality. With regard to the system of taxation, there should be adherence to the principle of "he who has means pays more".

Second, it is necessary to improve social security. Although there is now the Mandatory Provident Fund, many areas, such as unemployment, health care, and retirement, are still not covered by social security. Many gaps are there to be filled up step by step.

Third, it is necessary to uphold the Government's roles. With regard to the role of making distribution and redistribution of public resources, there should be a crack-down on monopolization by plutocrats and alleviation of the disparity between the rich and the poor.

Fourth, employment opportunities have to be created, with special reference to tasks and jobs applicable to non-skilled manual work.

Fifth, there has got to be interaction between revenue and expenditure. Because of the requirement of the Basic Law, the Government often makes mention of the need to keep expenditure within the limits of revenues. However, in such an interactive relation, it is sometimes necessary to set revenue with reference to expenditure. When expenditure goes up, then revenue can also be increased by adjusting the tax regime. The Government must attain the goal of redistributing wealth.

Given the current situation, in order to improve the livelihood of the grassroots, we suggest that the Government should set aside a lump sum from the Exchange Fund to establish a foundation fund of \$20 billion as one-off expenditure item for the coming financial year. Basically, the said sum of \$20 billion is to be spent on improving the grassroots' quality of living, such as

expenses for organizing after-school activities for low-income individuals, especially children and youngsters; health care allowances for those not on CSSA; subsidies for disadvantaged groups and minority ethnic communities to have activities and venues as well as assistance helping them with organization.

Besides, we must also address the problem of an ageing population. The later the problem is addressed, the tougher it is to become. Therefore, we suggest the Government considering levying a special tax on enterprises making a lot of profits for purposes of implementing universal retirement protection so as to gradually establish and materialize the concept of universal retirement protection.

Given the current economic situation, President, it is hoped that the Government will not be too overwhelmed by success as to disregard the needs of the disadvantaged groups. Amidst all the singing and dancing, many people are still suffering terribly. I hope the Government can take note of this. Thank you, President.

MR TOMMY CHEUNG (in Cantonese): Madam President, today all Members avail themselves of the opportunity in a bid to present their suggestions on how the Government should make good use of the fiscal surplus and broaden sources of income and reduce expenditure before the Financial Secretary presents the Budget. I am no exception. I wish to speak for small and medium enterprises (SMEs), which include several hundred supermarkets and liquor retailers as well as over 10 000 restaurants, over a million drinkers and over 10 million visitors to again repeat the request imploring the Government to cut the duty on alcoholic beverages.

Ever since the Government raised the duty on spirits, wine and beer to 100%, 80% and 40% respectively in the year 2002-2003, our duty on alcoholic beverages has become almost the highest in the world.

In neighbouring Macao and the Mainland, the duty levied on alcoholic beverages just stands at 15% and 29% respectively. Take as example a bottle of Jacob's Creek Shiraz Cabernet. It sells at \$118 in Hong Kong. It costs just \$87 on the Mainland, and \$77 in Macao. A bottle of Johnnie Walker Black Label costs \$338 in Hong Kong, but it costs only \$199 on the Mainland. In

Macao, it costs less than half, just \$141. Please do not forget that there is a sales tax on the Mainland. The prices of their wine products in fact include sales tax. Yet their prices are still lower than ours.

It is necessary to know that to tourists, the prices of wine products constitute an indicator of a place's prices. Tourists having meal in a restaurant tend to check out the wines list before ordering their dishes. Once it is noticed that our imported wines are more expensive than those in London or Macao, they are likely to get a long-lasting first impression that commodity prices in Hong Kong are high. This might be very damaging to our reputation as a shopping and cuisine paradise. Many foreign tourists who love good food and nice wine might bypass Hong Kong and go to Macao or the Mainland for their vacations instead.

Madam President, there has been a common phenomenon in recent years. When it is Saturday, Sunday or holiday, many Hong Kong residents with stronger spending power will go to Macao to enjoy fine wine and they usually go in groups. To avoid duty, they first order from England a lot of fine wine for shipment to Macao. In this way, they only have to pay 15% duty in Macao. It is 80% in Hong Kong. After enjoying one bottle there, they will take another bottle back to Hong Kong. It is close to buying one and getting one free as it is cheaper than buying one bottle in Hong Kong. That is equivalent to having two bottles of wine in Macao. I think such a practice is going to seriously jeopardize our tourist, catering, and entertainment industries.

In fact, the Government can note from recent years' tax revenue that revenue from wine duty has gone down sharply. Compared with that of the year 1993-1994, such revenue has dropped by 36%. The Secretary ought to be able to see that a heavy wine duty can seriously suppress consumption. An exorbitant wine duty has also given rise to rampant smuggling of wine. In the first half of 2006, the Customs and Excise Department seized 32 000 litres of illicit alcoholic products. Though the duty payable only amounted to \$500,000, I have reasons to believe that it was just the tip of the iceberg. In sum, it utterly runs counter to the Government's principle of "prudent management of public finances" to levy a heavy duty on wine.

In recent years, operation pressure on our catering industry has been growing, with every item of expenditure rising and licensing requirements being

very demanding. Moreover, there is the oven-fresh legislation on a total ban on smoking. Restaurants are thus having a hard time and keep losing money. If the Government still does not look for a solution, the industry, because of fierce competition among the regions, may eventually resort to downsizing or withdrawal of investments in order to survive.

In recent years, the Asian economy has been booming. This is especially true of China, a country with more than 1 billion people. There is an ever-rising demand for wine. Take a look at the Asian-Pacific Region. What is lacking is precisely a wine distribution centre. On the Mainland, there is the serious problem of counterfeit wine. It is hard for it to develop into a wine distribution centre. On the other hand, our enterprises have good reputation with regard to commodity quality. In addition, Hong Kong is a duty-free port. With these very favourable conditions, we are in a good position to become a wine distribution centre.

Consider this. Once a wine distribution centre is set up here, enormous investments can be drawn in from the Mainland and abroad. There are bound to be more business activities in such sectors as transportation, logistics, insurance, exhibition, tourism and hotel accommodation. On the one hand, Hong Kong's position as a shopping and cuisine paradise can be strengthened, thus improving our business environment. On the other hand, a lot of relevant employment opportunities can be created, thus contributing to the Government's revenue from salaries tax. In the long run, there will be an ever-growing inflow of revenue to the Treasury. Why not make good use of such unlimited business opportunities?

As a matter of fact, everything is ready, only the easterly wind is lacking. Mr Henry TANG, the current Financial Secretary, knows wine better than any one of us here. Secretary Frederick MA is also an expert on this. There is no reason not to realize that the only stumbling block preventing Hong Kong from becoming a wine distribution centre is the heavy duty on alcoholic beverages.

I know that many political parties are in favour of lowering our duty on alcoholic products, the only divergence being on the scale of the reduction and certain matching measures. However, I would like to point out that, in order to compete with other places to be the first place in Asia to serve as the exhibition and wholesale centre of wine, our duty on alcoholic products must be lowered to

zero. Besides, once our position as a wine centre is established, every trade will flourish. The general atmosphere of society will naturally be improved. There is no need to keep the measure of lowering liquor duty bundled up with welfare policies. The grassroots are going to benefit from it.

I am also Honorary Chairman of the Hong Kong Wine and Spirits Industry Coalition. I have already written to the Financial Services and the Treasury Bureau to suggest that the Government should at least lower liquor duty by 50%, and that the duty on alcoholic products should be changed from an *ad valorem* duty to a specific duty. That is to say, the amount of duty payable is to be determined not by value, as is the case now, but by quantity instead. The most important point is that the Coalition promises that if the Government lowers the duty, members of the industry will immediately lower the prices of alcoholic products. All the savings will be passed on directly to consumers. Therefore, those ultimately benefiting from the cut in liquor duty are bound to be the people of Hong Kong and visitors to Hong Kong.

So, the Government should seize the opportunity and make a prompt decision to make a long-term scheme for the reduction of liquor duty in the 2007-2008 Budget.

Madam President, I so submit.

MR CHAN KAM-LAM (in Cantonese): President, every year when it is close to the time of the Budget, the Legislative Council will invariably discuss expectations of getting tax cuts from the Financial Secretary. This year, in particular, we have added for discussion the issue about the level of fiscal reserves. Thus this debate has been made more meaningful.

In the past, when our economy was constantly seeing high growth, members of the community apparently did not pay much attention to the question of how much fiscal reserves the Government should keep to be deemed appropriate. However, in the wake of the Asian financial crisis following the reunification, Mr Donald TSANG, the then Financial Secretary, set in the Budget the amount of reserves at an amount equivalent to 12 months' government expenditure plus the amount of money supply under M1 at a level of plus or minus 25% of the figure.

In the Budget of 2002, Mr Antony LEUNG, the then Financial Secretary, pointed out that in the wake of the Asian financial crisis, the Hong Kong Monetary Authority had implemented a series of measures to reinforce the stability of the Hong Kong Dollar exchange rate, and that with the Exchange Fund getting more favourable surplus, the Exchange Fund's ability to maintain exchange rate stability had been enhanced, and, consequently, it was no longer necessary to link the level of fiscal reserves to money supply as it should be sufficient to have fiscal reserves equivalent to about 12 months' government expenditure. In spite of this, it is not easy to set a level of fiscal reserves that is appropriate and reasonable. There are usually divergent views among members of the public. The DAB is of the view that, in order to set a reasonable level, it is necessary to first consider five major factors. First, there has got to be enough cash flow for day-to-day use so as to ensure the proper operation of the Government and the Civil Service. Second, in order to meet contingency needs, it is advisable to save up for a rainy day. There might be a need for a considerable amount of cash, such as what we encountered in 2003 or 1998 when we needed huge cash-flow and had to deal with emergencies. Third, there has got to be a funding source for social development. Fourth, there is a need to help the poor and the disadvantaged. Fifth, it is necessary to meet the relevant requirements of international credit agencies so as to ensure the stability of the financial markets. We hold that the then Financial Secretary, in setting 12-month benchmark of expenditure, wanted to give the Government more flexibility in formulating fiscal measures and policies, such as hardship relief for the people, at a time when the financial situation was less favourable. It was because at that time the relevant situation was quite gloomy. The move also made it possible to slightly deviate from the Basic Law, and, as far as possible, evade the provisions on deficit so as to defer by a few years the target of eliminating the deficit. Such a situation can be described as an extraordinary standard. We, however, also think that there should be different views on the level of fiscal reserves under different economic circumstances. So, with regard to setting fiscal reserves at an amount equivalent to 12 months' government expenditure, we are of the view that members of the public should be allowed to have further discussions so as to work out a sounder consensus before setting it. This is more reasonable.

President, our economy has been doing well continuously, registering economic growth of 8.6%, 7.3%, and 6.5% over the years since 2004. The Chief Executive even pointed out that economically this is the best time for Hong

Kong in the past two decades. In our opinion, there will be sustained improvement in the financial situation. The whole year's economic growth is expected to rise. What is more, there will be a corresponding increase in revenue from profits tax and salaries tax, and the investment return of the Exchange Fund is also expected to be quite good. In addition, we believe that the result of this year's land sales is going to be quite satisfactory. This includes the plot at the Peak, which was just sold for a sky-high price. The Government's revenue from land sales and regrant premium by now has already exceeded \$34 billion, a figure far exceeding the estimate of \$30.5 billion. Furthermore, our stock market has been very robust. Revenue from stamp duty is expected to exceed the target considerably, and our forecast is that the entire year's estimate will be in excess of \$20 billion.

So, we suggest that the Government should launch in the new year appropriate, adequate and timely measures to return wealth to the people so as to further stimulate the economy. Our suggestion is for the Government to widen the tax bands without making changes to the marginal tax rates under salaries tax, lower the tax rate of every tax band, and revert the personal allowance to the 2002-2003 level so as to reduce taxpayers' burden. We think this should be our main objective. For some time it has been unnecessary for our revenue to depend on widening the tax base or levying tax on low-income individuals to achieve fiscal balance. If widening the tax bands can increase the amount, we are aiming at bringing benefit to more low-income and middle-class taxpayers.

In addition, in order to benefit the general public, we suggest that one quarter of rates payment should be waived. The estimate is that the move will only cost the Government a sum of revenue amounting to \$3.5 billion. This, together with the suggestion just made by us to slash salaries tax by reverting the rate to the 2002-2003 level, will reduce revenue by just about \$10 billion. Besides, there should be increases for child allowance and dependent parent allowance; provision for a new-born baby allowance, and allowance for taxpayers who have taken out their own medical insurance. We are of the view that under no circumstances should "the axe be wielded at" low-income individuals or families when broadening the tax base. Hong Kong must have an equitable taxation system, which should materialize the principles of "he who has means pays more" and "wealth redistribution". It is, therefore, hoped that the Government can meet our aspirations in the new Budget. Thank you, President.

MR JAMES TIEN (in Cantonese): President, today Miss TAM's motion is on enhancing the efficacy of the management of public finances. In fact, I think Hong Kong is a most unusual place. Why? The reason is that in the case of other cities, after tax is collected, apart from the monies needed for municipal administration, they are required to shoulder some of the expenses of the country. I am referring to national defence and foreign affairs. Under the Basic Law, the Hong Kong Government is given financial concession by the Central Government. We are not required to hand over our revenue. Therefore, all we have to do is keep our annual tax revenue sufficient for the use of the city.

Let us take a look at today's society. Apart from what is stated in the Budget annually, how are the resources of the Government and society deployed? Surely, for our society, I can roughly divide it into the business sector, that is, the employers; wage earners, that is, the employees; and the Government. Today, which sector is most short of money? Is it that members of the public have no money to spend? Is it that the business sector has no money for investment? Or is it that the Government needs to put more money into the Treasury so as to save up for a rainy day?

Based on this theory, we are going to take a look. Take this year as example. Up to now, the Hong Kong Government's revenue from land in the first three quarters of 2006-2007 has already reached \$35 billion, that is, in excess of the \$30.5 billion forecast in the Budget. I also noticed that, according to government figures, the return of the Exchange Fund for the first three quarters already reached \$19 billion, also exceeding the figure of \$18.2 billion forecast by the government budget. Secretary Frederick MA certainly knows that given the booming stock market lately and the daily turnover of \$40 billion to \$50 billion, revenue from the stamp duty of 0.1% will also exceed the target.

From my observation in the past few years, the Budget estimated salaries tax and profits tax at \$50-odd billion and \$70-odd billion respectively. It appears that it is going to be possible to maintain this year's record for another two to three years. Many accountants as well as the Institute of Certified Public Accountants are optimistic about this year's surplus. Their forecast is that there will be \$20 billion to \$30 billion. Being not as professional as they are, the Liberal Party is inclined to accept their figures. The Government is also not that conservative in its projection.

Under such circumstances, we wonder if it is still necessary to be so prudent in financial management even if we refrain from describing the Government as having a "treasury flooded" — its prudence is to such an extent that it draws the criticism that the Government often "cries wolf", often acts like "Scrooge", and often claims to be penniless. However, at least on the basis of this year's figures, there is no need to be like that.

President, next I would like to say a few words about what the government reserves are really like. Certainly, the amendment proposed by Mr SIN Chun-kai mentions "12 months of government expenditure". That was set by the former Financial Secretary, Mr Antony LEUNG, in the year 2002-03. On this, Financial Secretary Henry TANG has not revealed much of his opinion. We, however, think one point is worth mentioning. Our annual government expenditure is around \$200 billion. As far as the figure for 12 months is concerned, an amount of about \$300 billion should be enough.

However, as also mentioned by Mr CHAN Kam-lam just now, it is desirable not to set the period at 12 months too rigidly. I, of course, agree that if there is just about \$300 billion, we may have to see if a level at 12 months is enough or not, and that it might be necessary to maintain it at a level of 13 or 14 months.

We, however, must understand that the Government has another purse, which is known as the Exchange Fund. That purse contains \$880 billion. Adding this sum of \$880-odd billion to the \$300-odd billion, there are actually not too many governments in the world with accumulated reserves amounting to \$1,100 billion while spending \$200-odd billion a year. The said sum is in fact the accumulative expenditure of the government for 48 months, or four years.

So, my feeling is that, the Government, when looking at things from this angle, should not divide the money that it holds into two purses, and then say that the reserves are just adequate or that \$200-odd billion has to be withheld from the \$800-odd billion to back up the circulation of Hong Kong Dollar. All other countries or governments may encounter the same circumstances. Others also have to face them all, and are able to cope. Therefore, we need not worry too much.

Here is another point that has to be raised. It is from the perspective of the people. In the year 2002-2003, the Government increased salaries tax and profits tax. It should be noticed that we in the Liberal Party, representing the

business sector, have not asked for a downward revision of the profits tax. The reason is that profits tax is payable only when there is profit. It is not so in the case of salaries tax. Once salary is received, tax is due no matter children's tuition fees and rent have been paid or not. Probably little salary will be left after all the payments are made. So, with regard to the levy of salaries tax, we hold that the Government should revert the rate to the level of 2002-2003 and make a tax rebate to the people first.

Surely, there have been new proposals from the Government again recently, namely, not to revert to the 2002-2003 level right away. Put forward are four approaches, namely, the so-called standard tax, the allowance of \$100,000 to \$108,000, and the not yet decided limit of either \$30,000 or \$30,000-odd.

The Liberal Party felt that it is advisable to revert to the level of 2002-2003 first. Let there be no more division here. The reason is that salaries tax involves some \$6 billion. Once there is division, it means giving some here and some there, thus showing that the Government's target is not to revert fully to the level of 2002-2003. Collecting \$2 billion or \$3 billion less is of course better than collecting \$6.8 billion less. It is just done by cutting a bit here and a bit there. However, I think this is no good.

Last year, the Liberal Party polled more than 1 000 residents. 48% held last year that salaries tax should have been reduced to the 2002-2003 level. Recently, between the 5th and 8th of this month, this is something really "fresh from the oven" as it took place just a few days ago, 1 000 residents were similarly polled. Those finding it advisable to reduce salaries tax have increased to 70% from last year's 48%. In my opinion, one of the main reasons is that the Government's financial situation of late is far better than what was forecast in the middle of last year. When comparing the financial position of this year up to now with last year's forecast, the people feel happy for the Government. They also feel happy for themselves. It is because the situation has improved. There being improvement, the Government should at least reduce salaries tax to the level of that year. Given the fact that the people are holding such a view and the political parties also so propose, it is hoped that the Government will give consideration to it.

Now on other points about supporting enterprises, I would like to mention only one point. As rents are now going up, it is, therefore, hoped that the Government will lower the rates by 0.5% (in fact, this suggestion is not much

different from what CHAN Kam-lam said, namely, to waive one month's payment) — I believe that this Council will not raise objection whichever option the Government is willing to adopt.

President, because of the time constraint, I so submit and support the motion and the amendments.

MR LEE CHEUK-YAN (in Cantonese): Every year, there are usually discussions about public finances before the release of the Budget. According to Mr James TIEN just now, society can in fact be divided into three sectors, namely, the Government, the business sector and the public. Regarding the fact that the Government is "flooded", there is a consensus among us here. Regarding the question, with the Government "flooded", how the Government should return wealth to the people, there are probably different opinions among us.

In fact, as we all know, from the people's perspective, of the millions of wage earners, or people in employment, some have paid salaries tax whilst some have not; some are well-paid, but some are poorly remunerated. At present, the greatest social problem is the ever-growing disparity between the rich and the poor. Therefore, I hold that, when considering the issue of public finances, we must determine which group of people should get assistance first. Are we to gild the lily or are we to offer timely help? Our wish is for the Government to offer timely help before gilding the lily. So, we can see that the way in which the Government makes use of its financial resources is in the end just the course in which resources of the Government or the community as a whole are redistributed. The Government's expenditure and revenue have two distinct social objectives. The expenditure portion is spent on the people. If more is spent on the expenditure portion, then the grassroots or the poorest will stand to benefit. As we all know, the expenditure portion is what being spent on education, welfare and health care. All these have something to do with the people's livelihood. If we spend more on education, welfare and health care, then in reality it is most helpful to those most in need.

We can note from the figures recently released by the Government's Census and Statistics Department that the problem of disparity between the poor and the rich in Hong Kong is very serious. As mentioned by many of us, our Gini Coefficient is 0.52. I would like to present some other figures. At

present, the ratio of low-income households in the population is higher than that of 1996. In 1996, they made up 15% of the total population. The figure stood at 17.8% in 2005. It is conceded that there is a worsening uneven distribution of income. In 1993, the median income of the top income group was 13 times that of the lowest income group. By 2005, it was as high as 23.3 times. It can be noticed that the disparity between the rich and the poor in society is growing. How should we help the poorest? As mentioned by me just now, how can we offer timely help? It is to increase welfare expenditure, for example, by setting up a child development fund to help poor children as suggested by many political parties. Health care for the elderly is another front. Many people have raised the question as to whether or not it is possible to specify that medical fees payable by the elderly be reduced by half. But the Hospital Authority has already said "no". Is that not something which we should work on? Who are the poorest among us? They are the elderly with no pension. They are probably living on Comprehensive Social Security Assistance (CSSA), or are even drawing no CSSA. Or they are those destitute children. Should we not take care of their needs first?

Let me repeat. With regard to expenditure, the key factor for consideration is the wealth gap. However, it is learned that — I believe Secretary Frederick MA is also definitely not going to make clarification later — according to the newspaper, in next year's Budget, the part on expenditure will be lower than economic growth. In other words, even though there is growth in the economy, the money to be spent on the people will be reduced. This is actually against the Basic Law. A provision in the Basic Law clearly prescribes that it is necessary to "keep the budget commensurate with the growth rate of its gross domestic product". The meaning is that if there is growth in the Gross Domestic Product (GDP), the budget should also be increased correspondingly. If there is growth in the GDP, but there is no corresponding increase in expenditure, then there will be a gap. That is to say, the Government is spending less. Surely, to the Government, spending less means more money in the pocket. It is because less money is spent. As the economic pie grows, there is more tax revenue. Yet expenditure is being cut. Who are being affected most by the cut in expenditure? They are the poorest. So, I have to make a very very strong appeal. Today, Members often talk about tax revenue. I will also speak on tax revenue in due course. However, I think there is a common task for us all — in the words used in the original motion of TAM Heung-man — returning wealth from the fiscal surplus to the people. In my opinion, it should be first spent on this area, people's livelihood. Expenditure

at least must be commensurate with economic growth. With the Government now "flooded", it is fine even to go a little further. However, I wonder whether or not the Government is willing to do so. The Government has already said "no" to that, and this is in the newspaper. I wonder if Secretary Frederick MA is prepared to clarify this.

If this part is done, then how about tax revenue? How about salaries tax? The once-discussed GST has been "put to sleep". However, when discussing GST, we in fact were under a great worry for reason of being uncertain about what the situation would be in the long run. Therefore, with regard to salaries tax, this time I support what Henry TANG has said. Even though I often have the urge to pour red paint over him on account of the fact that he owes me the transport subsidy, I am still going to support Henry TANG. It is because what he said is very clear, different from what James TIEN just said. It is also different from what the Democratic Party said with regard to reverting to the level of 2002-2003. I think it is not advisable to mechanically revert salaries tax to the level of 2002-2003. Instead, these matters should be considered individually, for example, how to rationalize the taxation system and how to make salaries tax more in line with a progressive income tax so as to achieve the principle of "he who has means pays more". The Government probably will have to work harder on widening the tax bands.

On the contrary, I think it is most inadvisable to lower the standard tax rate. Those on standard tax rate are people among the top 10% highest-paid as shown in the figures given by me just now. Their income is 24 times that of those earning the lowest income. These people have means. So, "he who has means pays more" ought to be the principle. The whole taxation system is a process of redistribution of wealth. With regard to salaries tax, I support conducting a comprehensive review. I support another thing too. My suggestion is that once there is a thorough reform of salaries tax following a round of discussions, there should be no further discussions in the near future. What is more, we should not "harp on the same old tune" every year to discuss matters like tax cut or tax hike. I think it is better to have some stability. Thank you, President.

MR ALBERT HO (in Cantonese): Madam President, this year is the third year for Hong Kong to have fiscal surplus since the SARS experience. What is more, the surplus is a huge sum.

In the past, the Government often considerably underestimated its fiscal surplus. We have no wish to question the judgement of the Government's economists. On the contrary, we are concerned about a question arising from the fact that the Government tends to underestimate its fiscal surplus. Does it mean that, in dealing with every year's expenditure, the Government, while observing the principle of keeping expenditure within the limits of revenues, tends to be too conservative and tight-fisted, and, consequently, fails to spend where appropriate (like what Mr Vincent FANG just said and I totally agree — that is, money spent on areas where appropriate should definitely be used)? The Government fails to do this because it often underestimates its revenue. We have got to address this issue.

Secondly, it seems that our surplus is not a temporary phenomenon, the reason being that according to estimate, there will be a surplus amounting to \$90 billion in the next five years. Under such circumstances, not only is there no structural deficit as stated before, but there is also the problem of the coffers being "flooded". If there are still people finding it necessary to save up for a rainy day, I think that is just ridiculous. The reason is that it is just like one saying that it is necessary to store all the grains in the barn for future consumption when the community is starving. We are now facing the problem of poverty, or, to put it graphically, a starvation problem. Why are we still keeping grains in the barn? Should that not be used on the community? This is the second point.

Thirdly, it is something on which quite a few colleagues have spoken just now. It has been very clearly stated by Mr Ronny TONG too. It is about the Chief Executive's remark that the current situation is the best in the last two decades. To some, that sounds pleasing. People like big businessmen, major developers, executives on high pay and those paying tens of million dollars in tax are definitely pleased with such words. However, most Hong Kong people disagree with that. According to a survey conducted by the Democratic Party, close to 70% of the people disagree with the remark (judging from the findings of the survey). 30% of the people think that there has been no improvement over the past 10 years; more than 30% of the people think it is worse than before. Why is there such great discrepancy under the circumstances?

Fourthly, this is even more important. In his policy address last year, the Chief Executive also mentioned that Hong Kong was facing a challenge. He personally admitted that it was about poverty among the grassroots. Many

workers are in a precarious state. In the second place, there is little social mobility. Many people are unable to climb up. Surely, there is another problem, which is known to all even though it has not been mentioned by the Chief Executive. That is the fact that over the past decade or two, the disparity between the rich and the poor has been growing incessantly. The figure has grown from about 0.4 to the current level of 0.525, almost ranking among the top few in the world — I am not sure whether it is the third or the fifth place because there are different versions. Anyway, it is most serious.

Why do we not make use of our fiscal and economic policies to properly address these issues? Every day, we talk about fostering harmony in society and sustaining economic development. I wonder how possibly there can be a good outcome if money is just hoarded up and not put to good use. Also, how can it show that politicians with vision and a mentality of sound leadership are really found in our establishment?

As we all know, long-term social investment is very important. To maintain the competitiveness and sustainable economic growth of a society, this is absolutely important. So, there definitely should be consideration for small-class teaching or even 15 years' free education. However, today I do not have time to speak on matters like health care and housing. But such items of long-term social investment are absolutely important. What requires immediate attention is the problem of poverty. Many people are being tormented by the hardship of daily life. This has already led to social conflicts. Given this, I wonder how a harmonious society can be built.

Surely, a lot of measures have been proposed by quite a few colleagues, and the Government should act on them, such as better CSSA for the elderly and availability of services for the elderly. I am not going to speak on these. I would like to just bring up two things that the Chief Executive has undertaken to carry out. One is transport subsidy for people in remote areas. This is something which the Chief Executive has undertaken to carry out. However, by the time of its implementation after the idea was raised by him, it was tightened up. Originally it was said that it was for the support of those with low income. However, a lot of conditions have been imposed. They are required to undergo retraining and have to be unemployed. As a result, it is still not possible to bring it into effect. So we invariably wonder why there is always thunder but no rain. Is the Government committed to this?

We feel more indignant about the Child Development Fund. When the Financial Secretary last year said that he accepted the suggestion of us in Democratic Party, we were quite pleased. At least there was the acknowledgement of the issue of inter-generational poverty by the Government. When we brought that up, we did not dare to ask the Government to spend too much. The Government was just asked to provide the children with a book allowance, that is, each to get an annual subsidy of \$3,000. Altogether, it would cost just \$500 million to \$600 million.

What has the Government come up with? The product is something like the education voucher system. It sounds nice. The Government appears to be willing to spend. But the product on this occasion is even worse than the education voucher system. Why? I really wonder if the recipients can indeed benefit from it. As a matter of fact, the present approach is on a one-to-one basis. That is to say, whenever the Government pays out \$1, so must the recipient's family. How can they, all impoverished families, go along with the Government in matching every dollar of subsidy with another dollar? According to a survey recently conducted by the Hong Kong Baptist University (HKBU), more than 60% of the families polled say: "Sorry, we are really unable to go on, and can ill-afford to join the scheme." 60% of the people are prepared to join, but will have to economize on food and clothing. Some 30% of the people say they could ill-afford. Out of this 30-odd%, 80% said they are not able to join. 40% of the people find the arrangement useless. 70% of the people think that excessive frugality is likely to affect the children.

So, Madam President, I wonder if you will feel frustrated after reading the survey conducted by the HKBU. Do you not feel that whilst the Government's words sound impressive, it has not got the sincerity to let the Child Development Fund work properly? Therefore, I wish the Secretary could give it careful consideration when he is back in his office. With regard to tax revenue, we entirely agree with what Mr LEE Cheuk-yan said. We support tax cuts as these can ease the pressure on the middle class. However, I still hope that a progressive and equitable taxation system can be introduced.

MR FREDERICK FUNG (in Cantonese): President, every year, when it is time around the Budget, we tend to have a debate on tax revenue. A lot of the arguments and views have already been discussed. With revenue now

"flooding" the Treasury, I wonder how the surplus should be utilized and whether or not an order of priority is set. I think here is the crux of today's debate.

In this motion today, Miss TAM Heung-man mainly seeks to return wealth to the people. Several amendments mainly ask the Government to lower the tax. Those to benefit directly from the tax cuts are chiefly members of the middle class. The more tax one pays, the greater benefit one is going to receive. Here I would like to speak on how to set the order of priority.

As it is commonly known, both I and the Hong Kong Association for Democracy and People's Livelihood place emphasis on the point that even though our economy has improved, the grassroots cannot stand to benefit. According to the data from the Census and Statistics Department, in addition to the growing disparity between the rich and the poor earlier on mentioned by Honourable colleagues, the issue of the working poor is, in fact, also very serious. The Subcommittee to Study the Subject of Combating Poverty under this Council has submitted to the Government a study report. The main problem of the working poor is that even though they are willing to work, working eight to 12 hours a day and earning about \$4,000 a month, they sometimes can hardly feed themselves with the money earned, not to mention supporting their families. Hong Kong is an affluent society. The *per capita* GDP is US\$23,000 a year. On average, each person earns some HK\$10,000 a month. However, in the case of some people, the monthly pay is only about HK\$4,000. Should these issues be dealt with?

Apart from the issue of the working poor, we have also submitted to the Government another study report, one on women in poverty. Women are subjected to discrimination and persecution at their posts and cannot get equal pay for equal jobs. Is it not necessary to address these issues? Just now Mr Albert HO made mention of children in poverty — what is known to us as the issue of inter-generational poverty. Not only is this Council looking into these issues, so is the Commission on Poverty. These figures are known to the Commission on Poverty. But studies are merely studies, no one is prepared to formulate policies and take actions to solve these issues.

This Council is now studying the issue of elderly in poverty. In fact the Government also has the Elderly Commission studying the problems faced by the elderly in different aspects of their living. There are also a lot of data. Does it

show that there is no clear move or policy on the part of the Government telling us how it is going to address and deal with the issue? So, given the fact that the Government has a fiscal surplus, how is it going to make use of it? As society is so affluent, I hold that those experiencing difficulty in their living ought to be the prime targets of such work.

In the second place, the reason why the aforesaid issues should be set as prime targets is that the Government is forecasting an increase in revenue. In which areas will there be increased revenue? There are mainly a few possibilities, namely, higher salaries tax, higher profits tax, and additional revenue from other areas, for example, more revenue from land sales and stamp duty from stock transactions. In a situation where there is to be no change in the existing system, if additional revenue in the coming days is to come from salaries tax, it means people's income must have increased. Only then will the Government raise the rate of salaries tax. Otherwise, the rate of salaries tax theoretically should not go up. Should we still lower the tax for those whose income is ever rising and who are earning more? Now on raising profits tax. Suppose he, under the existing system, pays \$10,000 in tax this year, and his tax payment is to go up to \$12,000 next year. Surely, this is going to happen only if his profit in the coming year is higher than that of this year, otherwise the Government cannot ask him to make a tax payment of \$12,000. Now about the third possibility. It is to get more revenue from land sales, stock transactions or the likes. If it is revenue from sources under the third possibility that has increased, then I think there is no justification for allocation to be made to others because such revenue belongs to the public.

In my opinion, the surplus should first of all be spent on solving the poverty problems just mentioned by me, namely, problem of the working poor, women in poverty, elderly in poverty and inter-generational poverty, but not on tax cuts. If there is still surplus left after the Government has taken efforts to deal with the poverty problems, then the Government, in my opinion, may consider tax cuts. However, when there is still no active effort by the Government to combat poverty, I am unable to support a tax reduction. On this I have great reservations, or even objection.

Given the huge surplus accumulated by the Government, I wonder how many options there can be. The first is to have a tax reduction. The second is to give tax rebates. Tax rebates are one-off. But a tax reduction has long-term implications. The third is to increase public spending. Of the three options,

increasing public spending is, in my opinion, the one which the Government should pick in order to face up to those suffering from the different problems of poverty mentioned above. They are still in hot water. Even though stock prices have soared and many people are very happy to have made a lot of money and to have shark's fin and abalone for meals, some other people cannot even afford to feed themselves. Therefore, there must be an order of priority in the distribution of wealth. I call upon the Government to show its will and let us see its determination.

I went to Shanghai during the Christmas to see what they did about poverty alleviation. Compared with us, they have put in more effort and shown greater commitment, with one whole set of plans drawn up. Others are working on social enterprises, so are we. However, our Government only set aside \$30 million for application by members of the public. For each application, the most that can be lent is a loan of \$3 million for business operation by the applicant for three years. With just \$30 million set aside, the Government dares to tell others that we also have social enterprises. How do others proceed with social enterprises? People may apply to the Government for interest-free loans. They may also lease government properties at rentals below the market rate. Profits made by those companies are tax free. The Government even assigns some professionals, such as lawyers, accountants and managers, to help those small companies for two or three years in order that they can stand on their feet. Only this can be said to be a complete set of policies fostering social enterprises.

What has our Government done? I am indeed a little disappointed. The Government has been working on poverty alleviation for many years. How much has been achieved? If the Government still does not consider solving the poverty problems while it has a surplus, I wonder how it can help when there is no extra money.

Thank you, President.

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

MR CHIM PUI-CHUNG (in Cantonese): Madam President, today we have a motion debate on public finances. Naturally the issues of tax revenue and stamp duty are involved.

The SAR Government often has the wish to consult me on matters about economy and finance, especially in connection with GST. However, I told it that there is no reason for me to entertain its consultation because there is no chance for the levy of such tax to gain approval. The Financial Secretary wants (so does the Chief Executive) to have discussions about the economy and other matters with me through different channels. Legislative Council Members are, in my opinion, to monitor the operation of the Government. If the Government is incompetent, then I wonder if it is qualified to administer Hong Kong. So, I give support when I see that what they do is correct. I object when it is otherwise. There is no reason for me to offer it all my views, and let all credit go to it, that is, to claim credit from the Central Government and get everything. All credit would have gone to it. Regarding this, perhaps we should do a review.

Today quite a few colleagues have talked about this political view. With regard to this issue, I have to express my views on the opinions involved. Undoubtedly, on 3 January our stock market reached its all-time high, with the Hang Seng Index rising to 20 413. This reflects what everybody has been saying over the past few months, namely, that "when our Motherland is doing well, Hong Kong is also doing well." Why? It is because in our Motherland last year, Shanghai's A-shares had a 140% increase while Shenzhen's A-shares went up by about 110%. Our stock market, driven by these two stock markets, also rose 34%. So, in reality as well as in name, "when our Motherland is doing well, Hong Kong is also doing well." It is necessary for us to understand this.

We understand that — (*phone ringing*) I am sorry — in the past, stamp duty took up a large portion. In the past, transactions amounted to over \$8,000 billion. Theoretically, stamp duty could be as much as \$20 billion. However, we have to remember that regarding stamp duty, when Mr Donald TSANG was the Financial Secretary, he made a promise to members of the industry to the effect that if there could be discussion about commission, he would do away with stamp duty. I dare say this — broken promise! The Government broke its promise! It has members of the industry fooled.

Ever since 16 October 2004 when I took up my seat again, I have promised to do two things. The first one is to strive for fairness. The second one is to eliminate commissions as well as the practice of "one industry, two modes of management". Every effort is to be made to achieve the elimination.

I have been in office for 27 months. However, our Secretary just keeps saying "Let there be discussions", just saying that to himself. This is regrettable. He will leave his office after 1 July. The matter will be thrown back to me then. Though we are from the same native place, an official matter still has got to be treated as an official matter. When there is justification to make criticism, criticism will be made accordingly. Given the fact that stamp duty is such an important matter, the SAR Government, being a government, must honour its promise. It is, however, regrettable that none of the two things has been achieved.

Now about matters in the future. The Government now says that our city is indeed a financial centre, then what should we promote? It is warrants. I understand that over the past 10-odd years I have made so much noise that even I feel embarrassed myself. The Government probably has been saying something like this: You, the Honourable CHIM Pui-chung, are always able to get a seat as a legislator. So we have to target you. To gratify ourselves, we have to eliminate you, an eyesore to us. Your repeated success in the election spells disaster for your industry. The reason is that they unfortunately support you and you are a legislator again. So it will go on like that.

I now vow to the Government. If I am really so annoying, and if you are able to accomplish these few matters, I undertake to resign from my seat the next day after they are done. Here I throw down the gauntlet to the Government because you broke the promise on stamp duty, and the "one industry, two modes of management" now in use is not fair to the whole society. What is more, this issue about warrants is basically another way to exploit local small investors of all their interests.

Earlier on, Members talked about a lot of things, mainly about the inadequacy of welfare. However, their comments, in fact, have nothing to do with one sector infringing upon the interests of another. Just that they have not obtained enough interests. However, opportunities are being provided to foreign financial brokers by the Government to gulp down at the opportune moment local small investors, whom I represent. So, it is basically two different matters to draw an analogy with other industries.

Secretary, today your opposite number should, of course, be our Honourable Miss TAM. I wish you could consider matters as they stand. Whether or not you will act, and whether or not I will act do not really matter.

However, the SAR Government has an obligation — I think Mr Henry TANG is also able to hear this. Certainly, in my opinion, he is not qualified to be a proper leader for the financial matters of Hong Kong. It is because he is, after all, a businessman not yet tested and lacking experience. Surely, it is possible for a businessman to make achievements. I criticize him and I may get into trouble tomorrow. However, is it really so? I am telling the truth, and therefore, I need not fear.

At a forum held by the Chinese General Chamber of Commerce a couple of days ago, Mr Joseph YAM spoke on a few things that the financial industry has to do in the coming days. The first one is to encourage the local service industry to get into the Mainland. The second one is to encourage those on the Mainland to come to Hong Kong. The third one is about certain Hong Kong products that are not for trading by mainlanders, so it is necessary to see how to get them into the Mainland for trading by mainlanders. The fourth one is to explore ways to further position the standing of renminbi (RMB) in Hong Kong. And the fifth one, as RMB has made entry into Hong Kong with one leg, to see how to bring into Hong Kong the other leg, meaning the international one.

For him to say all that is very persuasive indeed. What he said is to encourage every person to face up to it. However, for whom is this done? Give it deeper thought. This is for the major banks of Hong Kong and funds managed by foreign brokers. Why? We would better take a look. No matter it is the local insurance industry, or those in the service industry, can they possibly be qualified for admission into the Mainland? As the threshold for entry into the Mainland is so high, how can they jump over it? Never has the Government helped these sectors.

So, matters were made to sound grand and words were put in a persuasive way. However, he in fact wants Hong Kong to sink quickly. We have spoken on so many matters. Although many legislators or members of the public pay no attention to the financial industry, or know little about it, I, anyway, am prepared to make a pledge in my own name. I hope the Government can accept good advice readily.

MR LEUNG KWOK-HUNG (in Cantonese): President, I read the newspapers and learned that Secretary Frederick MA had prayed for me in the hope that God might forgive my sin. I think, Secretary, you need not pray for me. The first

reason is that I am an atheist. The second reason is that you ought to pray for the Government as well as for those who are greedy. Of the Ten Commandments, one is against greed.

We have stated many figures. Figures are icy-cold. However, what do all these figures imply? It was felt by me on Saturday when I got out of my public housing unit. I came upon a refuse collection point. (I think none of you have been to such places.) I saw an old woman with a mask on her face. What was she doing? She was rummaging the refuse bin, picking what she wanted, such as pieces of paper and newspapers, that is, things that could be sold for money. I saw two housewives walk by. They looked at her with contempt, not knowing why the old woman was flipping up the refuse, which could spread diseases.

At first I wanted to say something. However, in the end I swallowed my words, because I felt very ashamed and knew not what to say to that old woman. The elderly person then removed her mask. I tried to identify her. In fact I wanted to tell her that once another elderly person often came to knock on my door to ask if I had old newspapers to throw away. If I did have old newspapers, I would let her take them away. The elderly in front of me was not the one whom I met before. I do not know if the previous elderly person is dead. However, her situation must be very miserable even if she is still alive. Two elderly persons scrambled to retrieve things from the refuse. This cannot be seen in the figures. They are human beings.

Today, our discussion is on what a government "flooded" with money should do. As the Government is "flooded", those who are most innocent or most unfortunate should be given assistance. It may be argued that being unfortunate is really unfortunate, but it is not necessarily being innocent. Let me tell you this. Had our Government not adopted the policy of "fleecing the poor to feed the rich" all these years — surely, the SAR Government is not to be held totally responsible as the Hong Kong British Government should also be blamed — that is to say, when the economy was good, it was said that no change should be made to the taxation system as it might affect investment. When the economy turned bad, the lower classes were made the first victims; even if they were not attacked, their welfare benefits would still be cut.

We often talk about "leaving wealth with the people". What is meant by "leaving wealth with the people"? It is not to put more money into their

pockets. It is to provide them with a proper and appropriate environment as well as the dignity that modern people are entitled to. Also, there should be items due from society, such as education and health care. In addition, when those unfortunate people are caught in extreme adversity, there should be available for them a so-called safety net, one that is unlikely for them to plunge too deep inside. However, once one gets into this net, one can never get out.

I have heard many people say that the Government should lower the taxes. But I think members of our middle class and those who have money to pay tax are not that selfish. It is not the Government's responsibility to engage in pork barrel politics underpinned by political needs — when officials of the three policy departments and the 11 bureaux go to a certain political party for dinner, they should not be doing that for this purpose. Nor should they do their work for the purpose of pleasing the majority of the 800 bigwigs. It ought to uphold justice, and discharge the responsibility as a government by telling all Hong Kong people that even if there is no tax cut, each person is getting just a few thousand dollars less. (As a matter of fact, this may probably be offset by higher bank interests. However, let us not talk about this now.) I do not think Hong Kong people are so callous. Because we do make donations when we see other people suffering from natural disasters.

Here is the gravest crime committed by our Government. It has to concoct an impressive excuse for such filthy pork barrel politics for the sake of its small-circle election. So, even if it is not lying, it still has the reality distorted. It believes that what counts most now is to give assistance to the so-called middle class, or to lower profits tax in order to attract investors.

Mate, did you say that stamp duty should be cut? If the market is robust, then just go ahead. Gamblers will not stop gambling because the casino's admission fee has gone up by \$20. It is especially so as the casino is in fact bogus.

Here I have to say a few more words because I am a Chinese. Currently, the tide of listings led by state-owned red-chip enterprises has indeed made many people happy. But the lower classes are unable to have a share and it does not matter. Yet the resources of our country ought to belong to the people. Now the resources are being taken to Hong Kong for listing. This is to let the rich in both places continue to make money. This explains why the small-circle

election is bound to have the few bigwigs, rich men and their servants elected. It also explains why economy is the manifestation of concentration of politics. Indeed, behind the vermilion gates of the rich, meat and wine go to waste while out on the street lie the bones of those frozen to death — This saying is getting very close, if not entirely accurate, in describing the situation in Hong Kong.

On the eve of the outbreak of the French Revolution, several ministers of finance tried to squeeze dry the people, or members of the third estate. It was such measures that led to the collapse of the entire dynasty. Today, Hong Kong has no need for a revolution, nor is it able to stage a revolution. However, we are being oppressed by a small circle (*the buzzer sounded*).....I have finished talking.

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

MR HOWARD YOUNG (in Cantonese): Madam President, to all of us, it is basically nice for the Treasury to be "flooded" with money. At least, there is a chance for tax cuts. It is, however, still necessary to warn the Government not to spend too liberally, treat lightly the need to reduce expenditure and enhance efficiency, and ignore the expansion of the bureaucracy in the belief that it probably does not matter to spend a few million dollars more here and a few million dollars more there just because there is more money in hand. The reason is that if the spending goes on like that, there will again be an all-embracing government. Then it is going to be terrible.

Surely, I am not saying that the Government is now showing signs of squandering. But still I would like to remind the Government of the need to adhere to the principle of prudent fiscal management, whereby expenditure is effected only as necessary. Take the size of the Civil Service as an example. Over the past few years, the Government has been making efforts every year to streamline the establishment, now maintaining a strength of about 160 000 persons, with some 30 000 persons fewer than what it was at its peak. However, in comparison with Singapore, the size of our population is one third larger than theirs, yet the size of our Civil Service is almost two times theirs, and the payroll is even four times theirs. But they are required to foot the bill of national defence and diplomatic service. It is indeed necessary for the Government to conduct a thorough review of such a situation.

In addition, we can see how astonishingly extravagant the Government is by referring to the annual reports presented by the Audit Commission and the Office of The Ombudsman. According to the Audit Commission's latest report, because of poor management, the Hospital Authority (HA), Lands Department and Trade and Industry Department have failed to take effective measures to recover fees due and properly process applications, and, consequently, led to a loss of public money amounting to about \$1 billion. In the case of the HA, for the past five years, the total amount of fees defaulted amounts to as much as \$300 million. In the case of the Lands Department, because of its failure to take effective measures to recover rent in arrears, the amount of outstanding rent stands at as high as \$160 million. The Office of The Ombudsman also released a report lashing out at the Social Welfare Department for overpaying more than \$20 million in allowances over a period of five years on account of inadequate guidelines required to process applications for disability allowance.

In fact, all these only represent the tip of the iceberg. Every year, the Audit Commission is able to uncover a lot of cases in which the Government has failed to put public funds to good use and thus has a lot of public funds wasted. In sum, these cases are just too numerous to account for. It is hoped that the Government can be less extravagant and wasteful.

We notice that over the past few years the Government has been trying hard to streamline the establishment and already made improvement to some departments' efficiency. For instance, the enquiry services operated by different departments have gradually been merged into one, namely, the government hotline of 1823. Another example is the Administration Wing and the Efficiency Unit which have all along been studying the outcome of outsourcing and reviewing the duties and structure of offices like the Government Laboratory and the Civil Engineering and Development Department. The Liberal Party hopes that the relevant task can continue with perseverance. There should be more extensive and deeper study on improving the departments' efficiency.

Often, it is possible for many service users, or departmental staff serving at the front line to notice certain undesirable practices pertinent to policies or the workflow of the departments. If the Government can get matters standardized for the people to make suggestions or for the Government to give replies, it will definitely enable the Government to further enhance efficiency and economize, and the people will also feel the respect being given to them by the Government.

The Singaporean Government set up a Cut Waste Panel as early as 2003 to receive suggestions from all quarters of the community. Suggestions and the government's replies are made public on its website. Between 2003 and May last year, the Singaporean Government all together received 3 108 suggestions. Of these, 84% (that is, 2 618 suggestions) were adopted. Out of these, 2 521 suggestions have already been carried out. So far, a sum of \$57.79 million has been saved for the Government. Though the amount is not enormous, at least the sincerity is commendable.

We believe that there are many lessons for our reference in this respect. It is hoped that the Government will not forget the need to continue to keep fit as its financial position improves. Otherwise, it will soon be back to square one for it to become "fat" and "bloated".

Madam 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 now call upon Miss TAM Heung-man to speak on the two amendments. She has up to five minutes to speak.

MISS TAM HEUNG-MAN (in Cantonese): To start with, Madam President, I am very grateful to Mr SIN Chung-kai and Mr Jeffrey LAM for proposing amendments to the original motion. It demonstrates that various major political parties are very proactive in putting forward opinions on the Budget. Nevertheless, the Civic Party finds it impossible to subscribe to the amendments proposed by the two Members.

The Civic Party agrees with the index proposed by Mr SIN Chung-kai for the fiscal reserves. At present, the Government's foreign exchange reserves, which have exceeded \$1,000 billion, have achieved a certain stabilizing effect on the Hong Kong Dollar. Our fiscal reserves, now no longer required to be

responsible for defending the Hong Kong Dollar, are merely required to meet government expenditure. If the Government really has guidelines stipulating that the fiscal reserves are merely required to be maintained at a level to meet 12 months of government expenditure, the guidelines should be strictly enforced. However, the Civic Party cannot agree with Mr SIN's proposal that salaries tax be reverted to the 2002-2003 level. As I pointed out right at the beginning, the Government has to spend money in a wide range of areas, such as social welfare, education, and so on. If billions of dollars are spent for tax reduction purposes at the very beginning, we will not be able to ensure that there is adequate money to meet social aspirations in many areas.

On second thought, a balance should be struck between reducing tax and increasing public resources. We may explore lowering the tax rates of all tax bands and increasing and widening the tax bands with a view to bridging the wealth gap, widening the tax base, raising the disposable income of the middle and lower strata, encouraging spending and promoting the economy.

Mr Jeffrey LAM's amendment proposes, among other things, to improve the business environment and promote the commercial and industrial development with the fiscal surplus. All these are excellent proposals because Hong Kong people can be truly benefited only if Hong Kong economy continues to develop. Only with the continuous development of enterprises can employment opportunities be created in society to enable more qualified people to secure employment and be eligible for paying tax, thus making it possible for our tax base to be widened. All these are what the accountancy sector would very much like to see.

Nevertheless, it is most worrying that Mr LAM's amendment has proposed to reduce the tax rates. Though unlike Mr SIN Chung-kai, Mr Jeffrey LAM has not proposed specifically to revert the tax base to the 2002-2003 level, we can say that the amendment proposed by the Liberal Party, as a political party representing the business sector, has subconsciously included reducing the profits tax, which is even harder for us to support than reducing the salaries tax. Hong Kong's economic revival has not benefited all social strata. As a result, the wealth gap worsens as days go by. Reducing the profits tax today will, on the one hand, make business operators even richer and, on the other, reduce the public resources accessible to the lower stratum. In the end, the wealth gap problem can simply not be resolved; it will even worsen.

Madam President, as it is the position of the Civic Party that priority consideration will not be given to reducing tax for the purpose of returning wealth to the people, we will abstain from voting on the two amendments explicitly stating that the Government should reduce tax in the new fiscal year.

I so submit. Thank you, Madam President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): First of all, Madam President, I would like to thank Honourable Members for putting forward their valuable views on the motion today. As the 2007-2008 Budget will be announced by the Financial Secretary on 28 February, I will only give a brief response here.

Before giving my response, however, I would like to clarify two points mentioned by Mr Ronny TONG in his speech. First of all, regarding his remark about the Government's Bauhinia Foundation, I would like to point out that the Foundation was not set up by the Government. I believe Mr TONG must be pleased that I have paid heed to his speech and listened attentively to every word he said. Second, Mr TONG mentioned that government officials had recently forecast a \$30 billion surplus. I would like to make a solemn clarification here that the forecast was not made by government officials.

I now come back to the motion.

Madam President, Miss TAM Heung-man's motion proposes that the Government should uphold the principle of fiscal prudence whereby expenditure and savings are effected as necessary and strive to enhance the efficacy of the management of public finances. This is precisely the Government's consistent guiding principle of fiscal management. We are grateful for the approval expressed by Miss TAM and a number of Honourable Members who have spoken. At times of economic depression and tight finances, the Government fully demonstrated its determination and ability in reducing expenditure by gradually bringing operating expenditure from \$203.2 billion in 2003-2004 to \$192.5 billion in 2005-2006 through actively reducing expenditure and striving to control public expenditure. Under the principle of "fiscal prudence and keeping expenditure within the limits of revenues", the Government has, over the years, striven to upgrade the quality and efficiency of public services, assist

socially disadvantaged groups, and make huge investments in such areas as infrastructure, human resources, and so on. Over the past decade, there has been a substantial increase in the resources injected by the Government in improving the people's livelihood. Mr LEUNG Kwok-hung mentioned earlier in the meeting that resources injected in welfare had been slashed. I have no idea of the source of his data, but I wish to provide Members with some data here. For instance, social welfare expenditure has more than doubled from \$17.6 billion in 1996-1997 to \$36.2 billion in 2006-2007. Education expenditure has risen by approximately 48% during the same period to \$56.5 billion in 2006-2007. Health care expenditure has also increased by more than 28% over a decade to \$32.3 billion in 2006-2007. In drawing up the Budget, the Government will continue to follow the requirement of fiscal prudence as laid down in the Basic Law and, under the principle of keeping expenditure within the limits of revenues, strive to achieve a fiscal balance, avoid deficits and keep the Budget commensurate with the growth rate of the Gross Domestic Product (GDP).

An extensive consultation is being conducted by the Financial Secretary for the preparation of the 2007-2008 Budget. We have collected a lot of invaluable advice from Members of the Legislative Council, chambers of commerce, professional bodies and the public at large. In today's debate, we have also heard the views and aspirations expressed by Members on the Budget. While we appreciate the public's demand for tax reduction and service expansion, we will continue to listen to the views expressed by various sectors and, under the principle of fiscal prudence, actively respond to social aspirations and draw up the Budget for the next year in a pragmatic manner.

Earlier, quite a number of Members expressed their views on optimizing the utilization of the surplus and the level of fiscal reserves. I believe Honourable Members will all agree that possession of abundant fiscal reserves may help reduce the impact inflicted by economic cycles or external attacks and help immensely in maintaining a healthy public financial and monetary system. I believe the memory of economic depression and the continual deficits year after year is still fresh in our minds. After deducting the revenue generated from the issuance of government bonds in 2004, our fiscal reserves fell more than \$190 billion, or more than 40%, in a matter of seven years, from \$457.5 billion in late March 1998. A couple of years ago, public finances recorded deficits of more than \$60 billion in two consecutive years. Frankly speaking, should the serious

deficits recorded back then persist, our reserves would probably have been exhausted within a couple of years. This is not impossible. Fortunately, thanks to the efforts of the public, a surplus budget has now returned. As Hong Kong people, we should feel proud of ourselves. Nevertheless, I still remember that I was deeply worried about the extremely stringent financial situation when I stood here in this Chamber back in 2003. Therefore, I hope Members will understand that the proposition of fiscal prudence is absolutely right.

Since Hong Kong, being an outward-looking economy, is easily influenced by external factors and, coupled with our narrow tax base, it is very easy for government revenue to fluctuate substantially, it is imperative for us to make hay while the sun shines. In a report just published on Hong Kong's economic environment, the International Monetary Fund (IMF) indicates that it is essential for Hong Kong to put aside abundant fiscal reserves to meet expenditure relating to the ageing population and fluctuations in government revenue. It is estimated by the report that, in the absence of any policy changes or reforms (such as medical reforms and arrangements for widening the tax base and stabilizing government revenue) — such an estimate certainly does not make sense because a lot of improvement efforts will be made when problems are encountered — the level of reserves should preferably be maintained at a level equivalent to 30% to 50% of the GDP to cope with fluctuations in revenue. Insofar as the current level of the GDP is concerned, it is equivalent to \$441 billion to \$736 billion, or \$130 billion to \$425 billion more than the fiscal reserves of \$310.7 billion recorded in late March 2006. By 2030, the reserves should rise 30% higher in order to cope with the financial pressure brought about by the ageing population. The IMF's recommendations on the level of reserves in Hong Kong warrant our active consideration.

The fiscal surplus we have today has all come from the hard-earned money of taxpayers. It represents the outcome of the joint efforts of Hong Kong people and the Government's stringent control of expenditure. As a responsible government, we cannot look merely at today's economic environment and how much money we have at this very moment in our pockets in managing public finances. I believe this is easy to understand, for there is not much difference from the principle followed by the general public in managing family finances. If we are to use our hard-earned bank savings, a lot of other factors must be considered, including whether the future revenue is stable, our long-term

financial commitment, changes in the population structure, external uncertainties, and so on. In the long-term interest of Hong Kong society, we must strictly observe financial discipline, optimize the utilization of public money and under no circumstances can money be generously given away in a rash manner.

It has been proposed that the Government should consider improving the return rates of the fiscal reserves and the Exchange Fund. In this respect, the Government will review from time to time to, on the one hand, reinforce the ability of the Exchange Fund in defending the Hong Kong dollar and stabilizing the financial market and, on the other, ensure reasonable returns for the fiscal reserves.

Madam President, regarding the hope expressed by Miss CHAN Yuen-han — however, she is not present at the moment — for government officials to promote Hong Kong to overseas countries, this is actually part of our efforts at the moment. For instance, I visited the Middle East last year to promote the investment opportunities available in Hong Kong and encourage the people there to come to Hong Kong for investment. Late this month, I will join Prof Patrick LAU and Mr Bernard CHAN to visit the Middle East again. These are among the activities organized by the Government for promoting Hong Kong. I do not wish to give Miss CHAN an impression that we visit the Mainland only. This is absolutely not the case.

I would like to thank Members again for their valuable opinions on the Budget for the following year. The Government is certainly committed to promoting economic development, upgrading Hong Kong's competitive edge and improving the people's livelihood. The Financial Secretary will definitely seriously consider the views offered by all sectors and, under the principle of maintaining fiscal sustainability, draw up the Budget for the following year.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Mr SIN Chung-kai to move his amendment to the motion.

MR SIN CHUNG-KAI (in Cantonese): President, I move that Miss TAM Heung-man's motion be amended.

Mr SIN Chung-kai moved the following amendment: (Translation)

"To add ", as the Government has expressly indicated that the fiscal surplus for this year will be able to achieve its target," after "That"; to delete "strive" after "as necessary," and substitute with "and while striving"; to delete "stipulate" after "explicitly" and substitute with "adhere to"; to delete "," after "fiscal reserves" and substitute with "stipulated by the Government, i.e. maintaining the reserves at a level equivalent to 12 months of government expenditure;"; and to add ", including reverting the allowances, tax bands and marginal tax rates under salaries tax to the 2002-2003 level so as to relieve the tax burden on taxpayers" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr SIN Chung-kai to Mr TAM Heung-man's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr SIN Chung-kai rose to claim a division.

PRESIDENT (in Cantonese): Mr SIN Chung-kai 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:

Dr David LI, Mr CHEUNG Man-kwong, Mrs Sophie LEUNG, Mr SIN Chung-kai, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Mr Jeffrey LAM, Mr Andrew LEUNG and Mr KWONG Chi-kin voted for the amendment.

Dr Raymond HO, Dr LUI Ming-wah, Ms Margaret NG, Mr Bernard CHAN, Dr Philip WONG, Mr Abraham SHEK, Ms LI Fung-ying, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU and Miss TAM Heung-man abstained.

Geographical Constituencies:

Mr James TIEN, Mr Albert HO, Mr Martin LEE, Mrs Selina CHOW, Miss CHAN Yuen-han, Dr YEUNG Sum, Mr Andrew CHENG and Mr LEE Wing-tat voted for the amendment.

Mr Albert CHAN and Mr LEUNG Kwok-hung voted against the amendment.

Mr LEE Cheuk-yan, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr LI Kwok-ying, Mr CHEUNG Hok-ming and Mr Ronny TONG abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, 13 were in favour of the amendment and 14 abstained; while among the Members returned by geographical constituencies through direct elections, 21 were present, eight were in favour of the amendment, two against it and 10 abstained. 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 Jeffrey LAM, you may move your amendment.

MR JEFFREY LAM (in Cantonese): President, I move that Miss TAM Heung-man's motion be amended.

Mr Jeffrey LAM moved the following amendment: (Translation)

"To add ", as the HKSAR Government's fiscal surplus for this year is anticipated to substantially exceed its expected target," after "That"; to add "that" after "this Council urges"; to delete "to continue" after "2007-2008 Budget," and substitute with "apart from continuing"; to delete "strive to enhance" after "as necessary," and substitute with "striving to cut expenditure and improve efficiency as well as enhancing"; to add "should also" after "management of public finances,"; to add "improve the investment return rate of the Exchange Fund" after "appropriate level of fiscal reserves,"; to add "properly" after "fiscal surplus in 2006-2007 can be"; and to add ", including reducing the tax rates, particularly to relieve the difficulties encountered by the middle class, striving to improve the business environment, enhancing the competitiveness of enterprises and strengthening support for small and medium enterprises" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Jeffrey LAM to Miss TAM Heung-man's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

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

Dr Raymond HO, Dr David LI, Dr LUI Ming-wah, Mr CHEUNG Man-kwong, Mr Bernard CHAN, Mrs Sophie LEUNG, Mr SIN Chung-kai, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Dr Joseph LEE, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Prof Patrick LAU and Mr KWONG Chi-kin voted for the amendment.

Ms Margaret NG, Ms LI Fung-ying, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr CHIM Pui-chung and Miss TAM Heung-man abstained.

Geographical Constituencies:

Mr James TIEN, Mr Albert HO, Mr Martin LEE, Mrs Selina CHOW, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr LEE Wing-tat, Mr LI Kwok-ying and Mr CHEUNG Hok-ming voted for the amendment.

Mr Albert CHAN and Mr LEUNG Kwok-hung voted against the amendment.

Mr LEE Cheuk-yan, Mr Frederick FUNG, Ms Audrey EU and Mr Ronny TONG abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 28 were present, 22 were in favour of the amendment and six abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 15 were in favour of the amendment, two against it and four abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was carried.

PRESIDENT (in Cantonese): Miss TAM Heung-man, you may now reply and you have one minute 18 seconds.

MISS TAM HEUNG-MAN (in Cantonese): First of all, I am very grateful to Members who have spoken and to Secretary Frederick MA for listening very attentively to Members' opinions. Actually, it is the common wish of my original motion and the two amendments that the Government will not act like a miser, as described by Dr Fernando CHEUNG, but inject public resources into different policy areas. While a number of Members have expressed the hope that resources should be committed to meeting the livelihood needs of the people, a lot more Members have expressed the hope that public resources be injected for the purpose of promoting Hong Kong's economic development, improving our business environment, revamping Hong Kong's industrial structure, raising the employment rate in Hong Kong, and so on. I hope these key points can be reflected by the Financial Secretary in the Budget in concrete terms.

Lastly, I hope Secretary Frederick MA will discuss in detail the views expressed by Members today with Financial Secretary Henry TANG for the preparation of a budget in the overall interest of the territory.

I so submit. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Miss TAM Heung-man, as amended by Mr Jeffrey LAM, 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 Jeffrey LAM rose to claim a division.

PRESIDENT (in Cantonese): Mr Jeffrey LAM 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:

Dr Raymond HO, Dr David LI, Dr LUI Ming-wah, Mr CHEUNG Man-kwong, Mr Bernard CHAN, Mrs Sophie LEUNG, Mr SIN Chung-kai, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Dr Joseph LEE, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU and Mr KWONG Chi-kin voted for the motion as amended.

Ms Margaret NG, Ms LI Fung-ying, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Miss TAM Heung-man abstained.

Geographical Constituencies:

Mr James TIEN, Mr Albert HO, Mr Martin LEE, Mrs Selina CHOW, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr Andrew CHENG, Mr TAM

Yiu-chung, Mr LEE Wing-tat, Mr LI Kwok-ying and Mr CHEUNG Hok-ming voted for the motion as amended.

Mr Albert CHAN and Mr LEUNG Kwok-hung voted against the motion as amended.

Mr LEE Cheuk-yan, Mr Frederick FUNG, Ms Audrey EU and Mr Ronny TONG abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 30 were present, 25 were in favour of the motion as amended and five abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 15 were in favour of the motion as amended, two against it and four abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the motion as amended was carried.

PRESIDENT (in Cantonese): Second motion: Non-local pregnant women giving birth in Hong Kong.

NON-LOCAL PREGNANT WOMEN GIVING BIRTH IN HONG KONG

DR JOSEPH LEE (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

Madam President, let us first take a look at the current situation. In the past six years, an average of 35 000 babies were born in Hong Kong per annum. In 2001, the number of babies born in Hong Kong to non-local parents was 620 or so, but rose sharply to 14 200 or so in November 2006. Furthermore, the Hospital Authority (HA) has predicted an increase of 2% and 25% in the number of babies born to local parents and non-local parents respectively in 2007-2008.

We can thus see from the figures that the alarm has been sounded. Obviously, there has even been a rising trend in the number of babies born to non-local parents. No wonder the "influx of mainland pregnant women into Hong Kong to give birth" hit the number one spot in the "10 major health news" contest held by Radio Television Hong Kong.

Let us take a look at how the issue was handled in the past couple of years. Interestingly, the Government treated it as an issue of imbalance between health care supply and demand. It has even ordered the HA to launch a series of initiatives, including deploying internal manpower, increasing the number of beds, providing additional courses on the training of midwives, adjusting the terms of employment of midwives, inviting resigned midwives to return to hospitals to provide assistance, and even reopening some maternity departments, for the purpose of handling this issue. However, we can see that nurses in Hong Kong are simply in short supply. Can all these initiatives really resolve the problem?

Furthermore, the HA has attempted to resolve the problem by raising charges for public medical services on non-local pregnant women from, for instance, \$20,000 to \$39,000. As for non-local pregnant women admitted through the accident and emergency departments without receiving any prenatal checks or making any prior appointments, the charges will be \$48,000. It is hoped that non-local pregnant women will thus be deterred from giving birth in local public hospitals.

However, it has also been reported that even if the HA raises its charges to \$80,000, mainland pregnant women will still be coming to Hong Kong to give birth. The HA has even indicated that, should any parents default on payment of medical charges, the provision of certifying documents will be delayed to prevent their babies from getting their birth certificates. However, the maximum period of delay is 42 days because the relevant information must be provided after the lapse of 42 days.

We can see from the abovementioned initiatives that the HA should actually not to be blamed because it is merely acting upon the request of the Government to expeditiously increase resources to alleviate service delivery in the maternity wards of public hospitals mainly because, as mentioned earlier, the substantial increase in the number of mainland pregnant women coming to Hong Kong to give birth has produced a certain impact on the services provided for

local pregnant women giving birth in local public hospitals, thus preventing them from enjoying the protection they deserve. The question we have to ask is, if we review past figures, the number of local pregnant women giving birth is actually quite stable. The HA has to expand its services merely because of the influx of non-local pregnant women into Hong Kong to give birth. Is this not ironic? Does it mean that the additional public resources injected to improve and strengthen the relevant services are in effect being used to subsidize non-local persons? Insofar as this issue is concerned, I believe the HA is also a victim.

Why will non-local pregnant women continue to come to Hong Kong to give birth? Not only have charges been increased, we have also sought to prevent them from acquiring birth certificates or cause delay to their acquisition of birth certificates. However, the incentives are simply too strong. First, we certainly should take pride in our medical services; second, the right of abode is another key issue; third, probably for the sake of evading the "one-child policy"; and fourth, Hong Kong compares better than the Mainland in terms of its welfare and education systems. Therefore, we can see that this is not purely a medical issue.

The influx of mainland pregnant women into Hong Kong to give birth implies that the children will probably settle in Hong Kong at any time in the future. This will impose a long-term burden on Hong Kong in such areas as employment, public housing, education, health care, Comprehensive Social Security Assistance (CSSA) benefits, and so on. It is therefore imperative for the Government to address this issue squarely.

Actually, it has been pointed out by some reports that mainland pregnant women coming to Hong Kong to give birth will impact us in such areas as health care, housing, welfare, education, population, and so on. Let me cite CSSA as an example. It has been reported that some non-local pregnant women have left their children in Hong Kong to be taken care of by their relatives or friends after giving birth and have thus been able to receive \$5,000 or so in CSSA allowances. Between August and October 2006, some 41 such cases were recorded. Some social workers have expressed concern that the situation will worsen, or even be abused.

On housing, the Housing Authority has also relaxed the seven-year residence requirement on children born in Hong Kong. Once their status is

legitimized, their parents will be able to apply for public housing, and even use white forms to apply for Home Ownership Scheme (HOS) flats. It has even been reported that, though the impact of this practice is considered by the Government to be insignificant, some single persons who would otherwise have been able to apply for HOS flats with white forms would have their flat-selection opportunities deprived too.

On education, Hong Kong's existing education policy is formulated on the basis of its previous population policy. As a result, the Government has begun culling schools and even introducing an education voucher scheme. Actually, the Government should be able to see that, as more and more non-local pregnant women are coming to Hong Kong to give birth, their children will receive education in Hong Kong. Have resources been earmarked to meet expenses in this area?

On the population, of course, the birth rate in Hong Kong, though remained on the low side in the past, has been quite stable, with a birth rate of 35 000 or so per annum. Furthermore, marriageable women in Hong Kong tend to favour late marriage, and the territory has continued to be plagued by the problem of ageing population. Of course, some people will consider the current situation perfectly well as these newly-born children can produce an impact on the territory and bring about new approaches. However, I consider these comments problematic. If we are to take advantage of the influx of non-local babies into Hong Kong to make up for our low birth rate in order to alleviate the process of ageing population, we should also bear in mind that the parents of these babies might come to Hong Kong too. By then, will a vicious cycle appear, thus making it necessary for the practice to continue? Should couples in Hong Kong be encouraged to give birth to more children? Coupled with the schemes for admission of professionals and talents, can the problem of ageing population be resolved in the short or long run, thus obviating the need for reliance on external assistance?

In my opinion, there are no reasons for any society to count on non-local new-born babies to resolve its problem of ageing population. Furthermore, there is no legislation in Hong Kong permitting the reception of these new-born babies while preventing the entry of their parents into Hong Kong. The arrival of their parents in Hong Kong in the future will, as stated by me earlier, only aggravate the problem of ageing population. From the abovementioned circumstances, we can see the impacts produced on Hong Kong in all areas by the delivery of children by non-local pregnant women.

We can definitely not sit and watch the Government allowing its resources to be slowly eroded in every way as stated above. What has the Hong Kong Government actually done? Obviously, the Hong Kong Government has been treating the matter as a medical issue. However, it is evident from the examples mentioned above and my remarks that this is not simply a medical issue or simply a matter concerning the "explosion" of the maternity departments of public or private medical organizations due to excessive patients.

Actually, the Government has never clearly indicated its position on this issue. Does the Government welcome non-local pregnant women to come to Hong Kong to give birth? The Government has never said anything about this issue. What will our population policy be like? How will the Government deal with its future population policy and will the territory be plagued by the problem of population imbalance? Should medical resources be increased blindly to cope with this problem, will there be over-supply and resource mismatch in future? Actually, are non-local pregnant women not welcomed by the Hong Kong Government to abuse public services? The Government has never indicated its position clearly on all these issues.

We think that the Government absolutely needs to collect comprehensive data to gain a full picture of the situation. Why are comprehensive data required? If the Government does not take the surge in pregnant women seriously and merely treat it as a medical issue, we will be extremely worried that the Government will act haphazardly and fail to come up with a better policy. Does the Government have any idea of the number of babies born to non-local parents and the projected number of such babies in the future? How many of these babies will take up residence in Hong Kong? When will their parents take up residence in Hong Kong too? All these will produce an enormous impact on Hong Kong and the formulation of general policies in five, 10 or even 20 years. Such being the case, what can the Government do? I believe it is most important that, besides making assessments and collecting data, the Government should state its position clearly on whether it welcomes mainland women to come to Hong Kong to give birth.

What can be done if the answer is negative? I believe this issue concerns not only Hong Kong, but also the Central Government. This is why I think that the Hong Kong Government should at this point indicate its position clearly to the Central Government to prevent through consultation the entry of mainland pregnant women into Hong Kong — if we do not wish them to come to Hong

Kong. I believe the Central Government will be pleased to offer assistance. Unfortunately, we see that only two Bureau Directors are present in this Chamber today for the motion debate on this issue, whereas the Chief Secretary for Administration is absent. I believe this matter is still being treated by the Government as a medical or population issue, though it has gone far beyond that.

If mainland pregnant women are welcome to come to Hong Kong — there must be good reasons for welcoming them — what should we do to deal with the entire issue? Should they be allowed to come to Hong Kong without being subject to any quota? I wonder if the Government will consider issuing medical visas, or the so-called "delivery visas", to ensure that full preparations have been made by pregnant women prior to their arrival. For instance, a quota should be imposed or vetting of family background, and so on, should be conducted to enable the pregnant women to come to Hong Kong in a regulated manner to ensure that hospitals in Hong Kong will not experience "explosion" again and that our population will not face the "explosion" crisis. All these are what the Government is capable of doing. Unfortunately, no action whatsoever has been seen so far.

Furthermore, I have also heard voices proposing some interesting practices, namely promotion by some "delivery intermediary firms" in Guangzhou or Hong Kong to encourage non-local pregnant women to give birth in public or private hospitals in Hong Kong. Should the Government combat these services through co-operation with the Mainland or publish the names of these firms to let the public know that they are operating unscrupulously? I believe all these are what the Government is obliged to do.

At this point, Madam President, the Government should definitely not seek merely to resolve the current problem of inadequate obstetric and gynaecological services by thinking that the problem experienced by the obstetrics and gynaecology departments can be resolved properly through injection of resources. At the same time, the Government must ascertain its population policy before effective measures can be adopted. Most importantly, I hope this Council can, through this motion debate, offer clear guidelines to let the Government know that this is not purely a medical issue. Then the Government can indicate its position to the public in a clear and specific manner as to whether non-local pregnant women are welcome and encouraged to come to Hong Kong to give birth. For various reasons, what complementary policies or facilities can be put in place so that resources can be effectively deployed to help

deal with Hong Kong's current affairs? I believe only in doing so can Hong Kong sustain its development steadily in the three, five or 10 years to come. If the Government still treats this incident as an isolated or individual problem as well as a medical issue, only temporary relief can be tendered to the problem, which can never be resolved regardless of the amount of resources injected in health care.

Madam President, I hope the Government can thoroughly understand this issue through today's motion debate and the Chief Secretary for Administration will give us a specific reply. Madam President, I so submit.

Dr Joseph LEE moved the following motion: (Translation)

"That, as the number of non-local pregnant women giving birth in Hong Kong has multiplied in recent years, public hospital services are so overloaded that local pregnant women are unable to receive the public health care services to which they are entitled, and Hong Kong's health care services, population, education, housing, social welfare, etc are also adversely affected, this Council urges the Government to expeditiously formulate feasible and effective policies and measures to reallocate public resources, so as to resolve the problems brought about by non-local pregnant women giving birth in Hong Kong."

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

PRESIDENT (in Cantonese): Two Members will move amendments to this motion. The motion and the two amendments will now be debated together in a joint debate.

I will call upon Dr KWOK Ka-ki to speak first, to be followed by Mr Andrew CHENG; but no amendments are to be moved at this stage.

DR KWOK KA-KI (in Cantonese): Madam President, first of all, I thank Dr Joseph LEE for proposing this motion which is most opportune at this point in time.

With regard to the Chief Executive's recent duty visit to Beijing, I originally thought that he would bring us some news or give us some positive response because a few days ago, I had gone with a group of mainland pregnant women to the Government Headquarter and given him a Christmas card as a reminder. Since he would have such a good opportunity to see the Central leaders and as he claimed to have a very good relationship with the Central leaders and strong backing of the Central Authorities, we thought that he could do something. Regrettably, he had brought back nothing when he returned. As a result, Hong Kong people feel even more disappointed insofar as this issue is concerned, and they do not think that the Government has done anything to help them.

Fortunately, we are very grateful to the Audit Commission. Indeed, the Audit Commission is a very important department in Hong Kong. Had it not been the Audit Commission which brought up this problem in November, Madam President, I think nobody would have realized the existence of this time bomb even now. But when we look at the figures, is it true that nobody could possibly realize the problem? In 2001, there were 620 cases where the parents of the babies born in Hong Kong were non-Hong Kong residents; there were 1 250 cases in 2002; 2 070 cases in 2003; 4 102 cases in 2004; and 9 273 cases in 2005. How could a government, in view of the situation in 2005, remain indifferent to these figures and take no proactive action at all to tackle the problem but bring the problem to light only when it was raised by the Audit Commission? The actions taken subsequently were actually still very much wide of the mark.

Although two Directors of Bureau attended this meeting today (I do not think that these two Directors of Bureau have done nothing), the most important thing is that I learned that an inter-departmental working group has been established by the Government and I believe the Chief Secretary for Administration and the Secretary for Justice, who both play an important role in this issue, have also taken part in it and yet, they are not here to attend the meeting today. Why? This issue is definitely not one within the remit of medical and health care, and Dr Joseph LEE already explained this very clearly just now. When a faucet is broken and water is gushing out, we are nevertheless told to mop the floor and use two more mops to do it. But is that going to help?

A few days ago the representative of the Hospital Authority (HA) attended our discussion in the Panel on Health Services. He estimated — it is actually

impossible for him to make an estimate — that in the HA these cases might be in the range between 44 000 and 47 000 but the overall number might be as high as some 70 000. It is impossible for him to estimate the number of these cases. Nor is it possible for us to do so. But when we look at the first 11 months of 2006 alone, the number already exceeded 14 000, and I think the number would have increased to 15 000 at the end of 2006, a 50% increase over 2005. If the number continues to increase, and as Members can see, the number of these cases has increased by 50%, if not doubled, over the previous year. So, there may be 20 000 or 30 000 or 40 000 cases next year. No one can tell.

In fact, no measure will be adequate to address the problem. As we can see, the measure adopted by the HA recently is to increase the fee from \$39,000 to \$48,000. But can it help? There are two types of people involved: One is those who are not going to pay regardless or who do not have the means to pay. So, whether the fees are pitched at \$39,000, \$48,000 or even \$60,000 means nothing to them. We understand that 85% of the mainland pregnant women were sent to the Delivery Suites through the Accident and Emergency Department. Can the Government shut the door in their faces because they have not paid for the medical bills? This is certainly impossible. Hong Kong is not such a place. If that is not an option, how can the problem be solved?

Second, to those people who have the means to pay and who are willing to pay, including those who are trying to evade the "one-child policy", even if they are required to pay \$48,000, it is still less than the fine. I have heard that in some provinces or municipalities, the amount of fine ranges from RMB 50,000 yuan to over RMB 100,000 yuan. This does not include the subsidies that their children may be provided with in respect of, say, education — I am in no position to know or guess their intention. But this is not even factored into this. So, whether to people who can or cannot afford the fees or people who are willing or unwilling to pay the fees, these policies still cannot solve the problem.

However, Madam President, why does my amendment today call for the provision of additional resources to the HA? I think this is necessary because the HA is innocent, as it does not have any say in the policy concerning mainland pregnant women giving birth in Hong Kong. They do not have the power to do anything. All they can do is to admit each and every person who comes to them; the more the better. Apart from this, what else can they do? How possibly can health care personnel curb such a huge influx? The influx is going to persist.

I think anyone who tells us not to worry because the influx is almost coming to an end and the number will not further increase is somehow deceiving themselves as well as others. If this is said to be a population policy, I would like Members to consider this: The committee on the review of population policy said that the biggest problem faced by Hong Kong's population policy is not insufficient population, but how the population policy can be utilized to find and attract to Hong Kong talents that Hong Kong needs. We are still talking about how co-ordination can be enhanced between the SAR Government and the Central Government in respect of the quota for one-way permits in the future, so that professional talents coming to Hong Kong or the admission of talents will meet the economic needs of Hong Kong. As this is still under discussion, can the new policy help achieve the objective?

Second, policy implications in various aspects in Hong Kong. If, this year — I am talking about this year alone — some 15 000 children are coming to Hong Kong for schooling, it would mean 400-odd classes, and 120 primary schools would have to be provided for these children. Should new schools be really provided? If, after the schools are provided, they are not coming to study in Hong Kong, do we have to cull the schools and cut the classes? But if we do not provide new schools and if tens of thousand of children are really coming to Hong Kong for schooling, what will happen? Can we just brush them aside? This is definitely not something that should be done by a responsible government or under a responsible policy. Arthur LI will not think that this is what should be done.

However, we have no solution to the problem and we can only look on helplessly while the problem continues to deteriorate. What should we do? All the policies, including what the HA is doing now, cannot help tackle the problem. I hope that the Government will conduct studies. The Government said that studies might be conducted, and Secretary Ambrose LEE also said on the last occasion that studies would be conducted. I think it is necessary to conduct studies but, Madam President, studies cannot be a solution to the problem. After studies are conducted, the Government may and should be able to tell us the implications on various public services and the commitments required (including the financial implications). But after all, it is still impossible for us to make a projection.

There is a joke told among fellow members of the profession. A fellow member of the profession once asked mainland pregnant women whether or not

they will come to Hong Kong, but they only smile and do not say yes or no. I think even if they are asked by the officials, they still will not give an answer, and whether they are coming or not will always remain a mystery. It is only until she arrives in Hong Kong that she will tell you that she is here; or when she does not come, then we can say that she is not coming and feel a bit more relieved insofar as our social services are concerned.

We do not mind the formulation of a new population policy. Nor do I mind new human resources coming to Hong Kong. We have no objection to these at all. But a policy with no planning and no estimate or projection and which makes it impossible for assessments to be conducted is not a population policy, but a "non-policy". It is not a policy at all. However, what the SAR Government has said is devoid of substance, hollow and empty, just as what the Chief Executive has brought back from his duty visit. How can we consider it acceptable?

Madam President, I think the Government (including the Chief Executive) must expeditiously give us a response because, as we all know, he may run in the election of the next Chief Executive. This is a very important issue and a time bomb for the whole community of Hong Kong. I entirely do not hope and cannot accept that the Government will continue to sit by idly. If studies will be conducted, they should be conducted as soon as possible; if it is necessary to amend the policy, it must be done immediately; if it is necessary to have further discussions with the Central Government, they must also be conducted immediately and it can brook no delay. If any government official (including the Chief Executive) thinks that a good relationship with the Central Authorities can be helpful to the overall development of Hong Kong in the future, then this is an important issue, and its importance is no less than such issues as "Nine plus Two", economic development and port development that we now face. It is certainly no less important than these issues.

I have once criticized Secretary Ambrose LEE as knowing only to wait for lady luck. At that time, many people spoke up for him, refuting that he was not waiting for lady luck. But a couple of months has passed, I think the Government is still making no progress, as it is still telling us that there will not be any problem. This is what I mean by waiting for lady luck. This is certainly not the way that things should be done. So, I hope that after this

debate today, whether or not the motion or which amendment will be endorsed, the Government must, within a short time, put forward a concrete proposal of specific and practicable measures, with a view to addressing this problem which will, in the long term, cause instability and various social problems in Hong Kong. This problem must be solved. Otherwise, I think members of the community will not in any way accept what the Government has done.

I so submit. Thank you, Madam President.

MR ANDREW CHENG (in Cantonese): Madam President, I believe Members' offices have recently received a lot of complaints lodged by local pregnant women or even the families of mainland pregnant women against the problems with the obstetric services in local hospitals.

There is a shortage of Delivery Suites in local hospitals, and we also begin to see a shortage of midwives too and yet, the Chief Executive is calling on the people to give birth to three children. Coupled with the factor of mainland pregnant women, obviously, no one will believe that the Delivery Suites in our hospitals are not bursting at the seams, and the situation of those hospitals where Delivery Suites are inadequate is even worse. Many local pregnant women even said that when they are admitted to hospitals to give birth, it seems the clock has been turned back to the '60s, as some people have to sleep in camp beds even though they have paid the fees in full. We can see that some mainland pregnant women who have openly defaulted on payment of their medical bill can nevertheless sleep in comfortable hospital beds. Obviously, this phenomenon seems to reflect a failure on the part of the Hospital Authority (HA) to utilize resources effectively, and as the authorities have failed to take resolute measures, those defaulting mothers are totally unrestrained, resulting in more and more people defaulting on payment of medical fees.

Through this debate today, I would like to tender a further piece of advice to the Government. We have put forward a myriad of proposals, hoping that the Government will provide additional public resources and take resolute measures to solve the problem. Having read the report of the Audit Commission, we can see that people coming to Hong Kong from the Mainland, in particular, have defaulted on payment of medical fees to the tune of over \$200 million in public hospitals over the past two years. This is indeed a huge sum of

money. However, let us not forget that many mainlanders giving birth in Hong Kong do pay their fees in full. But Madam President, where has the money gone? Obviously, we understand that the fees and charges collected by the HA are shared equally between the Government's Treasury and the HA. If the fees collected by the HA are pitched at the cost level, and when half of them goes to the Treasury, it means that the HA will suffer a loss of \$10,000 in admitting each mainland pregnant woman. But the Financial Secretary can reap without sowing by pocketing half of the fees and so, he seems to have made a profit as the money goes to the Treasury. In 2003, 35 499 deliveries were handled in public hospitals, and the number increased by over 5 000 to 41 259 in 2005, and about 33% of the babies were born to non-local pregnant women. The HA has recorded a one-third increase in the admission of pregnant women who pay some \$20,000 each for the obstetric package, of which \$10,000 goes to the Treasury, whereas the HA receives \$10,000 only. But this \$10,000 received by the HA is not fully used to improve the obstetric services. As a result, the supply of hospital beds for local pregnant women and the services to which they are entitled are reduced, and the shortage of medical and health care personnel who take care of local pregnant women has become more acute.

Therefore, with regard to Dr Joseph LEE's proposal in the original motion of reallocating public resources to resolve the problems brought by non-local pregnant women giving birth in Hong Kong, we hope to amend it and call for the provision of additional resources instead, which is better than internal redeployment of resources. I hope that the Government, in tackling these problems, can change the cruel reality by providing additional resources.

The fees collected from mainland pregnant women should be retained in full amount by the HA, so that the HA can recruit additional manpower and increase the number of beds according to the increase in the number of pregnant women admitted, thereby ensuring that the services provided to both local and mainland pregnant women can be maintained at a professional standard. As the HA is charging mainland pregnant women medical fees at the new rate of \$40,000 each, and after deducting the cost, the surplus, if any, can be injected into public medical and health care services, with a view to improving the service quality in Hong Kong. This can at least address the pressing problem and allay the concern of local pregnant women and hence soothe their anxieties and anger. Meanwhile, it will also ensure that mainland pregnant women who pay their fees in full are provided with professional service.

Madam President, can the provision of additional resources and improvement of the obstetric services in local hospitals solve the problem? I think they cannot. It is because in any case, Hong Kong people still have to subsidize some of these pregnant women giving birth in Hong Kong and their children out of our social resources at the end of the day. The authorities should take all measures to prevent the valuable resources of Hong Kong from being used to subsidize non-Hong Kong residents. Measures should be taken to recover from mainland pregnant women the outstanding fees for their hospitalization and to crack down on syndicates which arrange for and abet mainland pregnant women to overstay in Hong Kong and default on payment of their medical bill. There are many such syndicates in the Mainland. If the Secretary for Security is genuinely committed to doing something about it, I believe the police must be able to match our resources with those of the Mainland to combat those illegal syndicates.

Over the past five years, a total of 36 624 foreign citizens have defaulted on the payment of medical fees in Hong Kong and they include a substantial number of mainland pregnant women. After the introduction of the Obstetric Package by the HA in 2005, the number of mainland women giving birth in public hospitals dropped for a few months but the number rose again very quickly due to the Individual Visit Scheme (IVS). Recently, mainland residents from five more cities can visit Hong Kong under the IVS, and this has provided a great opportunity for mainland pregnant women to give birth in Hong Kong. Madam President, if they intend to default on payment of their medical fees, even if the fees are increased by \$10,000, \$20,000 or even to \$100,000, the authorities still can do nothing when they really default on the payment. Therefore, disregarding the rate of increase in the fees, the crux of the matter lies in how the outstanding fees can be recovered.

If mainland pregnant women are admitted to hospitals through the Accident and Emergency Department, front-line medical and health care personnel must provide obstetric services to them in any case. This is the most basic requirement of professionalism. If the mainland pregnant woman, after her delivery, does not have the means to pay or refused to pay, the failure of the HA to take actions to recover the fees in arrears basically reflects only the helplessness of the HA. As early as in 2004, we in the Panel on Health Services already discussed ways to address this problem and basically, we considered that we should start from immigration measures. But despite several years of furore and many years of studies, the Government still has not come up with any

specific measure. It is only until recently that the Immigration Department plans to require mainland pregnant women to produce immigration or antenatal examination certificates upon their entry to Hong Kong. This procedure can provide more protection to front-line medical and health care personnel by ensuring that mainland pregnant women have undergone antenatal examinations, as this can prevent medical and health care personnel from having to handle deliveries in emergency conditions, which can give rise to accidents. However, the Government still seems to be unable to do anything to address the problem of pregnant women admitted to hospitals through the Accident and Emergency Department at the eleventh hour and intent on defaulting on payment of their medical fees.

In 2004, we called on the Government to look into the immigration arrangement. For example, mainlanders with payment of medical fees in public hospitals in arrears should be refused entry to Hong Kong before their outstanding fees are settled. Even if this measure may not necessarily recover the fees in arrears, at least it can prevent those mainlanders from coming to Hong Kong time and again to use our resources. Moreover, mainland women who failed to settle the outstanding fees for their deliveries as well as their children should be refused entry to Hong Kong in future. The Government said that it would look into the feasibility of dealing with the problem by legislative and administrative means but a final decision has yet been made, and we find this disappointing indeed.

Madam President, we must emphasize that at present, in order to recover defaulted payment from locals who evaded tax, the Government has enacted legislation for actions to be taken on the immigration front. Why can the same measure not be adopted to tackle this problem? Therefore, Madam President, through my amendment today, I hope the Secretary can resolutely forge co-operation with the Legislative Council and reach a consensus as soon as possible on proposals to address such issues as combating illegal syndicates, studying the enactment and enforcement of law against pregnant women being abetted to evade payment of medical fees, and also the need of criminalization.

Defaulted payment of hospitalization fees aside, this problem will also have an impact on education and social welfare in Hong Kong in future, and colleagues have spoken at length in this connection. Today, I hope that the Government can provide more information on this problem, so that we can gain a better understanding of the number of cases of mainland pregnant women or

mainland women whose spouses are local residents giving birth in Hong Kong. This will enable us to map out plans comprehensively and then turn the crisis into an opportunity in the context of medical and health care services in Hong Kong. If the full amount of resources used on mainland pregnant women or residents can be channelled to upgrading the quality of local medical and health care services, this will lead to a win-win situation.

Madam President, I so submit.

MR TAM YIU-CHUNG (in Cantonese): President, in recent years, more and more mainland pregnant women have come to Hong Kong to give birth, and the spouses of many of these women are not Hong Kong residents. This has given rise to controversies over whether mainland pregnant women should be allowed to use the social resources of Hong Kong. This question apparently cannot be answered easily. But there is another related problem that is even more pressing, because there is a shortage of obstetric services in the Government and the Government lacks research studies on the trend of mainland pregnant women giving birth in Hong Kong. As a result, the obstetric services to which local pregnant women are entitled have been greatly affected, and there is general concern in the community that the Government's public services cannot meet the future needs of children born to these mainland pregnant women. To better address the series of problems caused by mainland pregnant women giving birth in Hong Kong, the DAB considers that the provision of obstetric services in public hospitals should be enhanced before all else, in order to ensure that local pregnant women are accorded with priority in the provision of services. Meanwhile, the Government must step up immigration control to deter mainland pregnant women from coming to Hong Kong to give birth. Moreover, the Government must conduct in-depth research studies on the impact on Hong Kong of mainland pregnant women giving birth in the territory in the long run and identify solutions to tackle the problem at root.

Children born in Hong Kong of Chinese nationality whose parents are non-Hong Kong residents enjoy the right of abode in Hong Kong, and it has been so since the Court of Final Appeal's judgement on the CHONG Fung-yuen case in July 2001. During the hearing of this case in the Court of Final Appeal (CFA), the Immigration Department provided the statistics between July 1997 and January 2001, pointing out that during the 43 months in this period, only

1 991 babies of Chinese nationality were born in Hong Kong to parents who were non-permanent Hong Kong residents, which means an average of 555 yearly. The Immigration Department admitted in Court that there was no sign showing that a judgement against the Government would result in a huge influx of mainlanders to Hong Kong. The Court, therefore, formed the view that a judgement against the Government would not subject Hong Kong to any substantial risk. As regards the judgement made by the CFA, the Legislative Affairs Commission of the Standing Committee of the National People's Congress (NPCSC) particularly issued a statement to point out that the judgement was not consistent with the interpretation of the NPCSC.

The Preparatory Committee for the Hong Kong Special Administrative Region of the National People's Congress adopted at its fourth plenary meeting on 10 August 1996 the Opinions on the Implementation of Article 24(2) of the Basic Law. It pointed out that the Chinese citizens born in Hong Kong as provided in Article 24 para 2(1) of the Basic Law referred to children born during the time when either one or both of their parents were lawfully residing in Hong Kong, but excluding those born to illegal immigrants, overstayers or people residing temporarily in Hong Kong during their stay. This document adopted by the Preparatory Committee was considered by the NPCSC in its interpretation of the Basic Law on 26 June 1999 as reflecting the legislative intent of the Basic Law. However, in the CHONG Fung-yuen case, the CFA did not adopt this legal document as the basis for finding out the legislative intent of the Basic Law, thus ruining the efforts made by the Preparatory Committee back then to deter a large number of mainlanders from coming to Hong Kong to give birth.

Certainly, the existing problem is related to the lack of studies and projection by the SAR Government on the situation of mainland residents giving birth in Hong Kong. The implementation of the basic national policy on family planning in the Mainland and the quality public medical and health care services in Hong Kong are important incentives for mainland residents to give birth in Hong Kong. Had the Government made an accurate projection having regard to these factors, the Court could certainly have made a judgement more in line with the demands in society. For example, in May 1999 the SAR Government provided statistics relating to the right of abode and the Court's interpretation of the right of abode in the LAU Kong-yong case was already different in December. The judgement on the LAU Kong-yong case is quoted as follows:

"The immediate effect is that within a very short period of time, Hong Kong will be flooded with a large but unverified, unplanned and unregulated influx of immigrants, the actual size of which is impossible to comprehend with any degree of accuracy. We can be talking about tens of thousands, a few hundred thousands or even over a million people. Is the fabric of our society strong enough to withstand such influx? To any sensible and reasonable people, the answer is clear."
(End of quote)

Recently, local pregnant women have time and again taken to the streets to lodge their complaints and this has sent a major warning to the Government, reminding the Government of the need to conduct research studies and make projections relating to its public policies, in order to fully protect the rights to which Hong Kong residents are entitled.

It is most imperative for the Government to expeditiously increase the provision of resources for obstetric services, so as to ensure priority services for local pregnant women. At present, the Hospital Authority (HA) can only handle 39 000 deliveries each year. Together with the 18 000 deliveries handled in the private sector, a total of 57 000 deliveries can be handled. In 2005, the number of births exceeded 57 100, and from this we can see that a shortage of services has already emerged. Over the past three years the HA has continuously reduced obstetric services, causing a severe drain of manpower. Let us look at some other statistics for further comparison. In 2002, the expenditure of the HA on obstetric services was reduced by 20%. In this connection, the provision of additional resources is most pressing.

MR RONNY TONG (in Cantonese); President, the mere mentioning of mainland residents coming to live in Hong Kong will invariably fill Hong Kong people with great fear. In 1999, the issue of mainland children born to Hong Kong residents led to the interpretation of the Basic Law by the National People's Congress (NPC), which caused far-reaching impacts on our society. The most serious consequence is that this led to doubts about the viability of "one country, two systems". One minor consequence is that people like Alan LEONG and Ronny TONG got into the Legislative Council as a result, leading to endless troubles for the Government.

President, many opinions, including the remarks delivered by Mr TAM just now, attribute the problem of mainland pregnant women giving birth in

Hong Kong to the verdict of the CFA. Some also assail the CFA for misinterpreting the original intent of the relevant provisions of the Basic Law. Others (though not Mr TAM) even go so far as to request the NPC to give another interpretation of the Basic Law with the aim of rooting out the problem of mainland pregnant women giving birth in Hong Kong. President, I think people must stop expressing such opinions immediately. We must look at Article 24 para 2(1) of the Basic Law, where it is stated clearly that the permanent residents of the Hong Kong Special Administrative Region shall be "Chinese citizens born in Hong Kong before or after the establishment of the Hong Kong Special Administrative Region." This provision does not mention that the parents of those Chinese citizens born in Hong Kong must be Hong Kong residents or permanent residents of Hong Kong.

Some in society have openly requested the NPC to trample on the rule of law and judicial independence of Hong Kong once again. In response to this, the Civic Party must express its firm opposition and regret. Using social problems as a pretext, some people have also tried to challenge the clear provisions of Basic Law, thus posing a direct threat to the rule of law in Hong Kong. However, we must ask some very practical questions, "Have many people been using this issue as a means of challenging the rule of law in Hong Kong? Is it necessary to magnify the proportions of all these problems indefinitely?" We must realize that the problem under discussion now is exactly opposite to the one in 1999. In 1999, what we talked about were Hong Kong residents' children who were born in the Mainland. But what we talk about today are mainland residents' children who were born in Hong Kong. The Basic Law does not provide that the parents of children born in Hong Kong shall automatically acquire the right of abode in Hong Kong. Can a new-born baby survive on its own in Hong Kong if its parents cannot come to live in Hong Kong? I can remember the press reports yesterday and today, which tell us that according to the records of the past one or two years, there were only a dozen or so cases in which the parents of children born in Hong Kong were not Hong Kong residents. Is it necessary for us to hasten to handle this problem in such an anxious and wary manner? Should we seek to magnify the proportions of the problem, even repeating what was said in 1999 — as many as 1.67 million people would come to Hong Kong, thus causing its submersion?

We must not forget that in the 1980s, because of the uncertainties surrounding the reunification of Hong Kong with the Mainland, many Hong

Kong people chose to give birth to their children in the United States, Canada, Britain and Europe. Some of them even chose to stay behind to enjoy the welfare benefits of these foreign countries. I now wish to ask them, "What do you think now?" I believe most of the mainland pregnant women coming to Hong Kong for delivery simply want to secure some form of insurance for their children. Are they any different from Hong Kong people in the 1980s? The world has changed. When faced with the new situation, should we look differently at our compatriots in the Mainland? In order to build a fair and just society, we must start with our own family. I must not discriminate against any people. They are all "Descendants of the Dragon". Therefore, should we not address this problem with an attitude of concern and compassionate understanding?

Although the SAR Government has stated that for the time being, it does not intend to repeat what it did in 1999 and ask the NPC for an interpretation of the Basic Law, we can nonetheless observe a striking similarity between the "cry wolf" tactic of the Government last time and its present approach of handling the problem of mainland pregnant women coming to Hong Kong for delivery. Members may probably remember the absurd falsehood presented during the time of TUNG Chee-hwa (that is, in 1999). In order to justify the NPC's interpretation of the Basic Law, it was said that 1.67 million people would swarm to Hong Kong for welfare benefits, thus causing its submersion. By now, we all know that this is complete falsehood. The irresponsible practice of the Government years back injured and even challenged the rule of law and judicial independence of Hong Kong. Should we not be more prudent in handling a similar problem now?

We should not lay all the blame on those mainland women coming to Hong Kong for delivery. Actually, regarding the question of who should bear the greatest responsibility, we must ask whether the Government has been much too insensitive. In China, Hong Kong is probably the most economically advanced and freest place. It is only natural that some families in the Mainland want to give birth to their children in Hong Kong. We have long since noticed this tendency. However, the SAR Government has completely ignored all these problems over the past few years. Worse still, it even thinks that it is not necessary to provide sufficient maternity facilities for Hong Kong people. For example, in my constituency, that is, Tseung Kwan O, which has a population of several hundred thousand people, there is no maternity ward. There are not

enough maternity facilities even for Hong Kong people themselves, so people must not magnify the proportions of the problem of mainland pregnant women coming to Hong Kong for delivery, saying that they will exert unbearable pressure on our system.

President, I think (*the buzzer sounded*) The speaking time is much too short, President.

MR LEE CHEUK-YAN (in Cantonese): I believe today's question involves issues in a number of areas. In my opinion, certain issues are relatively easy to resolve and must be resolved urgently. The one involving Secretary Dr York CHOW must be tackled most urgently. The maternity services must be properly provided to ensure that local pregnant women can, as in the past, enjoy services conducive to their health and the health of their younger generation. Given the HA's resources, I think that Secretary Dr York CHOW should be capable of accomplishing this. It will be extremely regrettable if he fails. I believe he will say a few words later on whether or not he is capable of accomplishing that. This is because we do not wish to see local pregnant women and mainland pregnant women being divided to give people an impression that local pregnant women are being treated unfairly, insofar as resources are concerned. In my opinion, additional manpower must be recruited urgently when there is a shortage of manpower, if priority is to be given to tackling this matter. I believe there is no shortage of talent in this area in Hong Kong. If we resolve the problem relating to medical services, we can at least resolve part of the existing problems. I think that this problem is relatively easy to resolve. The most thorny problem is not related to obstetric services, as mentioned by Secretary Dr York CHOW, but related to our population and the recovery of charges.

On the recovery of charges, I boldly propose that the Secretary for Security should really come up with a new trick. I remember I have mentioned it to him before, though I understand that it is not easy to do. What is the new trick? Actually, the problem confronting us at the moment is mostly caused by default payment of charges. Difficulty will be encountered if mainland pregnant women are required to pay deposits or undergo prenatal examination. If they are really to deliver their babies here in Hong Kong, we cannot close the door to disallow them from giving birth. As they must be allowed to deliver

their babies under whatever circumstances, charges may not be recovered in the end. Upon their return to the Mainland, the hospitals will not be able to recover the charges, even if they wish to because there is no way for the authorities concerned to go to the Mainland to recover the charges. Is it possible for China and Hong Kong to help each other? How? If mainland residents are found to have defaulted payment of charges in Hong Kong, the Central People's Government Liaison Office should first have to pay the Hong Kong Government the charges on their behalf, and the Chinese Government will then recover the charges from them. Conversely, if Hong Kong people do not have money to pay for the medical services they have used, the SAR Government will be required to pay the mainland authorities the charges and then recover the charges in Hong Kong. To achieve fairness, both parties must do the same. I certainly understand that it is difficult to do so. However, it is simply very difficult to recover the charges, by whatever means, if we do not co-operate with the Central Authorities. From a different angle, at least we can treat this as the frequently-mentioned "health tourism", if the charges can be recovered. Mainland pregnant women can simply be treated as coming to Hong Kong for "health tourism". It has often been said that if more resources are available in Hong Kong to facilitate "health tourism", more money can then be earned to subsidize our medical system. This will not do us any harm. To a certain extent, if I put it in a philistine manner, it will do us no harm as long as money is recovered. Of course, it is still wrong even if I put it in a philistine manner, as other problems still remain. However, I am looking at the matter purely from the angle of charges. Secretary for Security, is it possible for China and Hong Kong to help each other? Has the Government discussed with the Central Authorities the possibility of mutual assistance between the two places? Should Hong Kong people default payment of medical charges on the Mainland, the charges will be recovered in Hong Kong on behalf of the Central Authorities. This means that both parties will be responsible for recovering the money owed the Governments. Of course, the entire sum may not necessarily be fully recovered, but at least there is one more means to recover charges. I am just looking at the second thorny issue purely from the angle of charges.

The third most thorny issue is actually related to our population. Where does the difficulty lie if the Secretary considers that external assistance is required or it is necessary to bring more people to Hong Kong? I think that the greatest difficulty lies in the absence of the element of family reunion. In the past, we have all along supported the entry of children born to Hong Kong

people on the Mainland for family reunion. However, the delivery of children in Hong Kong by mainland people is the opposite. While parents of children living on the Mainland cannot come to Hong Kong, their children can come to Hong Kong at any time because they were born here. As there is no element of family reunion, I do not approve of this means of soliciting external assistance. If external assistance is to be sought, the parents of these children must be allowed to come to Hong Kong as well. However, mainland parents are not allowed to enter Hong Kong under our immigration system. This is not family union, and there is absolutely no such implication. This is different from the right of abode issue. It is the hope of the people fighting for the right of abode that children born on the Mainland can reunite with their parents in Hong Kong. Yet, this matter is totally unrelated to family reunion, and the meaning of family reunion is thus lost. Furthermore, it is not related to the population issue, or the hope of the Government to have more people coming to Hong Kong to deliver their babies.

Fine, even if the Government does not mean to solicit external assistance, the problem still constitutes an enormous pressure because one third of the 30 000 or so mainland pregnant women (around 12 000) cannot possibly come to Hong Kong for family reunion. This group of people, however, may enter Hong Kong at any time. Of course, Ronny TONG questioned earlier how they would possibly come to Hong Kong as they were all alone. I think this was not necessarily the case because they might have relatives in Hong Kong. Hence, this issue remains extremely thorny. The only solution is, in my opinion — of course, I absolutely oppose interpretation of the Basic Law but, from the angle of the rule of law, the Basic Law can be amended — to examine whether the Basic Law should be amended to radically resolve the issue of incentives. If there is no right of abode, does it mean that there is no longer an incentive for the delivery of babies in Hong Kong? I think that the Government should consider this thoroughly. Thank you, President.

DR YEUNG SUM (in Cantonese): Madam President, the speech delivered by Mr TAM Yiu-chung just now puzzles me. I thought he would go on to say that he demanded an interpretation of the Basic Law, however, he did not say anything further in this regard, since his colleague, Mr Jasper TSANG, once said very clearly that Article 24 of the Basic Law had very clear stipulations on this matter. If the DAB wants to request an interpretation of the Basic Law, I

believe this will deal a great blow to Hong Kong's image in the international community, so I hope they will think about this seriously.

Madam President, many Honourable colleagues have discussed the issue of mainland women giving birth in Hong Kong at a technical level, however, I think it is mainly an issue that relates to the population policy. I personally believe that the children born and raised by mainland women can in fact help alleviate and have a positive effect on the problem of an ageing population in Hong Kong.

If we can enable them to integrate into our society appropriately through social policies, for example, through co-ordinated efforts in various areas such as health care, housing, education and welfare, I believe this will be very favourable to the quality of the population in Hong Kong in the long term. This will also be most beneficial to the local political situation, the economy and society of Hong Kong, as well as the manpower situation. I hope that Members, when they explore this issue, can look broader and further ahead and turn it into a favourable factor by exploiting it to the advantage of the present situation in Hong Kong.

Madam President, I wish to come back to a specific issue, that is, the issue of "mainland pregnant women swarming to Hong Kong to give birth". This issue has aroused a great deal of concern in society as well as the discontent of many members of the public of late. A survey even ranked it as one of the 10 most noteworthy pieces of news in 2006. A survey even indicates that the approach adopted by the authorities over this matter has even affected public support for the Chief Executive.

The occurrence of such a situation is attributable to the inadequate preventive measures taken and the poor planning carried out by the Government, so the authorities should bear the ultimate responsibility. In 2001, the judgement delivered by the CFA on the CHONG Fung-yuen case ruled that Chinese nationals born in Hong Kong all have the right of abode in Hong Kong, no matter if their parents are residing in Hong Kong or have the right of abode in Hong Kong or not. This introduced a potential impact on the demography of Hong Kong. In July 2003, when the Hong Kong economy was at its gloomiest, the Individual Visit Scheme was introduced to allow residents in Guangdong to visit Hong Kong and Macao. The scheme was subsequently extended to cover 22 other provinces and municipalities. Apart from attracting a large number of

mainland visitors, the doors into Hong Kong were also opened wide, thus enabling a large number of mainland pregnant women to come to Hong Kong. However, the Administration, oblivious to this fact, still cut back obstetric services and cancelled the obstetric services in hospitals such as Tsan Yuk Hospital. Between 2001 and 2005, the funding for obstetric services in all public hospitals in Hong Kong was slashed by \$300 million and the numbers of doctors and nurses dropped by 4% and 8% respectively. By 2004, the problem had in fact become serious and the Panel on Health Services also had discussions on it. At that time, many problems that we are now facing, such as non-payment of charges, pregnant women seeking last-minute hospital admission through accident and emergency departments to avoid payment, and so on, were discussed, and the Panel also demanded that Secretary Dr York CHOW and the Security Bureau discuss the adoption of effective immigration measures and it also passed a motion demanding that the Government set up an inter-bureau working group which would be convened by the Chief Secretary for Administration to address and solve expeditiously the problems brought about by non-Hong Kong residents coming to Hong Kong for child birth. However, so far, after such a long time, the Government has only done one thing, that is, to increase the charges. However, the amount of money involved in non-payment cases has also increased.

The Government's habit of making tardy responses and taking a piecemeal approach is the main reason leading to the deterioration of the problem. Mr TAM's claim that this problem was attributable to the failure of the Court in taking the views of the NPC seriously is totally irrelevant. In the past several years, although the authorities were fully aware of the gravity of the problem, they still adopted a nonchalant attitude. As a result, instances such as pregnant women having to give birth in the corridors of hospital wards and local pregnant women being compelled to take to the streets in protest have occurred and the rating and support of the Chief Executive were also affected and have fallen considerably. It was not until last month that the inter-departmental group headed by the Chief Secretary for Administration called a meeting to find a counter-measure.

Why did the Government handle this matter so poorly? This is not because it is incapable of doing anything but because it is indifferent to the plight and helplessness of pregnant women and their family members. The Administration is only concerned about the fiscal situation of the Government. It is not just in recent days that instances of mainland pregnant women coming to

Hong Kong to give birth have occurred. The Panel on Health Services has discussed it in 2004. At that time, front-line doctors and nurses were already clamouring about their hardship, but what did the Government do? It increased the charges. However, the charges received have to be shared with the Government according to a 50:50 split, so not all the money will be accounted to the HA so that the money can be spent on the relevant services. As a result, the problem of inadequate services deteriorated and the workload of front-line staff got heavier. Local pregnant women had nowhere to turn to for treatment and were forced to stage a protest despite their bulging bellies. It was not until then that the Government was willing to commit more resources.

Similarly, among the pregnant women from the Mainland who give birth in Hong Kong — Madam President, I wish to raise this point in particular — 40% of them have spouses who are Hong Kong residents. They are treated just like other mainland pregnant women by public hospitals and charged a package charge of \$40,000. Some front-line social workers told us that although they wanted to apply for a reduction or waiver of medical fees and charges, the vetting carried out by hospitals was very stringent. These mainland pregnant women did not come to Hong Kong to give birth for the sake of various welfare benefits such as housing and education, since even if their children are born on the Mainland, they can still come to Hong Kong sooner or later because the fathers of their babies are Hong Kong residents. They give birth to their babies in Hong Kong only because in this way, they can have the company of their husbands and the fathers can witness the birth of their own children. In fact, there is no need for our Government to press these families too hard, so much so that some families have to borrow money for the delivery or even have to wait until the last minute before seeking admission through the accident and emergency departments, so as to avoid paying the charges. This will only cause division in Hong Kong society and aggravate the rejection of the mainland spouses of Hong Kong people by Hong Kong society. In the end, this will only lead to a reaction. Recently, some people whose wives are mainlanders have complained against the Government.

Madam President, I hope that through this motion, we can urge the Government to not just consider the financial situation of the coffers when dealing with its policy on health care. The plight of the public and social harmony are equally important. Is it possible to give all the proceeds from the increased charges to the HA, so that it can improve the relevant services by firstly ensuring priority for local pregnant women in access to the services and at the same time, catering to the mainland spouses of Hong Kong people, so that

they do not have to pay the Obstetric Package Charge of \$40,000 like other pregnant women?

MR LI KWOK-YING (in Cantonese): Madam President, childbirth is indeed something very happy, and we have always attached very great importance to the health of pregnant women. But when pregnant women are forced to sleep in camp beds in corridors as a result of inadequate services, when some pregnant women must still stage protests in the streets despite their bulging tummies, and when they cannot help assailing the Government on the Internet for incompetence, what should otherwise be a happy event is turned into something most unhappy. And, we must realize that the alarm has already been sounded for our society.

Obstetric and gynaecological services have come under very great pressure in recent years. This is probably due to the "Chief Executive Effect" (because he once called upon the people to give birth to three children) and also the geometrical increase in the number of pregnant mainland women coming to Hong Kong for delivery. In the past, the husbands of those pregnant mainland women coming to Hong Kong for delivery were mostly Hong Kong residents. Nowadays, however, there has been a great increase in the number of cases where both parents of a new-born baby are non-Hong Kong residents. This reminds me of the huge influx of mainland residents into Hong Kong during the '70s and '80s of the last century, when the "touch base" policy was in force. Though there are great differences between the two, their impacts are equally significant and cannot be overlooked.

Madam President, the problems caused by pregnant mainland women coming to Hong Kong for delivery have started to emerge one after another. The one that has hit us most directly is related to obstetric and gynaecological services. According to government statistics, the public-sector health care system is currently capable of handling some 57 000 deliveries a year. Between 2001 and 2004, the annual total births in Hong Kong numbered less than 50 000. Our system was of course able to cope. However, in 2005, the total number of births in Hong Kong rose to 57 100, which was already the full capacity of our system. In 2006, the number of births increased further. The number of births given by local pregnant women increased by 3% and the rate for pregnant mainland women also went up by roughly 10%, so our obstetric and gynaecological services were utilized beyond capacity. More importantly, in

the past few years, as many as 70% of the pregnant mainland women coming to Hong Kong for delivery chose to patronize the public-sector health care system, thus further pushing our public-sector obstetric and gynaecological services to the verge of collapse. As far as I understand, some hospitals which used to provide prenatal learning classes for pregnant women and their husbands have already stopped doing so for resource reasons. The impacts on normal operation are already very common.

Besides exerting a heavier pressure on services, pregnant mainland women coming to Hong Kong for delivery have also led to other negative social impacts. For example, this problem has added huge uncertainties to Hong Kong's planning of public services. Education is the first to bear the brunt. This year, for example, there are more than 12 000 new-born babies in Hong Kong whose parents are not Hong Kong residents. The worst-case scenario is that six years later, these children may all come to Hong Kong and seek enrolment at primary schools. On the basis that the average class size in Hong Kong primary schools is 32 students, we can conclude that Hong Kong will need to provide an additional 370 Primary One classes. An even more serious problem is that we simply cannot know whether all these babies will want to come, or when they want to come. As a result, it will be very difficult for the Government to make any accurate assessment in the course of planning. In case the planning of services fail to cope with demand, society may have to see the return of bisessional primary schools. Therefore, pregnant mainland women coming to Hong Kong for delivery will not only pose a health care problem but also cause other complex demographic and social service problems.

Madam President, the voice of society is all but very clear. The Government is requested to stop pregnant mainland women from coming to Hong Kong for delivery. I believe the Government also intends to do so. But how? Members have mentioned the CHONG Fung-yuen case. If the CFA can fully consider and follow the definition of a Chinese citizen constructed by the NPC in accordance with the original legislative intent, I believe the problem will be greatly reduced. But society still has very great reservations about an NPC interpretation of the Basic Law. In the end, the Government decided to adopt a number of measures, including an expansion of obstetric and gynaecological services to ensure adequate services for local pregnant women, a fee increase for mainland pregnant women giving birth in Hong Kong and entry refusal at boundary crossings for pregnant women with no prenatal examination record or hospitalization booking. And, when the Chief Executive reported duty in

Beijing a couple of days ago, he visited the Public Security Bureau, requesting mainland authorities to support the work of restricting the number of mainland pregnant women coming to Hong Kong.

Many people criticize that it will be difficult to implement the measures proposed by the Government. By further expanding obstetric and gynaecological services and requiring mainland pregnant women to undergo prenatal examination and have hospitalization booking, the Government will achieve the opposite result of further encouraging the coming of mainland pregnant women. It will also deliver a wrong message to mainland residents, making them think that the SAR Government welcomes mainland pregnant women to come to Hong Kong for delivery. In the end, only those intermediary agencies engaged in arranging the coming of mainland pregnant women will benefit. And, this will also aggravate the problem posed by pregnant mainland women's extended stay. In brief, these measures will only treat the symptoms.

Madam President, I wish to point out to the Government that no matter what it decides to do in the end, we still face the problem of having to handle tens of thousand babies who may or may not come to Hong Kong in the future. Unlike those children born to Hong Kong residents in the Mainland, who can come to Hong Kong only by applying for one of the daily 150 places under the One-way Permit System, these babies can come to Hong Kong at any time they like. Therefore, the Government must not delay the handling of the problem any further. All measures must be implemented immediately, and care must be taken to ensure that there are sufficient resources, lest the Hospital Authority may be forced to curtail other services to cope with the expansion of obstetric and gynaecological services.

Madam President, I so submit.

MISS TAM HEUNG-MAN (in Cantonese): Madam President, in recent years, more and more non-local pregnant women, especially those from the Mainland, have been coming to Hong Kong for delivery. In a matter of just two to three years, obstetrics departments, which were once on the verge of becoming a sunset segment of the health care sector, have turned extremely busy and unable to cope with demand. The serious overcrowding in the maternity wards of public hospitals has reached an unacceptable state. The motion moved by Dr Joseph LEE today is indeed very timely.

According to many public opinions, non-local pregnant women coming to Hong Kong for delivery will produce negative impacts on Hong Kong. Many people have been focusing on exploring various ways of controlling the entry of non-local pregnant women at the soonest possible time. However, I think that we should try to tackle the problem by analysing it at several different levels.

To begin with, we must be clear about our long-term population policy. Hong Kong currently faces the acute problem of population ageing. On the one hand, we are making such a fanfare to welcome mainland talents to live in Hong Kong. But on the other, we are trying to exhaust every possible means to prevent pregnant mainland women from coming here for delivery. To a certain extent, this is a rather eugenic population policy.

The building of a just and caring society is the policy objective of the Government and also the common aspiration of all Hong Kong people. Many people dismiss Singapore's eugenic population policy as discriminatory and unfair. Should we really imitate Singapore?

One reason for Hong Kong people's reluctance to allow the entry of pregnant mainland women is their fear that since the children born to these women in Hong Kong can live here and enjoy our health care, education and welfare benefits, the Government's burden will inevitably increase. Such a worry is only understandable.

However, in regard to those children born in Hong Kong to non-resident parents, we are not yet able to ascertain how many of them will come to live in Hong Kong, nor can we know when they will do so. Before there are any research findings, we simply should not introduce any policies discriminating against our mainland compatriots.

Therefore, I maintain that we must first conduct research to collect sufficient statistics and establish our population policy. It is only in this way that we can fundamentally solve the social problems that may be caused by non-local pregnant women coming to Hong Kong for delivery.

Before we have collected sufficient statistics to help us make any conclusions, we should not exaggerate the gravity of the problem, labelling every pregnant mainland woman and her child as bandits that will rob Hong Kong of its social resources. I do not think that such a mentality should exist in our society. We should analyse the problem in a more rational manner.

In regard to those pregnant women who try to come to Hong Kong right before delivery under the Individual Visit Scheme, we should of course step up control. The reason is that if they come to Hong Kong in such a great hurry, if they rush to accident and emergency departments for delivery only at the last minute, they themselves, their babies, health care personnel, other pregnant women and ordinary patients will all suffer. And, the risks will also be very great. I think the Government should hold discussions with the Mainland, with a view to preventing women who have been pregnant for a specified period of time from coming to Hong Kong under the Individual Visit Scheme.

In the short run, we should increase the resources for the obstetric services of the Hospital Authority (HA). According to HA statistics, its obstetrics departments are able to handle roughly 57 000 deliveries a year. However, during the very short 10-month period from January to October 2006, the HA already handled some 52 000 deliveries. It is obvious that the HA has been faced with a resource shortage.

After the SARS outbreak in 2003, the HA axed the resources allocated to its obstetric services for reasons of the declining birth rate. Now that the demand for obstetric services has increased, the HA should at least restore the level of resource allocation to the level before curtailment. The Government should also allocate additional resources whenever necessary.

Actually, many pregnant women coming to Hong Kong for delivery do have the means to pay the fees involved. According to the latest audit report of the Audit Commission, although it cannot be said that there is no default among pregnant mainland women using the obstetric services of public hospitals, their rate of default is nonetheless lower than that of non-eligible persons using other health care services. For this reason, we should not prevent them from coming here for delivery just because we fear that they may default on payment. Quite the contrary, this may well be a source of additional revenue for the HA.

Madam President, the problem of population ageing in Hong Kong has turned increasingly acute. We really need "reinforcements". If we can exercise appropriate control to ensure that pregnant mainland women can come here orderly for delivery, if we can also conduct effective assessments to let us know how many children of these women will come to Hong Kong and when they will do so, I do not think that we should prohibit all non-local pregnant women to come to Hong Kong for delivery. I so submit. Thank you, Madam President.

MS LI FUNG-YING (in Cantonese): Madam President, the issue of mainland pregnant women coming to Hong Kong to give birth has become a burning issue in Hong Kong lately. I have two worries with respect to this issue. One is that whether or not the health care resources in Hong Kong can cope with the relevant services. The second is that the drastic increase in mainland women coming to Hong Kong to give birth has caused discontent among the people and intensified antagonism between Hong Kong and China. It is also true that the issue of mainland pregnant women giving birth in Hong Kong also touches on long-term social planning and its impact on health care, education, housing, and so on. We must address the issue and try to look for a solution.

There are two kinds of these mainland expectant mothers who come to Hong Kong to give birth. The first are those who have direct links with Hong Kong and their spouse is a Hong Kong resident. The second are those who have no direct links with Hong Kong and whose spouse is not a Hong Kong resident. For the former type, in principle I support the idea that the children of Hong Kong residents living on the Mainland should be allowed to come to Hong Kong as soon as possible and start a living here. This is because these people are entitled to choosing to settle and live in Hong Kong and use services provided by the Government. But as for the latter, their children can only become Hong Kong residents by virtue of their birth in the territory. Hence there is a marked difference between the two. When there is an ever-increasing surge in the number of the latter group coming to Hong Kong for childbirth, hence affecting the use of public resources here, more divergent views on the issue are bound to appear in society, for which the Government cannot ignore.

When the number of pregnant women increases, the demand for obstetric services is bound to go up as well. It follows that more resources should be allocated to cope with such a demand and this is something that cannot be avoided. However, this is not the way to tackle the problem. Moreover, we do not know to what extent resources should be increased to meet the needs. It is only natural that every expectant mother would want to get the best care and attention for their children when they are born. Therefore, it is not difficult to see why expectant mothers in Hong Kong staged a protest not long ago against mainland pregnant women coming to Hong Kong to give birth. However, I am a bit uneasy about such an action as there are many expectant mothers in Hong Kong who feel the same as those expectant mothers from the Mainland who want to come to what they think is a better place to give birth. I do not want to see people from a foreign country doing anything to repel Hong Kong women going

to their country to give birth, and likewise I do not want to see Hong Kong people repel expectant mothers from the Mainland.

Leaving aside the question of long-term social planning, the issue of mainland pregnant women coming to Hong Kong to give birth is for me, an issue embedded with many mixed feelings. At stake are the ardent expectations of the mothers for their children and also the problem of how public resources should be utilized. I understand the complexities in the issue of mainland pregnant women coming here for childbirth, but the Government which is tasked with policy formulation cannot hope to shy away from the issue on the ground that it is too complicated. At the meeting of the Health Services Panel held last Monday, the public officers in attendance were unable to give a definite reply to the question of whether it was a policy issue or just an issue of resources. If government officials cannot even decide on the nature of the issue, how can we expect the Government to do anything to address it?

Public opinion on this is that mainland pregnant women coming to Hong Kong to give birth is not a problem. Some people think that when these mainland women come to give birth here, they can ease the problems of a low fertility rate and population ageing in Hong Kong. Some other people may also think that we can make use of the situation to do more business and develop health care tours. I take exception to such views for the main reason that we have no way to tell whether those babies who have the right of abode in Hong Kong will settle here and integrate into our society. It would be even more difficult for us to make any effective planning in social development. I therefore have great reservations about the suggestion that on the ground of creating more business opportunities in health care services, more pregnant women who do not have any direct links with Hong Kong should be encouraged to come here.

Madam President, now the HA is on one hand allocating more resources to cope with this sharp rise in demand for obstetric services and on the other hand raising the minimum charges for maternity packages available to non-eligible persons in the hope that less pregnant women from the Mainland will come here. But we know that the resources available to the HA are already limited, allocating more resources to obstetric services will mean less resources available to other services. Also, even if these measures are implemented, it does not mean that the problem will be solved. If we hold that this problem is exerting a tremendous pressure on our system, then it must be solved. The most effective

solution can only be expected to come from the source and that means we must strive to co-operate with the Mainland to impose certain restrictions on mainland pregnant women who apply to come here, especially those from places where most such applications are received. Thank you, Madam President.

MS MARGARET NG (in Cantonese): President, I strongly support what many Members have said today. Ms LI Fung-ying, for example, has advised us not to discriminate against the expectant mothers who come here from the Mainland for delivery. I think this is very important because when Hong Kong people go to other countries for delivery, they will not want to be criticized for "taking advantage" of the local people either. If we do not want others to look at us that way, we should not look at others in the same way.

President, I think the topic of pregnant mainland women coming to Hong Kong for delivery mainly involves three separate problems. The right remedy must be administered to each of these problems. First, it is the problem of services. Local pregnant women are worried that there may not be adequate services for them. Second, it is the problem of whether or not the fees due can be collected. Will we sustain any losses? Regarding the adequacy of services, the Secretary must review our health care facilities. And, when it comes to the charging mechanism, we must ask, "Can any improvements be made?" All these are actually connected with administrative measures, which is why I very much agree with Dr Joseph LEE that if the Government is to formulate any policies, it must assess the current situation and formulate a corresponding policy.

However, President, the remaining problem is connected with the rule of law. Some people are quick to criticize CHONG Fung-yuen and the CFA. They have even criticized the lawyers concerned, questioning why they should have helped pregnant mainland women or represented CHONG Fung-yuen in the lawsuit. Some also advocate an interpretation of the Basic Law by the National People's Congress (NPC). In this regard, Mr Ronny TONG has already raised many points which I want to discuss, so I shall make no repetition now. I only wish to put forward several main points here. First, as legal practitioners, we are duty-bound to fight for our clients' rights under the law. We cannot possibly tell our clients that since fighting for their rights may adversely affect our interests in the future, we will refrain from fighting for their rights and

interests. This will run completely counter to the spirit of the rule of law in Hong Kong. Second, the Court must interpret the law as it is. In the case of CHONG Fung-yuen, the Court did not make any erroneous interpretation, because the provisions cited by Mr Ronny TONG just now are all very clear. If provisions written in black and white cannot be cited as justifications, if people lightly advocate the otherwise or put forward mere sophistry that confounds right and wrong just in order to achieve a certain purpose, the losses will far outweigh the gains. The reason is that the whole Basic Law will be rendered completely incredible and totally useless.

Besides, President, according to the Court's interpretation in the CHONG Fung-yuen case, children born in Hong Kong to Chinese citizens shall be permanent residents of Hong Kong. This is no coincidence and no mistake. President, this was actually a decision made on the basis of reciprocity during the Sino-British negotiations years ago. The rationale is that before 1997, children born in Hong Kong to British citizens could automatically enjoy the right of abode in Hong Kong. During the very early times, of course, it was not the right of abode; these children could enjoy the right of entering and staying in Hong Kong. For this reason, during the Sino-British negotiations, the Chinese side requested that Chinese citizens should enjoy the same right. In other words, children born in Hong Kong to Chinese citizens should automatically become permanent residents of Hong Kong. How can we imagine that children born to Chinese citizens in the Hong Kong Special Administrative Region, which is part of China, cannot become permanent residents of Hong Kong? To me, this is altogether inconceivable. And, all considerations aside, if people now think that such a right cannot be given to Chinese citizens because circumstances have changed, because China is so big and Hong Kong is so small, then why do they not ask for an amendment of the Basic Law? Article 159 of the Basic Law can be invoked to amend the Basic Law. Laws can be formally passed under the specified procedures to amend the Basic Law. We will have no objection to this from the legal point of view. But an interpretation of the Basic Law by the NPC is a contravention of the Basic Law, because laws should be changed by introducing legislative amendments, not by the making of any interpretation. President, we have discussed this very topic many times in this Chamber. And, I am just trying to mention it once again now.

The last point is about our population. It seems that everybody is very concerned about whether or not there will be a population explosion in Hong

Kong. People wonder whether there are many "children" in the Mainland who are permanent residents of Hong Kong. If yes, they will be terrified because they think that all people from the Mainland will necessarily enjoy all our welfare benefits and exert pressure on our resources without making any contributions to our society. Actually, such a worry is largely unfounded. Many people now say that they welcome mainland talents to come to live in Hong Kong. It is also said that those mainland residents coming here under the Individual Visit Scheme are all very wealthy and can help boost consumption in Hong Kong. Some even think that the economy of the Mainland has already taken off, and even Hong Kong cannot possibly catch up. Therefore, such double standards are really contradictory.

President, regarding the issue of population, especially the population flows between Hong Kong and the Mainland, I advise Members to look farther ahead and deeper into the whole issue. Actually, the survival, prosperity and stability of Hong Kong in the immediate future will largely depend on population flows, so it is good that there are population flows between Hong Kong and the Mainland. Members may ask themselves, "How many Hong Kong people or their children must travel regularly to the Mainland?" Many friends of mine have already settled down in Beijing, Shanghai and other mainland cities. Some of them are "double-domiciled", that is, they make both Hong Kong and the Mainland their homes. We also want our children to learn Putonghua, so that they can enjoy an advantage both in the Mainland and Hong Kong. In very much the same way, should we also expect to see some mainland residents, or "children", who think that they have a dual identity, that they are both mainland residents and Hong Kong residents, and who also have a sense of belonging to Hong Kong? When the time comes for co-operation between the two places in many areas, their sense of belonging to us will be conducive to furthering the interests of both sides. Therefore, we may look at the issue from this perspective, instead of thinking that all children born in Hong Kong to mainland residents are necessarily a burden on us in the future. Such a mentality is largely unwarranted. Thank you, President.

DR LUI MING-WAH (in Cantonese): President, non-local pregnant women giving birth in Hong Kong has become an undesirable trend. In 2001, there were only 620 cases where both the parents of a baby born in Hong Kong were not Hong Kong residents. In 2002, the number increased to 1 250. In 2003,

there were 2 000 such cases. In 2004, there were 4 000 cases. In 2005, such cases numbered 9 000. And, in the first 10 months of 2006, there were already 12 000 cases. The number of such cases has increased at an alarming rate of 190% over a short span of just five years, thus arousing social concern, heated discussions and even discontent.

Pregnant mainland women want to give birth in Hong Kong for several reasons. First, it is convenient to do so under the Individual Visit Scheme. Second, in Hong Kong, there are satisfactory health care facilities, advanced medical technologies, good hospital environment and dedicated health care personnel. Hence, expectant mothers have the confidence to give birth in Hong Kong, thinking that there is safety assurance. Third, because of the "one-child" policy in the Mainland, some pregnant women there choose to give birth in other places, and Hong Kong is the most convenient choice. Fourth, under the Basic Law, all Chinese citizens born in Hong Kong shall be permanent residents of Hong Kong regardless of whether or not any of their parents are Hong Kong residents. This may be the most important factor inducing pregnant mainland women to give birth in Hong Kong. Fifth, the number of pregnant mainland women choosing to give birth in Hong Kong has soared beyond the Government's expectation. On 26 August 2005, the Hong Kong Hospital Authority announced that with effect from 1 September, public hospitals could provide obstetric services to "non-eligible persons" at a fee of \$20,000 without any other conditions. The Government thought that a fee of \$20,000 could curb the tide of pregnant mainland women coming to Hong Kong to give birth. Little did it realize that the mere sum of \$20,000 and the absence of any other conditions would turn out to be an incentive to pregnant mainland women.

Pregnant mainland women giving birth in Hong Kong have served to expose many other problems. First, the worst-hit are local pregnant women. They now find it very difficult to make bookings for prenatal physical checks, and maternity beds are also in very short supply. Second, pregnant women coming to Hong Kong under the Individual Visit Scheme cannot usually know exactly when they will deliver, so many of them have not yet given birth after the seven-day period. They must therefore obtain a doctor's certificate for extending their stay. Some pregnant women are even detained for over-staying. Others may rush to enter Hong Kong right before delivery. In some cases, they may have to give birth in immigration halls or at hospital entrances, thus leading to huge embarrassment. Third, many pregnant women will leave without any notification after giving birth and getting their babies. This has led to the

serious problem of payment default. According to Audit Commission statistics, during the period from 2005 to March 2006, the default on medical fee payment involving non-local pregnant women amounted to \$74 million, and 70% of this sum was connected with pregnant mainland women. Fourth, many pregnant mainland women never undergo any prenatal physical checks, and in some past cases, the women concerned were found to have AIDS afterwards. This will pose very great danger to their babies and also the health care personnel attending to them. Fifth, there have been several dozen cases where mainland mothers simply left without carrying their handicapped babies with them. Sixth, there have also been some 40 cases where new-born babies are left behind in Hong Kong and their relatives must apply for CSSA on their behalf. Although the number of such cases is not very big, the unhappy feelings of Hong Kong people are nonetheless aroused. Seventh, large numbers of pregnant mainland women have flocked to Hong Kong for delivery, but we are unable to predict where their babies may settle down in the future. This will lead to huge problems for Hong Kong's education system, social assistance services and employment market.

However, honestly speaking, pregnant women giving birth in Hong Kong will bring benefits to us. First, according to government statistics for 2003, the fertility rate of Hong Kong is just 263 babies per 1 000 people. This is the lowest among the 225 countries in the world. But then, the average life expectancy of Hong Kong people is among the longest in the region. This, together with the low fertility rate, will seriously worsen our problem of population ageing. Therefore, the children delivered by mainland women in Hong Kong will help bring about a balanced demographic structure. Second, some in society have long since been advocating that Hong Kong should develop its own health care industry and encourage mainland residents to seek medical and obstetric services in Hong Kong. Pregnant women giving birth in Hong Kong have already brought plenty of business to private hospitals. In 2005, their consumption in Hong Kong stood at some \$600 million.

The above discussion can show that Hong Kong should welcome pregnant mainland women to give birth in Hong Kong. The key lies in how we can keep the number of such women within the capacity of our health care system, so that they can come to Hong Kong orderly and enjoy assured safety in the course of delivery. More importantly, while entertaining the demand of pregnant mainland women, we must also safeguard the rights and interests of local pregnant women lest they may suffer unnecessary inconvenience.

To control the number of pregnant mainland women giving birth in Hong Kong, we may consider several measures. First, their act of coming to Hong Kong for delivery can be regarded as a commercial act. This means that their purpose of coming to Hong Kong is just to receive obstetric services and other benefits. That being the case, Hong Kong hospitals can provide them with one-stop services, including prenatal physical checks and obstetric services. Registered pregnant women may be issued certification by Hong Kong hospitals and allowed to enter Hong Kong for inspection and delivery as scheduled. All fees have to be paid in advance. By increasing the fee for such one-stop services, the Government can control the number of pregnant mainland women giving birth in Hong Kong. Naturally, in order to prevent the entry of pregnant women not registered beforehand, the Immigration Department must step up inspections at all the boundary crossings and stop their entry. If a pregnant mainland woman wants to visit Hong Kong for sightseeing, she must produce certification from a mainland doctor, proving that she is pregnant for less than six months. And, she must also undertake to return to the Mainland after the period of stay. All these measures are preventive in nature, but the Hong Kong Government will have the power of making adjustments. In case a pregnant woman rushes to the accident and emergency department only at the last minute, the Government may levy a 50% surcharge. In case a mother defaults on payment, the Government may withhold her baby's birth certificate until all fees have been paid. And, in the meantime, the baby should not be allowed to stay in Hong Kong or enjoy other welfare benefits.

Having looked at the reasons for pregnant mainland women choosing to give birth in Hong Kong, we can say that the mainland authorities can actually help stop the influx. For example, mainland public security authorities may issue permits only to women pregnant for less than six months who intend to go to Hong Kong for hospital registration or sightseeing and to pregnant women already registered with Hong Kong hospitals. Besides, women giving birth in Hong Kong not in accordance with the specified procedures may be treated as delivering a second baby under the laws of the Mainland. Heavy fines and the various punitive clauses will serve a huge deterrent effect.

To sum up, non-local pregnant women giving birth in Hong Kong are conducive to the long-term interests of Hong Kong. But the Government must control the entry of such women and include their babies in our population policy. It is particularly worth noting that it is very difficult to project the demand of these babies for education and social assistance in the future. It is also impossible to know when they will come to Hong Kong and how they will

affect our employment market after they have grown up. The Government must prudently consider all these hidden factors.

I so submit. Thank you.

MRS SELINA CHOW (in Cantonese): President, the problem confronting us today has aroused many arguments; the reasons for such arguments are not confined to whether the health care facilities in Hong Kong are adequate and whether pregnant mainland women giving birth in Hong Kong will render our facilities unable to cope with the demand of local pregnant women. On the one hand, this problem involves our population policy. On the other hand, we are worried that if the situation continues, and if we cannot know how the situation will unfold, we will be very worried.

I have heard some very strange remarks made by some Members. For example, Miss TAM Heung-man has said that since Hong Kong is a just and caring society, we should do this and that. I do not believe that her intention is to do away with all boundaries, controls and development planning. I believe Members will not want to see something like this. Actually, from the standpoint of Hong Kong, it is indeed necessary for us to assure the orderly development of our society. This is the basic duty which all Hong Kong people expect the Government to discharge.

Some outsiders want to live in Hong Kong and enjoy our various public facilities which are available free of charge or at low costs. Such a phenomenon is not unique to Hong Kong. I believe this happens in every mature society. This may also be a reasonable demand on the part of those who want to live in a certain society. And, this is not something that has cropped up only today.

As a matter of fact, before the reunification, we already started to talk about "one country, two systems". Why have we made it so clear in the Basic Law that mainland residents wishing to come to Hong Kong must first undergo exit clearance in the Mainland before they can enter Hong Kong? This is already a clear indication that the orderly development of Hong Kong must be protected. Therefore, I do not think that the question of discrimination should come into this. We can all say that we must put in place an orderly policy to control our population growth, especially the growth caused by the arrival of outsiders. I cannot buy any arguments about inhuman treatment.

However, I of course also agree with Ms Margaret NG and another Member that we should not discriminate against pregnant mainland women wishing to give birth in Hong Kong or even their children. If they are legally entitled to certain rights, then they can already enjoy protection, so there should not be any question of discrimination. Miss TAM Heung-man thought that things were very easy, and she argued that the Government should have this or that kind of statistics, and that it should have made this or that kind of projections. But how can any projections be made? Honestly speaking, how can any projections be made? Let us not talk about the whole country, which has a population of 1.3 billion. In Guangdong alone, there are already tens of million people. If such a demand exists, how can we forecast how many people will want to give birth in Hong Kong? Therefore, we can only do things within our control. We cannot do anything for those matters outside our control.

Fortunately, we can have dialogues with the Mainland and discuss our problems with it. We naturally hope that the Hong Kong Government can do something as soon as possible. In fact, as mentioned by Dr LUI Ming-wah just now, there will not be enough population growth in Hong Kong itself, so pregnant mainland women giving birth in Hong Kong will help us in the long run. What we fear is that if we lose control over the timing and procedures of the whole thing, there will be no orderly development and many problems will emerge. The Hospital Authority (HA) and public hospitals will not be the only ones to be affected. Even private hospitals may face overcrowding and other social services may also be stretched beyond the planned capacity. We are extremely worried about all these problems. We therefore agree that the Government must expeditiously hold discussions with the mainland authorities, so that all those pregnant women can come to Hong Kong in an orderly manner.

As far as my understanding goes, another problem is that one of the objectives of the HA is to provide services to all those in need. This is a very lofty objective, one which does not differentiate Hong Kong people from others. Different fees may be charged, and this is in fact the case now, but there will be equal treatment for all. All will be provided with services. However, this will lead to one problem. We have heard many suggestions (The Secretary is not here now). For example, it is suggested that priority should be accorded to local residents. But how can this be done? People now talk about booking, saying that mainland residents can be required to make advance booking. But can this enable us to know the exact numbers? The authorities estimate that

70% will be Hong Kong residents and 30% will be mainland residents. Is this supposed to serve as a quota of some kind? It seems that nothing about a quota has been mentioned so far. If there is no quota, then will it be possible that despite all the talks about priority, nothing can be done in practice? I hope the Secretary can give us a reply later.

The HA is trying to deter people by increasing the fee. But can this work? We have heard that on 1 September 2005, the fee was already increased to \$20,000. Initially, there was a drop of 15.1%. But now the number is rising again. Well, the fee will be increased to \$48,000, and this is the same as the fee charged by private hospitals. However, simply by spending \$48,000 on giving birth to a child, people can already make sure that the child can become a permanent resident of Hong Kong and enjoy so many social services. Can such a fee be considered high at all? We are worried that this measure cannot serve as a long-term solution. We still hope that the Government can hold discussions with the Mainland as soon as possible to work out a solution.

MR ALBERT CHAN (in Cantonese): President, I have listened to many Members. But I am really puzzled as to whether they have forgotten to declare their interests. Is this problem directly related to any Members? This is a legitimate question. Those Members who do not hold a Home Visit Permit should have less to do with it, right? Mr Martin LEE is staring at me. I do not think that he should be worried. I am not criticizing him for having any interest at stake on this issue.

President, the problem of non-local women giving birth in Hong Kong has existed for quite some time, especially in private hospitals. As early as one or two years ago, I already heard administrators of private hospitals say that the number of such cases had risen very drastically. In some private hospitals, over 70% of the obstetric service was provided especially for pregnant mainland women giving birth in Hong Kong. Therefore, I think that pregnant women giving birth in Hong Kong did serve as an important financial support which enabled private hospitals to sustain their business earlier on. The problem of pregnant women giving birth in Hong Kong has suddenly aroused such heated arguments mainly because it is pointed out in the Director of Audit's report that the problem has led to financial losses. It must of course be pointed out that the services available to local pregnant women have also sustained obvious and direct impacts.

In the month following the incident, the popularity rating of the Chief Executive dropped by six to nine percentage points. I think that the problem, which has aroused so much public concern, has obviously dealt a heavy blow to the reputation, prestige and strong governance of the Government, thus leading to the drastic decline of the Chief Executive's popularity rating. Actually, from all public opinions and complaints received over the telephone by my offices in various districts in the past few months, I notice that pregnant mainland women giving birth in Hong Kong attracted more complaints than any other problems. Many people are worried about two consequences: first, financial losses and second, the impacts on Hong Kong's health care services.

To tackle this problem, both the Hospital Authority and the Government should adopt corresponding measures. But speaking of leaving one's home country to give birth in another country, Hong Kong people can actually call themselves "the best". Back in the 1980s and 1990s, especially during the period of sovereignty negotiations, many Hong Kong people went to Britain, the United States, New Zealand and Australia to give birth in order to secure their future. Even Bangladesh might have been the destination of pregnant women, right? These Hong Kong pregnant women all did so just for the future of their children. I think that when Hong Kong pregnant women went overseas to give birth many years ago, they also encountered many problems relating to health care and accommodation.

Times have changed. The problem has been caused by various factors, as already mentioned by several Members just now. In particular, the "one-child policy" of the Mainland has, to a certain extent, forced those mainland residents who want to have one more child to come to Hong Kong to give birth. In a way, we are talking about the choice made by victims of a draconian policy. Therefore, I think that when analysing the problem, we should not focus solely on our interests or criticize pregnant mainland women for taking advantage of Hong Kong's health care services or evading payment of fees. I think Members will agree that it is indeed very distressful for a pregnant woman to leave her home in order to give birth in an unfamiliar place, or even a place where there are no friends or relatives. This is particularly so for those pregnant women who are cheated by agents to give birth in Hong Kong at very high prices.

Therefore, I think that in order to tackle this problem, we must also take account of basic humanitarian principles in addition to considering the impacts

on our health care services and the recovery of fees. As I have mentioned, in order to get residency rights or secure the future of themselves and their children, Hong Kong people themselves took the lead in leaving their home a decade or two ago to give birth in other countries.

I agree with the several Members who spoke before me that in order to tackle the problem, the Hong Kong Government must have more frequent exchanges with the mainland authorities, so as to find out whether the Mainland can adopt any policies and measures or do something with the issuing of One-way Exit Permits, with a view to ensuring that mainland women can come to Hong Kong for delivery in a controlled and orderly manner.

There is actually a win-win solution. The Hong Kong Government can issue licences to certain organizations for organizing Hong Kong tour groups for pregnant mainland women. This will bring economic benefits to Hong Kong and prevent our health care services from sustaining any heavy impacts due to the disorderly influx of pregnant women. To sum up, pregnant women who come here will have a happy time, and business operators will also be happy. Meantime, employment opportunities can also be created in Hong Kong, right? Nursery care is a labour-intensive service. Therefore, the Government may give some thoughts to this proposal. I think that this will be a win-win solution if existing health care services are not affected.

I believe this problem will continue to exist for quite some time to come mainly because of the "one-child policy" mentioned earlier. As the Mainland becomes more and more affluent, many people there will want to have more than one child. Due to such pressure and demand, if the Mainland continues to adopt harsh measures of prohibition or control, many middle-class people or people with the means in the Mainland will surely try every possible way to give birth in Hong Kong. Therefore, policy co-ordination and adjustments on both sides can certainly help solve the problem. I hope that the Secretary can conduct more studies in conjunction with the Mainland and put forward a win-win package.

Thank you, President.

MR VINCENT FANG (in Cantonese): Madam President, on the question of the pressure exerted on the health care system in Hong Kong by mainland pregnant

women coming here to give birth, its impact on the right of Hong Kong residents in their use of public health care services and other social problems involved, actually, much time has been spent in the Panel on Health Services on discussion, but owing to the extensive coverage of the issue, the Health, Welfare and Food Bureau (the Bureau) has yet to come up with a comprehensive solution. I am therefore very grateful to Dr Joseph LEE for moving this motion and I hope the two Directors of Bureaux who are in attendance can spearhead inter-departmental efforts in this regard and address this serious problem which has far-reaching impact on our society, government finances and our next generation.

In the past, the problems raised by the Bureau are in the main related to the default of these mainland pregnant women in paying the bill after they have given birth. As a result of this, the Hospital Authority (HA) is unable to collect the fees and the local public health care system is having great difficulties in offering normal services to the local pregnant women.

With this situation in mind, the HA has of late taken actions including the giving of priority to local pregnant women through a central booking system, raising the maternity package fees for non-eligible persons and deploying more staff.

These measures can be said to have been taken with only health care considerations in mind and it is hoped that the voices of discontent from local pregnant women can be silenced. However, even from a health care perspective, these measures fail to address the problem at root. Why? This is because the central booking system only serves to ensure that local pregnant women will get proper care and attention. The written response from the Bureau this morning points out that 85% of the pregnant women from the Mainland are hospitalized through the accident and emergency departments which admit them, and it follows that irrespective of whether they have made any booking, the hospitals will provide them with the health care services they need.

As for the charges, all along there have been many cases of mainland pregnant women who leave the hospital without paying and some even abandon their babies because they are girls or they have got some hereditary diseases. Owing to the lack of prenatal care, many of these newborn babies may have problems which require special care and attention after birth.

Even for those babies born in private hospitals, if they need intensive care, they will be referred to the public health care system. Services in this regard would require more resources than the obstetric service and the staff providing such services are in greater demand than the midwives and the HA would need more time and resources to train up such staff.

We understand that the main incentives for these mainland pregnant women giving birth here are the excellent health care services in which we take pride, the right of abode in Hong Kong, the massive resources which the Hong Kong Government puts in for the young people and the welfare benefits they can get. So if we do not consider the problem at its roots, we can never hope to improve the situation.

I support the new initiatives taken by the HA to offer priority public health care services to qualified local pregnant women and newborn babies. But I also hope that the Government can undertake a review of the existing 50/50 income-sharing arrangement with the HA. For if this arrangement continues, irrespective of the rate of increase in fees, the HA may never be able to get enough resources to engage in manpower training and to hire enough midwives. This is because when there is a fee hike in the public health care system, it does not follow that midwives can expect to get a higher pay. On the other hand, this would give the private sector health care system an opportunity to impose a fee hike and it can offer a more attractive pay to lure those employed in the public sector. At the end of the day, it is the public sector health care system that still has to face the problem of manpower shortage.

Also, I support the idea that the Government should adopt administrative measures to refuse mainland pregnant women who have not made any appointment to enter Hong Kong. At the same time, the Government should discuss with the Mainland to explore other viable options.

This influx of mainland pregnant women into Hong Kong has led to a problem that carries far-reaching implications. These babies, especially those born of parents who are not Hong Kong residents, are actually time bombs in the sense that they have a great impact on resource allocation in Hong Kong society in the short, medium and long terms, because we have no idea when these future Hong Kong residents will come to live here and when they will use the welfare benefits.

To tackle the problem at its roots, I hope the Government can initiate inter-departmental efforts to review the existing population policy and assess the long-term needs of babies born in Hong Kong whose parents are not Hong Kong residents, including the basic requirements for their parents to apply for the right of abode in Hong Kong. Then the findings should be incorporated into the overall planning for health care, education, welfare and employment. In this way, there are chances that this time bomb can be defused and turned into talents for our society.

With these remarks, I support the motion concerned. Thank you, Madam President.

MR FREDERICK FUNG (in Cantonese): President, in recent years, a great number of pregnant women from the Mainland have come to Hong Kong to give birth to children and this has imposed great pressure on services in the public sector hospitals, especially the obstetrics and paediatric departments. The event has topped the 10 hottest news items in the field of health in Hong Kong. It can be seen that the public is very concerned about the issue. Both the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I think that the Government must allocate more resources right away to improve on the existing services and measures so that local pregnant women can be given the services they need.

Information from the Census and Statistics Department and the Immigration Department shows that the number of babies born of mainland women in Hong Kong was only 7 800 in 2001, but the number increased to some 19 000 last year, translating into a three-fold increase. Why is there such an influx of mainland women into Hong Kong to give birth here? Some people attribute this to the "one-child policy" on the Mainland and since a fine has to be paid for each additional baby born, it would be more preferable to use the money on giving birth to a child in Hong Kong. Some other people think that it is because facilities in the maternity wards here are more advanced than those on the Mainland and so pregnant women who are financially capable are attracted to come here. The most attractive thing could well be the judgement handed down in respect of the CHONG Fung-yuen case by the Court of Final Appeal in 2001 in which children born of mainland women in Hong Kong were given the right of abode and they could become permanent residents of Hong Kong and enjoy benefits in health care, education, and so on.

However, the judgement on the CHONG Fung-yuen case also points out that in the period from the reunification to 31 January 2001, only some 500 people came here to give birth to children. This is why the Court did not think that losing the case would make Hong Kong bear any significant risk. However, the Individual Visit Scheme launched amid the economic downturn in the wake of SARS in 2003 was originally intended to spur consumption in Hong Kong, but it has become a shortcut for pregnant women from the Mainland to come here to give birth. Such a development is clearly never envisaged by the Court.

From this it can be seen that the causes of the event are very complicated, involving the economic and cultural differences between China and Hong Kong, China-Hong Kong relations and this cannot be addressed by any simple policy initiatives alone.

Some other people think that owing to population ageing in Hong Kong and the low birth rate here, these children born in Hong Kong would make up for the shortfall in the youth population in Hong Kong. However, most of these children born of mainland women would not grow up in Hong Kong and there is no way in which we can tell when these children will come here and the impact they have on the planning of infrastructure and public services. We must maintain the quality of our population. Hence the Government must assess the impact of childbirth by these mainland women on Hong Kong and devise measures to ensure that health care services for local pregnant women will not be affected.

Recently, the HA suggested 10 measures to solve the problem of patients walking off without paying the fees and address the influx of pregnant women from the Mainland to give birth here. In the middle of last month, the ADPL interviewed nearly 400 citizens to collect their views on these measures by the HA to prevent patients from defaulting on payment. Findings show that 70% of the respondents think that the problem of defaulting patients is very serious. According to information from the Audit Commission, for the five-year period ending last August, only 37 000 non-eligible patients did not pay the fees while among eligible patients, that is, Hong Kong residents, as many as 160 000 people did not pay, and some of them did this frequently. Therefore, the ADPL urges the HA to put into force these preventive measures at the soonest in order to crack down on such behaviour.

In addition, findings of the survey show that some 70% to 80% of the respondents favoured the following two measures: deferring the submission of particulars to the Birth Registry on the babies born of mainland women who default payment and the recovery of the sums in arrears from the guarantors concerned. The Government should look into the details of these measures and put them into practice expeditiously. As for the two suggestions of asking international collection companies to recover bad debts from outside the territory and briefing out local collection work, as well as charging the Hong Kong residents a deposit, they are quite controversial and respondents were worried that outsourced collection companies might resort to unlawful debt collection means and they were hard to regulate. We think that the Government should study these two suggestions carefully, then hold some consultation before deciding to put these suggestions into practice or not.

Respondents were also asked if they would agree to the suggestion of "barring those non-local people who default payment from re-entering the territory", the result was 80% of them agreed. There were 60% who agreed that default payment of fees should be criminalized. The problem of defaulting patients has made it impossible to achieve an effective allocation of resources for public sector hospitals. The result is people with genuine needs are unable to get proper health care services. In the long run, this would create an impact on society. The ADPL therefore urges the Government to consider criminalizing such default of fees and enhance the deterrent effect. The Government should also model on the practice in other countries and deny defaulting persons entry into the territory until all the money owed is paid.

The drastic increase in maternity package fees for non-eligible persons by the HA will affect the mainlander wives of Hong Kong residents when these pregnant women wish to give birth in Hong Kong. At present, there are 290 000 Hong Kong residents who live on the Mainland, of whom some 200 000 or 70% are adults, and of these adults two thirds are men. 50% of these adults stay on the Mainland for reasons of employment. Owing to the close ties between Hong Kong and the Mainland, there are more and more marriages between people from both places. In 2005, the number of Hong Kong men marrying women from the Mainland rose by 40% as compared to that in 2002. The number of babies born of Hong Kong residents and their mainlander wives in Hong Kong has also increased from 7 200 in 2002 to 10 000 in 2005. The Government should therefore assess the impact of these new measures on the

Hong Kong residents and their mainlander wives while ensuring that local pregnant women and their newborn babies will get proper health care services.

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

MS AUDREY EU (in Cantonese): President, I would like to respond to a point mentioned by a number of Honourable colleagues. Referring to CHONG Fung-yuen case, many people said that at that time the Government had given the wrong information to the Court of Final Appeal (CFA) and had the CFA been given the correct information, it would do as what Mr TAM Yiu-chung has said, that a judgement which more in line with public demand would have been handed down. And as Mr Frederick FUNG has just said, the Judges had never envisaged such things when they handed down the judgement.

The point I wish to make is that when Judges pass a judgement, they will not consider what consequences may arise in society. In handing down a judgement, the Judge will not say that the consequence of the judgement is that many mainlanders will come to Hong Kong to give birth. So, sorry, CHONG Fung-yuen, according to the law you should have that basic right, but now it is taken away from you because if it is ruled that you can enjoy this right as prescribed in the Basic Law, other people will follow in your footsteps and come here. The duty of the Court is to decide on cases in accordance with the law. It is clearly provided in the Basic Law and Mr Ronny TONG has also referred to that in his speech earlier, that it is stipulated in Article 24 para 2(1) that "The permanent residents of the Hong Kong Special Administrative Region shall be..... Chinese citizens born in Hong Kong before or after the establishment of the Hong Kong Special Administrative Region". Hence this is not something which the Judge did not envisage or this is the result of wrong information, for Judges will pass a judgement on a case according to the law. Of course, if people do not like the Basic Law, they can amend it, but no attempt to interpret the Basic Law should be made as interpretations made will only make it fall apart and what is black will be confounded as white.

Having said that, I do not think that the issue has reached such a level. President, the topic which we discuss today should have been one of the strengths of Donald TSANG. President, why am I saying this? Many people have not mentioned this, but I came to know this on checking the records. It was in

2003, which is actually not a very long time ago, in February 2003, Donald TSANG was the Chief Secretary for the Administration then and he headed the Task Force on Population Policy. The members of the Task Force included the Financial Secretary and eight Principal Officials and relevant department heads. A report was compiled in February 2003. It was only a beginning back then and the Task Force will continue to be under the leadership of the Chief Secretary for Administration — which is Rafael HUI now. So it can be seen that population policy is under the leadership of some very top officials in the Government. This is also the reason why I said just now that it is one of the strengths of Donald TSANG.

I think many people would recall that Donald TSANG once made a remark which impressed people a lot. He called on each woman in Hong Kong to give birth to three kids. But the fact is that each woman in Hong Kong only has 0.9 kid. I had asked the Government once that if each woman responded to the Government's appeal and gave birth to three kids, then what the average annual birth rate of Hong Kong should be. President, the answer I got today is that it is not known and we would be informed in due course. I do not think the Government can on one hand call on each woman to raise three kids while obstetric and gynaecological services are all cut, cut and cut. When asked about what would be the number of babies born each year if each woman gives birth to three kids, the Government just says it does not know.

President, many Honourable colleagues have pointed out in their speeches today that as compared to 2001, the birth rate in Hong Kong in 2006 rose by a great extent. However, President, I wish to raise the point again that in 1994, the number of babies born in Hong Kong was some 71 640 while the latest figure we got from the Government today is that, in the first 11 months of 2006, the number of newborn babies was some 58 000. I wish to make one point and I understand that many Honourable colleagues will say that we cannot fling wide the gates and let in all the pregnant women here, but the fact is that we must look at the demographic policy from a higher plane, though we are not trying to blow it up and describe it as an acute problem. I wish to point out that all along the Government should have been studying the problem and what disappoints me is that it seems that after the problem has appeared, when we ask questions about it, the Government still fails to inform us of a clear policy on that.

President, as we review the policy address delivered by the Chief Executive last year, we would note he had said that our foremost challenge was

an ageing population. According to projections by the Census and Statistics Department, by the year 2028, one out of every four persons in Hong Kong would be an elderly aged 65 or above. This means people who need to be taken care of would increase while the working population would decrease. As such, the demographic structure of Hong Kong would be like an inverted pyramid. It follows that more young people should be allowed to come here. The Government says that only professionals and talents should be lured to come here, but will this solve the demographic problems we have? If pregnant women from the Mainland are allowed to give birth in Hong Kong, what would be the estimated numbers? Do we have any way to tell they will come here to settle or not?

Besides, President, I also wish to point out that the kinds of people we are talking about are those of a very high quality, that is, they come from quite well-off families. As Ronny TONG has said, previously some people in Hong Kong went to other places to give birth to children and they were doing this because of the assurance they hoped to secure. So on this issue, the Government must look at it in a holistic manner. Ever since the reunification, we have to rethink many problems, both external and domestic. Many Hong Kong families have emigrated to the Mainland with all their members while many mainland people want to settle here. President, we must give serious thoughts to this and we should not just focus on the recovery of fees or whether or not pregnant women will get enough services, though these issues are important and must be handled.

President, I feel most sorry that when we debate this question today, the Chief Secretary for the Administration is not present here. The issue has appeared for such a long time, but I fail to see the Chief Secretary come out and talk with us about the population policy of Hong Kong. In 2003, when Donald TSANG became the chairman of the Task Force on Population Policy, he told us that studies would continue to be conducted. But now at this moment, what in fact is his view on the issue of pregnant women coming to Hong Kong to give birth? What is his assessment? If we look at the education scene, we will know that the wrong estimates have been made. Then why should the number of classes be cut and more schools closed? Why can small-class teaching not be launched? The Government has got the figures wrong again. I do not want to see that the Government is once again at a loss as to what it should do on this issue and that wrong calculations are made. I do not want to see that on the one

hand services are cut while on the other it is said that there are far too many people and not too many people can be allowed to come here. Yet at times it is said that we do not have enough people. I hope the Chief Secretary can give us a comprehensive reply soon, telling us how he looks at this issue of mainland pregnant women. It is because this is not only a resource problem, but also a policy problem. Thank you.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, at the end of each year, there would be some sort of opinion polls on things like the 10 hottest news items, and so on. In the year 2006 that has just passed, Radio Television Hong Kong conducted a poll on the 10 hottest health news items and it turned out that the item which attracted the most public concern and topped the list with most votes was the one on mainland pregnant women flocking to Hong Kong to give birth. It can thus be seen that people are very concerned about this issue.

Figures from the Census and Statistics Department and the Immigration Department show that the number of babies born here of mainland mothers has surged greatly from 10 128 in 2003 to 20 577 for the first 10 months of 2006, representing an increase of more than 100%. Of these babies, the ratio of those whose father is not a Hong Kong resident has increased from 20.4% to 61.6%. These figures were given to us in the Panel on Health Services a few days ago.

The birth rate in Hong Kong has been constantly on the decline over the past few years, with less than one baby born of each woman in Hong Kong on average. The problem of population ageing is seriously affecting the future development of our society. Originally, from the positive side, the babies born of mainland women can be regarded as a means to ease the problem of a low birth rate in Hong Kong. However, when the situation becomes difficult to control, we must study the impact thus caused. From the figures given, it can be seen that the proportion of babies whose both parents are not Hong Kong residents is constantly on the rise. Taxpayers are of course worried that resources may be abused. This is understandable. Recently, I met some friends or residents in a certain community, and this issue had become a hot topic of conversation. People who have got children are feeling increasingly concerned. However, this is in my opinion something perfectly normal.

Actually, there have always been people who raise the issue and express their concern. But, honestly, both the Government and the HA are taking an

evasive attitude. It was only when there were extensive reports of default in payment of hospital fees and local pregnant women unable to get proper care and attention, and especially after a group of local pregnant women had taken to the streets to air their grievances, that the issue has become a focus of attention in society. We can see the HA hastily launch some so-called matching measures to alleviate public discontent and answer queries posed by the public. These include hiring more staff and redeploy them, adding obstetric beds and services to cope with the ever-increasing demands, introducing a central booking system for prenatal services to ensure that local pregnant women are given the priority and raising the charges for obstetric services for non-eligible persons. All these are the many new initiatives launched by the HA. But will these initiatives solve the problem?

I pointed out in a meeting of the Panel on Health Services held a few days ago that if these measures were short-term measures, that is to say, measures meant to cope with stringent resources, the heavy workload of the health care personnel, and the problem of pregnant women, and so on, I would think that these could be done. But these are only stop-gap measures. When mainland women come to Hong Kong to give birth, they would bring a lot of uncertainties to the future population policy of Hong Kong. This was precisely what many Honourable Members in the Panel pointed out at that time. There was an official attending the meeting on that morning and that person was from the Health, Welfare and Food Bureau. We posed our questions but he could not answer them and these questions should be answered by Mr Rafael HUI because he is the person in charge of this Task Force. If these measures are meant to tide over a certain short-term period, we are in full support of these. But these are actually stop-gap measures and how can our worries for the future be allayed? I think the Government must do something more under the present circumstances.

For examples, how many male Hong Kong residents have spouses who are not local residents? How many of them are applying to settle in Hong Kong? Can an estimate be made on the number of these people who plan to come to give birth in Hong Kong? As for the number of babies born in Hong Kong of non-local parents, can an estimate or a projection be made? Such figures can only be obtained from high-level contacts with the Mainland. If such measures are to continue, then we have to keep on injecting more resources and charging higher fees to maintain it as a business. But this will not work because those

babies are born permanent residents of Hong Kong. So what can be done about it?

The Government must have planning and it must devise certain specific strategies for the future population of Hong Kong based on these figures. This is very important, for if we do not work on even such things, we would lag behind. I hope very much that the Task Force under Rafael HUI will discuss with the relevant authorities on the Mainland to come up with some measures for adoption by both places. In the short run, such resource problems should be dealt with and factors which lead to those pregnant women not being able to give birth under safe circumstances should also be addressed. All these should be done.

However, even if these are done, the worries of Hong Kong people about problems that may crop up in the future may never be effectively dispelled. To be honest, if the number is really that much, I think that it would be helpful to the problem of ageing population in Hong Kong. The situation is like what had happened after the Second World War when many new immigrants came to Hong Kong. The result was there was a certain increase in the population and there was economic development in our society which tied in with the situation. Then in the 1960s, there was an influx of people from all over China into Hong Kong and at that time we permitted many people to land here and it was because of these people that our manufacturing industries started to grow. All these show that people from the Mainland do not necessarily mean a bad thing for us, but it could mean something good. The problem now is we have not done any statistics or estimates on this, so what should we do to cope with the situation? I am not saying that we should be selfish. I think any country or place must have its own strategies to deal with the question of its future population make-up. Often times we say that we want to attract the professionals. I think the Government should do something more on this to address the concern of the people.

Let me stress once again, we support the series of measures introduced by the HA recently. However, I must stress that these are only stop-gap measures and the real solution to the problem of mainland pregnant women coming here to give birth is to be sought by people higher up in the Government. I hope the Government can tell Hong Kong people what it would do.

Madam President, I support the original motion and the amendments today. Thank you.

MR ALAN LEONG (in Cantonese): President, our situation smacks more and more of this fad which appeared eight years ago of irrationality and distortion of facts in digging up old scores, and many people have even mentioned the CHONG Fung-yuen case of five and a half years ago, making the prevention of an unchecked growth in population antithetical to human rights. It seems that a concern for the rule of law will open the floodgate and lead to an influx of people. To maintain social stability, it is thought that the rule of law will necessarily have to be sacrificed.

President, just as the Chief Justice said in his speech delivered at the Ceremonial Opening of the Legal Year 2006 two days ago and I quote, "the courts are only concerned with what is legally valid, and what is not, in accordance with legal norms and principles the practical solutions to the complex and difficult political, economic and social problems must be discussed and found through the proper operation of the political system" (end of quote). The consideration of the Court at that time was only whether or not CHONG Fung-yuen could have the right of abode in Hong Kong according to the law. Only the executive and legislative departments, not the Courts, are the most appropriate place to solve problems relating to issues that have an impact on society.

On the role played by the executive and legislative departments, I would like to recap some of the historical events that actually took place in this Council. President, on 2 April 2003, Mr Albert CHAN raised a written question on matters concerning pregnant women holding Two-way Exit Permits who overstayed in Hong Kong to give birth. The Government's reply was that the Immigration Department did not compile any statistics specifically on overstaying pregnant women and what it tried to do was to repatriate these pregnant women before they gave birth and that those pregnant women who were about to give birth soon would be allowed to give birth in Hong Kong on humanitarian grounds before they were repatriated subsequently.

Four weeks later, an oral question was raised by a Member on the Individual Visit Scheme (IVS) for mainland residents. Miss CHOY So-yuk asked whether the Government had made any arrangement with Guangdong Province to prevent pregnant women from using the opportunity offered by the IVS and flocked to Hong Kong to give birth. The Government only reiterated that it would prevent the overstaying of these mainland pregnant women through law-enforcement action but cited no concrete figures or measures in reply.

Then in July last year, Members raised questions to the authorities again on the issue of mainland pregnant women giving birth in Hong Kong. The Government said that it was believed that an overwhelming majority of babies born of non-local women would return to the Mainland with their mothers and therefore the Government would not distinguish between mainland and local women with the registration of births. What the Government would do was to undertake planning in population policy by compiling figures every two or three years on infants entering and departing from the territory.

President, these events in the past tell us that even at the preliminary stages of the formulation of the IVS, various political parties and groupings in the Council had already reminded the Government time and again that data on mainland pregnant women coming to Hong Kong to give birth should be collected and proper discussions should be held with the mainland authorities on the basis of the information obtained. This is to prevent population problems from being caused by this unchecked influx of mainland pregnant women into Hong Kong. It is unfortunate that the decision-making authorities only set their eyes on the business opportunities offered by the IVS and they do not even bother to make some simple statistical differentiation. The result is when society ponders over a solution to the problem seriously, there is an absence of reliable figures at hand, hence resulting in rampant growth of biases and prejudices.

President, in view of the stringent resources in the obstetrics and gynaecology departments in the public hospitals now and the need to relieve the pressure on front-line health care personnel, it is high time that the Government increased the resources for obstetrics departments to ensure that local pregnant women and their babies will be given priority and proper medical care. At the same time, pregnant women who come to use gynaecological services in Hong Kong should be urged to undergo prenatal examinations. To eliminate the danger of pregnant women coming to Hong Kong when they are about to give birth, those non-eligible pregnant women without a medical certificate should be refused entry into Hong Kong.

President, there should be in-depth discussions on the local population policy on top of health care and immigration policies. There are views that the problem should be solved by approaching it from the right of abode of children born of non-local women. We must give serious thoughts to that and see whether it is suitable for Hong Kong which is presently facing problems like an ageing population and a low birth rate, whether this would affect the right to

family reunion of children born of Hong Kong and mainland parents, whether children born of women from the Mainland and places like the United Kingdom, the United States, Australia, Canada, and so on, would be regarded as the same and all denied the right of abode in Hong Kong. Or should immediate action be taken to assess the number of babies who are about to get the right of abode in Hong Kong and preparation be made in areas like education, housing and social welfare to meet the challenges to population growth so posed?

President, we must expeditiously undertake a scientific study on the issue of non-local pregnant women giving birth in Hong Kong before the problem has run out of hand. We must not issue threats like Hong Kong will be drowned by the influx of 1.67 million people from the Mainland born of Hong Kong parents. Facts in 1999 showed that people in power liked to ignore the rule of law and all they wanted was to take the fast track and pretend that potential social problems were not there. At that time the Government thought that an interpretation of the Basic Law was more preferable, hence nothing was done to explore into a population policy. We must never repeat the same old mistake of making some irrational decision and hence missing the opportunity of solving the problem.

President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): President, Ms Audrey EU said earlier that when we look at the figures, we should not only look at those for 2000, that is, those on the birth rate, but those figures before 1997.

I am sorry, President, but I think that we cannot help but look at the figures after 2000 because the Government thought that the birth rate after 2000 was low that the obstetrics and gynaecology departments of a few hospitals were closed. This actually happened. On the other hand, the birth rate has been climbing up since 2000. But the Government seems not to notice this increase in figures and it does not care about it. As the Government does not care about it, it has never occurred to it and it is not aware of the consequences of this rise in figures.

We all know of the problems caused by mainland pregnant women in Hong Kong after 2000. Mr Alan LEONG has been talking about history all the time just now and he said that Members and the public had reminded the Government that it should pay attention to the problem. But the Government

did not do so. It was until this summer that a group of local pregnant women contacted me and told me that the problem had become very acute. Not only would they have to sleep in the corridors of the hospitals but more importantly, when it comes to the second child they are bearing, then sorry, they can no longer use the ultrasound service. The reason given is that since the first child they have given birth to is healthy and as resources are scarce, they would no longer be eligible for ultrasound services for the second child.

President, apart from that, it turns out that the prenatal check-ups which used to be done once every six weeks are now changed to once every eight weeks. Can the expectant mothers not be worried? This group of local pregnant women are worried not just about their own health, they are also worried about the fact that when these mainland pregnant women come to Hong Kong, it is almost just one or two days before the expectancy date before they come to the accident and emergency department. It is very dangerous for them to do so and it is also most pathetic. They think that this is not just a problem related to the obstetrics and gynaecology departments or the local system, it is also found on the Mainland and so they asked me to help them. Then I organized a march for them and it was quite beyond my expectation that when only a few dozen of these pregnant women took to the streets, the impact produced could be so great and concern was aroused throughout the community. It is true that it is not just a question of some people defaulting payment of bills but more seriously, it is about the rights and health of both local and mainland pregnant women being neglected.

Unfortunately, the Government is acting as if it is not aware of anything and turning a blind eye to the problem. At last, when the problem became acute, that is, when everyone starts to talk about it, the Government begins to tackle the problem in great haste. President, how does the Government tackle the problem? It is only approaching it from the perspective of money, thinking that money can solve every problem. But will this work? Papers from the Government tell us that 85% of the mainlanders use our obstetric and gynaecological services by going to the accident and emergency department. So what is the point of raising the hospital fees? Conversely, the fee hike has led to a result and that is, the innocent are affected. This is because when the public hospitals increase the fees, the private sector hospitals will think that it is an opportunity for them to raise the fees as well. As a result, local pregnant women are the first to suffer and they have to face the problem of spending beyond their original budget because fees are raised for no justifiable reason.

President, this is not simply a problem of people having to pay for fees beyond their budget, for a vicious cycle will be created. This is because those pregnant women who originally planned to go to the private hospitals will have to go to the public hospitals for obstetric and gynaecological services because this fee hike has made services at private hospitals beyond their financial means. Hence public hospitals will have to face more pressure. What then is the point of it all?

The Government, especially the HA, now tells us that we do not have to worry and efforts will be made to ensure that local pregnant women will be given the priority and they will get the services they want. President, there is a question of quality in services. Services provided may mean the things I have just mentioned, that people may have to sleep in the corridors, get no ultrasound check-up, and routine check-ups once every six weeks are changed to once every eight weeks.

What kind of complaints have I got recently? There is a pregnant woman who lives in Mei Foo who originally planned to give birth at Princess Margaret Hospital, but the quota there was full and her application was rejected. So she tried Kwong Wah Hospital which is also quite near her home. But she was told that the quota was also full. Which hospital did she go at last? She had to go to Queen Mary Hospital. There are not just cases of pregnant women having to go all the way from Mei Foo to Queen Mary Hospital, but there are also cases of women having to go from Tin Shui Wai to Queen Mary Hospital as well. Is this is the kind of service local pregnant women will get when the Government says that they will be looked after? President, is this a proper way to handle problems? This can only show that the Government does not care about the problem, not at all.

President, quite a number of Honourable colleagues have talked about the population policy today and they say that this should be a good thing for us if we let our woman compatriots give birth here. I am not opposing this. But it begs the question, "Should it be part of our population policy?" I have doubts about this. It is because when mainland women come here to give birth to children, we know that the most important reason for them to do so is not the excellent health care system in Hong Kong but the fact that under the "one child policy" of the Mainland, when the baby they expect is not a boy or of the sex they want, they will come to Hong Kong, until they can get what they want. However, the greatest problem is whether the kids will stay in Hong Kong eventually. And this is something no one can tell.

Besides, they may also choose to stay in both Hong Kong and the Mainland. According to what Alan LEONG has just quoted of the Government, that the authorities will devise social policies according to the size of arrivals and departures, I would be very worried about the kind of criteria to be taken. When social policies are to be formulated, how can balanced and accurate planning be undertaken? This is worrying.

At present, the policy of the Government only shows that it will think in terms of money and the problem is to be solved by raising the fees. There is no long-term consideration on how the problem is to be addressed by government policies in general. This is really disappointing and much to be regretted. If this is what the Government is doing, it only serves to show that this is a totally irresponsible Government. Any policy that it will devise will totally be unsound and out of balance. It does not base its work on the birth rate at all, especially when it comes to the question of meeting the practical needs of these people who will later live in Hong Kong. This is really so disappointing.

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

MR MARTIN LEE (in Cantonese): Madam President, today, many Members have spoken. I think most of them are looking at this issue in a positive light and I find comfort in this fact because this issue has been given too much negative publicity in society. Mr LEUNG Yiu-chung said just now that he was the one who organized the very successful rally staged by several dozen people. It is obvious that this issue has become a problem, and it is a problem that must be solved as soon as possible. But I think it has not become a cause for panic. Therefore, if the Government is a responsible one and if it can come out and put forward a very good strategy to allay public concern, this problem can be solved as soon as possible. Of course, the strategy should comprise short-term and long-term measures and this is the way to solve the problem.

Concerning the short-term strategy, Members have all talked about it. Local pregnant women are feeling very concerned. They are already pregnant, so what should they do? Are they supposed to go to the Mainland to give birth to their babies? Therefore, the Government should propose a strategy as soon as possible to make it clear what measures it will take to solve this problem. Members all agree that pregnant women in Hong Kong should not receive lower

priority, however, how can we put this point into practice? Of course, this is the responsibility of the Government. However, if we look at this issue from another angle, then we must ask this question. Why do so many pregnant women want to come to Hong Kong to give birth to their babies? If we look at this issue in a positive light, this is a great compliment to Hong Kong. Conversely, if pregnant women in Hong Kong wanted to go to the Mainland to give birth, this would sound the knell for Hong Kong. Of course, such an achievement has not come by for no cost because we are better than the Mainland in many areas — we hope that this is so, however, such an achievement carries a price tag.

Many Members said that as long as we could devise a good population policy, we could look at this issue in a positive light and this is what we should do because our birth rate is at present really inadequate. Although in the past, it was said that "two is enough", we now know that this is not quite all right and only having three children will be good enough. Although Ms Audrey EU has three children, I have only one and the Chief Executive has only two, so we have not yet lived up to the standard. In that case, what should be done? On the one hand, the Government is encouraging women in Hong Kong to have more children, and on the other, the existing measures are not good enough. If women in Hong Kong are so scared that they do not want even to bear a single child, that would really be a big problem.

This is a problem that can be solved because mainland pregnant women are now coming to Hong Kong to give birth. Since we do not have enough babies, and if people come here to give birth to babies, what is so bad about it? Of course, some Members may say that these babies may not necessarily be raised in Hong Kong, so it is necessary for the Government to include matching measures in its strategy. Not only should we let these women come here freely and give birth here freely, we should also hope that these babies will grow up quickly in Hong Kong, so that they can become the new blood for the working population in Hong Kong.

Since our population is ageing — Madam President, it is a shame that people will only get older but not younger — so what should be done? The problem of an ageing population in Hong Kong is deteriorating and the number of babies is not enough, so should we not capitalize on this opportunity by all means to attract the parents of these babies, so that these babies can grow up in Hong Kong? In the long run, it will be possible to do so.

In fact, I am feeling somewhat unhappy today because although the two Secretaries are both present, they are going to speak only after we have spoken, so it is not possible for us to know in advance what excellent strategy they have. Had they spoken earlier, they would have put the minds of Members at ease by now. However, I still hope that the SAR Government can come up with an excellent strategy as soon as possible.

In fact, the present state of affairs has not yet reached a stage of panic, so if we are already panicking, I think it is most unfortunate. The attitude that we should take is to welcome these new baby immigrants and we should by no means cause social division. So long as the Government fails to put forward a good proposal, society will remain divided due to the negative publicity and these immigrants from the Mainland will face discrimination. In fact, we should ask ourselves how many Members did not owe the fact that they live in Hong Kong to the fact that their fathers or grandfathers migrated to Hong Kong. Do Members have children who were born in other countries? Do they have relatives or friends whose children were born overseas? Why do we look at this problem in such a negative light?

However, Madam President, as I said just now, the comments made by most of the Members who have spoken today are positive, therefore, I think this problem should not cause any panic in society. It is totally unnecessary for us to demand that the Government take harsh measures to prevent mainland pregnant women from continuing to "assail" Hong Kong, as some people put it, rather, we should put in place a good policy to solve this problem. When women in Hong Kong are unable to meet the target of bearing three children, as Ms Audrey EU did, we should hope that these babies born in Hong Kong can be an asset to our society. We should welcome them instead of rejecting them. Thank you, Madam President.

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

MR LEUNG KWOK-HUNG (in Cantonese): Women are the indispensable material agent for the propagation of mankind. If we describe some pregnant women as though they were criminals and paint them in a rather bad light, our moral standard has in fact declined to a very low level. In fact, the saying that

"everyone has parents" says it all, does it not? Of course, these pregnant women now in Hong Kong are also women and they are experiencing the joys and pains of pregnancy and they are also very concerned about their babies. This we understand, even though I have never been pregnant.

The problem is that it seems the Government has only told half of the story. It is said that a wave of pregnant women is assailing Hong Kong — even though we find that there has been a two-fold increase in the figure each year, we are actually talking about 10 000 people — initially, the Government was unwilling to conduct any survey, considering it to be unnecessary, that there was no need for us to say so much, that they could fix the problem by themselves and that it would only be necessary to do something in immigration clearance. However, this matter is really a responsibility of the Government. Had the same approach as that in dealing with the 1.67 million people in the right of abode issue been adopted and the Government is just as hardworking (of course, it has now been shown that it had deceived people), how would things have come to such a state?

It is estimated that if the birth rate drops, we will have to close some of the facilities that provide maternity services to save resources. Why? Because when Mr TUNG was in office, his major direction was to achieve savings. Except the pay for senior officials, all expenditure had to be slashed. Such was the policy laid down by him. Initially, it was according to scientific data that he noticed a possible decline in birth rate, however, when other people requested that he conduct a survey on the actual figures, he did not do so. In other words, he forsook a responsibility of his because had he assumed the responsibility, it would have been possible to estimate objectively the annual figure, whether the maternity services that had been cancelled should be restored and whether he should reconsider this matter. However, he did not do so.

Fine, so this matter had developed until such a stage that some pregnant women took to the streets in protest and of course, it has become a serious matter, has it not? It transpires that the Government has failed to act on a matter that it should have. I will put aside the question of whether the officials concerned have wicked hearts and minds — of course, as officials, surely they should not be like that, should they? Therefore, if they demonize those pregnant women, other people would overlook the things that they should have done. As a result, mainland women who swarmed to Hong Kong were described as being irresponsible and they were accused of this and that. Of

course, I will not venture to say how many of such reports are true and how many of them are false, nor will I venture to say if any of them was exaggerated. However, one fact as hard as iron that I know is that a certain government has not performed its duties, has it?

Had it not been driven to desperation, had it not been the fact that other people had won their case in the Court of Final Appeal, it would not have come up with this claim about 1.67 million people. Really, I have never heard of any other government doing such a thing. It was when it had lost its case to such an extent that nothing could be salvaged and other people wanted to do something that the Government said that 1.67 million people would come to Hong Kong, that 1.6x million people would swarm here, so on, so forth, so as to scare Members of the Legislative Council. At that time, Members believed that for once, they might as well be deceived. For the future well-being of Hong Kong and to prevent Hong Kong from sinking, Members cast a vote in support of it and allowed it to do such things.

Therefore, we can see from this how the behaviour of the Government is like. In fact, it is politics above all else. In other words, its policies are implemented mainly for the sake of maintaining its political authority. This is what we saw in the right of abode issue and this issue involving pregnant women only shows in the other way round that the behavioural pattern of the Government has not changed, that is, it is still adopting a piece-meal approach of "treating the head when there is a headache and treating the foot when the foot aches". Sometimes, when it was in haste, what it would do was even worse than that, and what it did was "treating the foot when there is a headache and treating the head when the foot aches". In sum, so long as treatment has been given, the job is done. Do Members not think that this is a serious matter? "Treating the head when there is a headache and treating the foot when the foot aches" is still acceptable, however, it is now doing things the other way round.

In fact, after our Chief Executive had been pictured whistling, he came here to say flamboyantly, "Hey, man, you have to bear three children." He really was wagging his tongue irresponsibly. I wish very much to ask the two Secretaries if they have conducted a study on the ways to raise three children. Have they, or have they not? I have already asked them — if they have not, that means someone wagged his tongue irresponsibly, if they have, then what should they be afraid of in the face of this wave of pregnant women, since men, this is something you have expected? Therefore, a very simple reasoning is that

if the Chief Executive did not wag his tongue irresponsibly, then you have hidden the truth because the Chief Executive has already imparted a stratagem to you, therefore, even if there were another 10 000 pregnant women, you could still take them all.

This debate highlighted the fact that our Government will set aside issues of its own making that it is incapable of solving or those that are related to the ordinary public. The Chief Executive went to Beijing and said, "I, Donald TSANG, have done a good job of ruling this place." The Central Authorities then gave him some big gifts. He enumerated one, two, three or four matters but he happened to be silent on this matter. Since it was one of those things he could not fix, it happened to be the thing he did not mention. Under such a system, in the politics of preordination, it is practically impossible for the Chief Executive not to bend to the will of other people, that is, the Central Authorities did not indicate implicitly or explicitly that he can talk about this issue in Hong Kong. If they did, then he can talk about it, or when he received gifts from the Central Authorities, he could talk about it. The worst thing of all now is that the Government has been negligent in its duties and wants to cover this up, so it deliberately prevents Hong Kong people from getting the information and encourages Hong Kong people to harbour misunderstandings about pregnant women from the Mainland, so that pregnant women from the Mainland are demonized. If we put it in a meaner way, such practice is shameful and disgraceful.

In fact, to solve this problem relating to pregnant women, the first thing is to provide the services that were cut by the Government before tackling this surge. Are you going to do so?

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

MR JAMES TO (in Cantonese): President, since my colleagues have already spoken, I only wish to add a few words.

As Mr Martin LEE said, many Honourable colleagues in fact look at this issue in a relatively positive light and are also looking actively at how we can move forward and minimize some of the impact. However, in fact, we also have a bottomline and that is, we must not discriminate against anybody.

However, the prerequisite is how we can protect local pregnant women. If we talk about protecting local pregnant women, does it mean that we must have their welfare as our foremost consideration? If we must, we definitely have to ask ourselves whether our health care system or society as a whole can withstand this or how many pregnant women from the Mainland or other places who come here to give birth we can cope with.

However, our precondition is that resources have to be increased. I believe that in the present circumstances, this is essential. However, the problem is that, since the supply and demand are not totally linear, nor are they completely flexible, we have to ask questions such as whether all other specialists have to become obstetricians, given that there are several hundred medical school graduates each year. Alternatively, is it necessary to convert all wards into maternity wards?

Therefore, on these premises, if we are convinced that we can only cope with a small number of such people, we have to consider whether, under our present legal or value systems, we can refuse the entry of these pregnant women if necessary. What is our legal basis? When making the selection, have we based our judgement on values relating to eugenics or wealth or background? From what angle are we approaching this matter? Of course, the ultimate bottomline is whether we have the power to refuse.

I hope the Government can give a clearer answer on this issue because when I raised this question several years ago (in fact, I noted this problem at a very early stage and have pointed it out to the Government), the Government's position at that time was rather optimistic and it even said that further observation was necessary, or something to that effect. However, the Government said at that time that from the legal point of view, it seemed it could not refuse their entry. However, the tone of the comments made by the Secretary recently gave friends in the press or the public the impression that it seems we have the power to refuse entry. Where actually do the limitations of the power in this regard lie? Do we have such a power?

This is the first important question because if it is ultimately found that we do not have such a power under the existing law and we have such a need in the future, is it necessary to amend the legislation? Of course, we cannot amend the legislation easily, can we? This is because we have to uphold some fundamental values.

However, the second point is: What is the view of the Mainland? What we have seen of late and the responses that Secretary Dr CHOW got during visits across the boundary make me a bit worried. I do not know how this issue was raised, however, according to the initial responses that I saw, it seems that the Mainland considers this matter to be Hong Kong's business. Since we like all those visitors coming under the IVS, of course, it is possible that some visitors will come here to engage in various activities including giving birth to babies. Besides, some pregnant women may go to private hospitals and in that case, we can simply charge them. Is it necessary to ask the Mainland to solve this problem or can Hong Kong solve it on its own?

From my preliminary impressions and feelings — and I am looking at this matter with my subjective goodwill — the message that the Mainland wants to give is that if Hong Kong can fix this problem, perhaps we should fix it on our own by all means. If we really cannot fix it, then we can raise it with the Mainland. When I got this message, my own view is that it is not the case that the Mainland does not care at all. However, the most unfortunate thing is that the message many other people got was that the Mainland seems to be saying that this is entirely our problem and the Mainland does not care. What actually is the message that the Mainland has given us? Can the Secretary say more frankly to Hong Kong people what we can actually do? Be it under the law or under the body of international covenants, or even according to the values that we uphold, what are the things that we can do?

The amendment proposed by the Democratic Party relates to the possibility that some syndicates (particularly those seeking to make money) may encourage, aid and abet some people (even people who can be legally prosecuted) to help mainland pregnant women come to Hong Kong to give birth in a systematic and organized way. I do not know what the views of other Honourable colleagues are — do Members hold the view that these women should be welcomed and the more of them, the better, because Members think that we can cope, so why should we clamp down on this? These women may even help us obtain more health care services. If this is not what they think, then I think that on this problem, since we cannot make projections or carry out planning at all under the existing system, if some people deliberately assist pregnant women in overstaying in Hong Kong in an organized way, with a view to making money and the law of Hong Kong is violated as a result, should we not clamp down on this? I myself believe that it is definitely necessary to do so.

Of course, some people may say that the great majority of them were not assisted by any syndicate, however, at least, we have to deliver the message that although we do not discriminate against them, similarly, it is not the case that we welcome as many as possible or welcome them to such an extent that we are craving for them. We are not like that. Because if we talk about the extreme scenario, it is not possible for Hong Kong to cope with the prospect of all pregnant women among the more than 1 billion people on the Mainland coming to Hong Kong, although I am exaggerating. This is something that we cannot withstand. Therefore, in these circumstances, apart from paying close attention, if there is any behaviour that will increase our pressure or will make it impossible for us to make projections or carry out planning, I think such behaviour must be curbed and deterred.

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 now call on Dr Joseph LEE to speak on the two amendments. You have up to five minutes to speak.

DR JOSEPH LEE (in Cantonese): Madam President, in fact, the greatest difference between the two amendments proposed by Dr KWOK Ka-ki and Mr Andrew CHENG respectively and my original motion lies only in the wording. They have outlined the direction to be taken and their demands more specifically. I believe this is not in any way at variance with my original motion, so I will also fully support the two amendments.

However, I am a bit concerned because having heard the speeches delivered by more than 20 Members today, as well as their demands and views relating to this matter, I am worried that the two Secretaries who are present may not be in a position to respond because these matters have exceeded the ambits of the two Secretaries here, so perhaps it will do only if the Chief Secretary for Administration comes here to give a response. Still, I wish to listen to the replies to be given by the two Secretaries. Thank you.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, I am grateful to all Members for their views on the implication of mainland pregnant women giving birth in Hong Kong on Hong Kong's public services. The Secretary for Security and I will explain to Members the policies and measures adopted by the Administration in facing and tackling this problem. My response will focus mainly on the health care services and later, Secretary Ambrose LEE will talk about the immigration measures.

First of all, I have to emphasize one point, that is, the prime objective of the authorities' policies is to ensure that local pregnant women are provided with proper obstetric services and priority care. In this connection, I have to point out that the obstetric services provided by the Hospital Authority (HA) have all along been adequate in meeting the demands of local pregnant women. Local service capacity is 30% higher than the demand of local pregnant women and at the same time, there is still some room to provide services to non-local pregnant women. However, the facts that there was a substantial increase in the number of non-local pregnant women using the HA's obstetric services over the last couple of years and that it is difficult for us to estimate the future growth rate will create additional pressure on public health care resources and services. The HA has already announced measures to strengthen its obstetric services at public hospitals and to give priority to local pregnant women in providing such services.

Although there are different reasons for mainland pregnant women to come to Hong Kong to give birth, in order to avoid any adverse effect on Hong Kong's public services as a result of mainland pregnant women giving birth in Hong Kong, particularly on public health care resources and services, the Government hopes to, by means of immigration and other measures, limit the number of non-local pregnant women coming to Hong Kong to give birth and deter the abuse by non-local pregnant women in seeking emergency hospital admissions through accident and emergency departments shortly before labour without receiving proper antenatal examinations.

According to the statistics collated by the Immigration Department (ImmD), the number of births by mainland women in Hong Kong has increased by 158% from 10 128 in 2003 to 26 132 in 2006. According to the existing policy, these babies are entitled to various public services in Hong Kong

including health care, education, housing, social welfare, and so on. When planning for the long-term provision of the relevant services, the Government has to take into consideration the demand of these Chinese citizens born in Hong Kong. However, the demand depends to a very large extent on whether such babies will return to the Mainland soon after birth or settle in Hong Kong.

At this stage, the Government does not have sufficient statistics to come to any conclusion on the long-term impact of this situation on Hong Kong. The Census and Statistics Department will release a set of updated population projections in mid-2007 based on the results of the 2006 Population By-census. Besides, the Department and other relevant bureaux and departments are also studying how to gather more information from various channels to enable the Government to collect more information to handle this issue.

At present, the public service directly affected by mainland pregnant women giving birth in Hong Kong is mainly the obstetric services in public hospitals. According to the latest figures, public hospitals handled a total of about 40 486 delivery cases last year, which is roughly the same as the figure in 2005, however, compared with the 35 499 cases in 2005, the number has increased by 14%. The increase in delivery cases was attributable to the significant increase in the number of non-eligible persons (NEPs) (to put it in simple terms, that means persons not holding Hong Kong Identity Cards) seeking treatment, which has increased from 8 692 cases in 2003 to 12 072 in 2006. At present, the births by NEPs account for about 30% of delivery cases handled by public hospitals.

Since September 2005, the HA has introduced an Obstetric Package Charge for NEPs, pitched at the minimum amount of \$20,000 for a stay of three days and two nights and \$3,300 for each extra day of hospitalization. After the implementation of the NEP Obstetric Package Charge, the number of non-local pregnant women using the obstetric services in public hospitals in Hong Kong has decreased. In 2006, a total of 12 072 NEP women gave births in public hospitals in Hong Kong, representing a decrease of about 13.3% from 13 917 similar cases in 2005.

However, data in recent months appear to suggest that the number of births by NEPs in public hospitals may be on the rise again in 2006. According to the estimates made by the HA according to past trends, the number of birth

cases that will be handled by public hospitals in 2007 may experienced a year-on-year increase of 7.3% to 11.2% in 2007 to between 44 000 and 45 600 cases. We anticipate that the obstetric services in public hospitals will continue to come under pressure this year.

Apart from obstetric services, the HA is also experiencing pressure on its neonatal services. As neonatal intensive care is generally not available in the private sector, almost all cases of premature or high risk babies are referred to public hospitals. As a result, the demand for the HA's neonatal intensive care services is higher than the overall increase in the number of births in Hong Kong.

Members have expressed concern about the manpower situation in public hospitals. According to the present estimate, we believe that relatively speaking, the number of doctors providing obstetric services can still be considered adequate. However, the manpower situation amongst midwives and neonatal intensive care nurses is more tight, as a result, the HA has experienced difficulty in responding to the demand changes. As at October 2006, the projected wastage rates in 2006-2007 for the two types of nursing staff were 5.3% and 6.5% respectively. The HA believed that the high wastage rates in obstetric services could be attributed to increasing work pressure and the requirement of frequent night duties. In addition, the practice of midwifery in public hospitals is generally regarded as more difficult work, as it requires 18 months of extra training as well as compliance with statutory licensing requirements and practising independently when delivering babies. All these are causes contributing to staff drain. As the private sector expands its capacity in obstetric services, the HA reckons that more midwives may be attracted to the private sector.

In order to cope with the increasing demand for its services and to ensure that proper and priority obstetric services in public hospitals will be provided to Hong Kong expectant mothers, the HA has announced a series of measures to expand the relevant health care services and increase its manpower. On service expansion, the HA has already deployed additional beds for obstetric patients. The HA will also pay close attention to service demand and stand ready to expand its obstetric and neonatal services as required.

In respect of manpower, the HA will try actively to retain existing employees and conduct recruitment exercises. Relevant measures include:

- improve the remuneration, fringe benefits and promotion prospects for midwives and neonatal intensive care nurses,
- increase training places for midwifery and neonatal intensive care,
- recruit additional staff through multiple channels and with more flexible employment terms (for example, part-time employment or hourly rate) and
- provide relief to midwives and neonatal intensive care nurses from non-nursing duties with the recruitment of more supporting staff.

We will ensure that appropriate resources will be available to tie in with the implementation of the foregoing measures if necessary.

In order to ensure that local expectant mothers would have priority access to obstetric services in public hospitals, the HA will implement new service arrangements. In this connection, the HA will set up a central booking system for antenatal services. In future, pregnant women making use of the obstetric services provided by the HA must make prior arrangements with hospitals. However, once service capacity is reached, the authority will stop entertain bookings for non-local pregnant women. Local expectant mothers will be given priority in the booking of antenatal services over NEPs. The HA will also reserve sufficient places for local pregnant women to ensure that they have priority over NEPs in the booking of obstetric services. In addition, the HA will ensure that all local expectant mothers would be able to gain access to the necessary obstetric services within their own hospital cluster.

The central booking system will also enable the HA to better assess the demand for obstetric services and plan service expansion, if necessary, in advance. To this end, the HA is discussing with private hospitals on ways to further enhance co-ordination, implement the booking system, issue booking confirmation certificates and avoid double bookings through the exchange of information, with a view to making the most effective use of available resources for obstetric services.

A review conducted by the HA a few months ago found that the current rate of the NEP Obstetric Package Charge is still on the low side when compared

to charges for similar services by private hospitals. It was also found that a majority of mainland women continued to seek hospital admission through the accident and emergency departments and were unable to produce convincing evidence of having received antenatal examination and care. This situation is very dangerous as it will result in increased risks for the babies and mothers and of infection for health care workers.

To reduce the number of mainland pregnant women using the obstetric services provided by the HA and to deter dangerous behaviour by non-local pregnant women in seeking last-minute hospital admission before labour through accident and emergency departments without undergoing antenatal examinations, as a measure to rectify the situation, the HA will increase the minimum amount of the NEP Obstetric Package Charge to \$39,000 to remove the financial incentive for mainland women accessing public hospital services. However, this rate will only apply to NEPs who have made bookings with the HA for hospitalization and have undergone proper antenatal examinations. The HA will issue booking confirmation certificates to persons who have made the bookings. For NEPs who seek emergency hospital admissions through accident and emergency departments without a booking, the minimum charge will be \$9,000 higher at \$48,000 to serve as a deterrent for such behaviour.

In order to reduce the risks of labour and ensure satisfactory antenatal examinations are done before delivery, the \$39,000 package will also include the first attendance at obstetric specialist out-patient clinic. The fee has to be paid in full at the time of making the first booking. According to the calculations of the HA, the charges will be adequate in recovering costs. The HA is now making the relevant preparations and the new charge and the booking system for obstetric services will be implemented at the same time in February this year.

In sum, in respect of medical services, the authorities have implemented or will implement measures to boost the manpower in obstetric services and neonatal services. Depending on service demand, the HA will stand ready to expand the relevant services as required to ensure that public hospitals have the capacity to meet the needs of local pregnant women. In addition, the new service arrangements will also be implemented in public hospitals to ensure that local pregnant women will have priority in receiving the necessary antenatal and hospital care.

However, in the face of the increased number of mainland pregnant women coming to Hong Kong to give birth, public hospitals are ultimately at the receiving end. Apart from adjusting charges to influence demand, it is impossible for hospitals to effectively control the number of non-local pregnant women seeking admission through accident and emergency departments on their own. The Government fully understands the difficulties confronting public hospitals in this regard, therefore, the ImmD will implement complementary new immigration measures by stepping up arrival checking of all non-local pregnant women. I now invite Secretary Ambrose LEE to give a reply concerning immigration measures.

Thank you, Madam President.

SECRETARY FOR SECURITY (in Cantonese): Madam President, Secretary Dr York CHOW has just mentioned that the Government and the HA will implement new arrangements for health care services, so as to ensure that local pregnant women can receive proper and priority care, and that they hope the number of pregnant women coming to Hong Kong to give birth can be restricted within the capacity of the local health care system.

The Government will introduce corresponding measures in the aspect of immigration control. If we have reasonable grounds to believe that a certain type of visitors does not conform to government policies, immigration officers shall exercise the discretionary power conferred upon them by the Immigration Ordinance to refuse the entry of such visitors. Since the number of non-local pregnant women has brought great pressure on the local public health care system, the Chief Secretary for Administration has earlier on convened an inter-departmental meeting to explore possible solutions to the problem. It was decided at the relevant meeting that the ImmD shall be responsible for stepping up the checking of non-local pregnant women already reached the latter stage of their pregnancies. If a pregnant woman fails to make the immigration officer accept and satisfied with the purpose of her visit, such as not purely for sightseeing or visiting their relatives, but for giving birth to her child in Hong Kong and possibly abusing the local health care services, the officer will then refuse her entry. Besides, Secretary Dr York CHOW has mentioned earlier on that an advance booking system will be introduced in February in the obstetric services of both public and private hospitals. By then, the ImmD will require

mainland pregnant women who intend to give birth to their children in Hong Kong to produce further documents to prove that hospitals in Hong Kong have confirmed the arrangements for their hospitalization. Otherwise, they will be refused entry to Hong Kong.

In implementing the measures, immigration officers will have to strike a right balance between law-enforcement needs and the personal safety of the pregnant women. Therefore, they shall have the full assistance from medical and health care workers working at boundary crossings. If necessary, the relevant persons will first be sent to medical and health care workers for check-ups. If the cases are not urgent, immigration officers will expeditiously repatriate persons who have been refused entry to their places of origin.

The new matching immigration measures are mainly for ensuring the reasonable use of resources of the local health care services. The Government does not refuse the entry of any persons to Hong Kong only on the ground of their pregnancies. The relevant government departments are finalizing the details and co-ordination in the implementation of the measures. We shall announce such details as soon as possible.

Finally, some Members have asked the Government whether it would crack down on the so-called "one-stop delivery services", meaning that some syndicates would make arrangements for pregnant women to give birth to their children in Hong Kong. Now, I would like to stress one point, from the perspective of immigration control, one-stop delivery services may not necessarily involve illegal acts. However, the intermediaries would have committed an offence if they have abetted others to overstay in Hong Kong, to come to Hong Kong through illegal means or to make or provide false declarations or information in order to obtain entry permission or extended stay in Hong Kong. If there is evidence indicating that syndicates are involved in making arrangements for mainland pregnant women to give birth to their children in Hong Kong through the abovementioned measures, law-enforcement departments will do their utmost to crack down on such activities.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Dr KWOK Ka-ki to move his amendment.

DR KWOK KA-KI (in Cantonese): President, I move that Dr Joseph LEE's motion be amended.

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

"To delete "non-local" after "the number of" and substitute with "Mainland"; to delete "in recent years" after "has multiplied" and substitute with "since the CHONG Fung-yuen case in 2001"; to delete "expeditiously" after "this Council urges the Government to" and substitute with "immediately: (a) provide additional resources for the Hospital Authority to tackle the problems brought to Hong Kong's entire public health care system by the large number of Mainland pregnant women flocking to Hong Kong to give birth, as well as to alleviate the tremendous work pressure on frontline health care workers; and (b) conduct a comprehensive study on the implications of the large number of Mainland pregnant women giving birth in Hong Kong on the territory's various public services and financial commitments, and"; and to delete "non-local" after "the problems brought about by" and substitute with "Mainland"."

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

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by

functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

PRESIDENT (in Cantonese): Mr Andrew CHENG, as Dr KWOK Ka-ki's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you have up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

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

President, I wish to spend one or two minutes to give an explanation. If my revised amendment is added to the amendment moved by Dr KWOK Ka-ki, the problem of non-local pregnant women giving birth in Hong Kong will be summed up in a more specific way, so that a number of Bureau Directors can deal with it together.

The debate today has highlighted one important point, namely, I hope that this issue relating to mainland pregnant women giving birth in Hong Kong can, as I said when speaking for the first time, can be transformed from a crisis into an opportunity. What I mean by turning a crisis into an opportunity is that we must not discriminate against pregnant women from the Mainland in any particular way, however, we should also protect the right to medical treatment to which local pregnant women are entitled.

Here, I hope Members will understand that according to the figures that we have seen, the husbands of some of these pregnant women from the Mainland are in fact local residents, therefore, these women will become a member of the Hong Kong community sooner or later, be it by obtaining a one-way permit or through any other administrative measures. In view of this, I hope that through this debate and our amendment, the resources in Hong Kong, a place which was in the past made up of migrants from the Mainland — in the '50s, the waves of migrants after the war made Hong Kong prosperous and stable because there was

adequate human resources; in the 21st century, we are now facing the economic transformation of the Mainland this time around and many women on the Mainland have the financial means to give birth to their next generation in Hong Kong — the resources including those of the Hospital Authority (HA), can be even better utilized, particularly because I mentioned the resources of the HA when I spoke for the first time, so that in the face of this so-called onslaught, an opportunity can arise for the health care services in Hong Kong, so that in future, when facing the international community — be it the Mainland or even the international community — we can have good and quality medical services as well as prenatal and postnatal services. This is what I meant when I talked about my hope that a crisis can be transformed into an opportunity, so that our society can be more harmonious and we will not blame one another for the impact caused by pregnant women from the Mainland.

Thank you, President.

Mr Andrew CHENG moved the following revised amendment to the motion as amended by Dr KWOK Ka-ki: (Translation)

"To add "; (c) collect information in order to understand the future implications on the territory of the large number of non-local pregnant women giving birth in Hong Kong; (d) crack down on the syndicates which arrange for the mainlanders to overstay in Hong Kong to wait for childbirth, so as to resolve the problems brought about by non-local pregnant women giving birth in Hong Kong; and (e) provide additional public resources to ensure that the health care services for local pregnant women will not be affected" after "the problems brought about by mainland pregnant women giving birth in Hong Kong". "

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

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Dr Joseph LEE, you may now reply and you have three minutes one second.

DR JOSEPH LEE (in Cantonese): I thank the 20-odd colleagues who have spoken on this question today. In fact, I think colleagues have spoken very positively on this topic. We do not discriminate against pregnant women from the Mainland. Nor do we have any intention whatsoever to challenge the Basic Law or the laws of Hong Kong. But what I wish to see is that after colleagues have spoken positively, they can, as Mr Andrew CHENG said earlier, regard this incident about mainland pregnant women giving birth in Hong Kong as a good opportunity for the Government to address this problem squarely.

I heard Secretary Dr York CHOW say earlier that the Hospital Authority has a host of measures in place for the protection of local pregnant women. After this incident, I do not wish to see local pregnant women taking to the streets again to call for protection of their rights and interest and to express the wish to be provided with hospital service when they are in labour.

The Secretary for Security also remarked that some measures would be announced as soon as possible to reduce unnecessary entry by non-local pregnant women. We hope that these measures will be duly put into force. But as these are only short-term, we do not hope that after the two Directors of Bureau have given a response, the Government will focus on these measures only, rather than truly tackling the problem at root. If the Government still adopts measures which deal with the symptom but not the core of the problem, given its unclear position, this problem cannot be solved by the long-term planning and population policy of Hong Kong. If that is the case, we may have to raise this issue for

discussion again in this Council a few years later. I hope that the Government can really have a clear position and tackle the sequelae to the impact caused by non-local pregnant women giving birth in Hong Kong through impartial administrative measures, so that Hong Kong will have positive and sustained development. Thank you, President.

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

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

(Members raised their hands)

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

(No hands raised)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 3.00 pm tomorrow.

Adjourned accordingly at twenty-three minutes to Eight o'clock.

Appendix 1**REQUEST FOR POST-MEETING AMENDMENT**

The Secretary for Economic Development and Labour requested the following post-meeting amendment in respect of a supplementary question to Question 6

Line 4, fourth paragraph, page 48 of the Confirmed version

To amend "..... aiming at commissioning the third air cargo terminal in 2008"
as "..... aiming at commissioning the third air cargo terminal in 2011"
(Translation)

(Please refer to line 7, third paragraph, page 3425 of this Translated version)

Appendix I**WRITTEN ANSWER****Written answer by the Secretary for Commerce, Industry and Technology to Mr Jeffrey LAM's supplementary question to Question 1**

Of the 40 major events held at the AsiaWorld-Expo in 2006, there were 27 international exhibitions and 13 corporate functions and entertainment events. All but one of these events were held in Hong Kong for the first time. Among them were 10 exhibitions held in other cities before.

Appendix II**WRITTEN ANSWER****Written answer by the Secretary for Commerce, Industry and Technology to Mrs Selina CHOW's supplementary question to Question 1**

As regards how the Government would ride on the success of the International Telecommunication Union (ITU) TELECOM WORLD 2006 to attract other international exhibitions in the telecommunications sector to Hong Kong, with the successful hosting of the ITU TELECOM WORLD 2006 and the Sixth World Trade Organization Ministerial Conference in 2005, Hong Kong's strengths in hosting mega international conferences and exhibitions have been showcased to the world. We have received a lot of positive feedback commending Hong Kong's first-class convention and exhibition facilities, our efficient transport network, meticulous hospitality service and superb organization ability. Capitalizing on these, the Government and the relevant agencies, including Invest Hong Kong, our economic and trade offices, the Hong Kong Trade Development Council and Hong Kong Tourism Board, will promote vigorously at the international level Hong Kong's advantages as an international convention and exhibition capital. The Government would also enhance our liaison with the Central People's Government and the industry to identify opportunities of hosting large-scale international conventions and exhibitions in Hong Kong and seek to bring appropriate events to Hong Kong proactively.

For example, in March 2007, the Hong Kong Applied Science and Technology Research Institute Company Limited and The Hong Kong University of Science and Technology will jointly organize the 2007 Institute of Electrical and Electronics Engineers (IEEE) Wireless Communications and Networking Conference. This will be the first time that this conference, which is for engineers and researchers at the forefront of development and deployment of wireless technologies, is held outside North America. The organizer anticipates that there will be some 600 to 1 000 participants in this event. The Government will continue to be on the lookout for more international events of this sort to be attracted to Hong Kong.

Appendix III**WRITTEN ANSWER****Written answer by the Secretary for Commerce, Industry and Technology to Dr LUI Ming-wah's supplementary question to Question 1**

As regards whether the Government would consider facilitating the conversion of vacant industrial buildings into middle-range hotels to cope with the development of the convention and exhibition industry in Hong Kong, we have consulted the Housing, Planning and Lands Bureau. We have been advised that the current planning and land mechanisms already facilitate the conversion of industrial buildings into hotels of various classes to meet market demand. Under the established mechanism, where the hotel development is in conformity with the planning intention or has obtained planning permission, developers may apply to the Lands Department for lease modification to convert industrial buildings into hotel use.

We would monitor the situation with the Housing, Planning and Lands Bureau and the Economic Development and Labour Bureau to ensure that the supply of hotel rooms will cope with the development of the convention and exhibition industry in Hong Kong.

Appendix IV

WRITTEN ANSWER**Written answer by the Secretary for Housing, Planning and Lands to Dr Joseph LEE's supplementary question to Question 2**

As regards the specific improvement measures taken by the Housing Department (HD) in the three public housing estates with the largest ageing population, Sau Mau Ping, Pak Tin and Choi Hung Estates are the three public housing estates with the largest number of elderly tenants (65 years or above). The HD has implemented a number of improvement works in these three estates for the benefit of the elderly, including additional ramps, improved handrails, dropped kerbs and tactile warning strips. We have also provided recreational and sports facilities for the elderly (for example, foot massage paths and outdoor fitness equipment), carried out landscape improvements and installed additional benches.

Furthermore, the HD has been providing dedicated facilities for the elderly and the visually impaired in public housing estates since 2006, such as tactile guide paths, voice synthesizers, tactile marking and Braille letter on call buttons inside lifts. The relevant works at Sau Mau Ping, Pak Ting and Choi Hung Estates are scheduled for completion by 2007.

Apart from providing additional facilities in the common areas in public housing estates, we have also carried out flat alteration works for the elderly in need, such as replacement of door thresholds by ramps, improvement to locations and shapes of electricity switches, toilet layouts, shower facilities and locations of pedestal type toilets, widening toilet doors and lowering door thresholds for their easy access.

Appendix V

WRITTEN ANSWER**Written answer by the Secretary for Housing, Planning and Lands to Mr TAM Yiu-chung's supplementary question to Question 2**

As regards how the Housing Department (HD) would address the problem of elderly tenants having to walk up and down the stairs in public housing estates which are built by hillsides (for example, Kwai Shing East Estate), the HD undertakes various improvement works in the housing estates, including installing additional lift towers and pedestrian bridges for some estates which are built by hillsides, in order to provide a better living environment for the residents. When we receive proposals from local organizations for such additional facilities, we will conduct technical feasibility studies on various aspects to ascertain the feasibility of the works. If the proposal is found technically feasible and cost-effective, the HD will arrange for the implementation of such works to facilitate access by residents.

Kwai Shing East Estate is an estate built by a hillside. In view of the difficulties facing the elderly residents in climbing the stairs, the HD, after in-depth study, has decided to install an additional lift in the estate to facilitate the access between Shing Ka House and Shing Kwok House. We are now working on the design for the project which is expected to be completed in 2008.

Appendix VI**WRITTEN ANSWER****Written answer by the Secretary for Security to Mr LAU Kong-wah's supplementary question to Question 3**

As regards the ratio of elderly victims in street deception cases in the past few years, in 2005, of the total of 395 victims, 78 were aged 60 or above, representing 20% of the overall number. In 2006, the corresponding numbers are 219, 76 and 35% respectively.