

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 7 February 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

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 KONG-WAH, J.P.

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

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

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

THE HONOURABLE CHOY SO-YUK, J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE FREDERICK FUNG KIN-KEE, 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 LAU CHIN-SHEK, J.P.

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE WONG YAN-LUNG, S.C., J.P.
THE SECRETARY FOR JUSTICE

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

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

THE HONOURABLE JOSEPH WONG WING-PING, G.B.S., J.P.
SECRETARY FOR 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 AMBROSE LEE SIU-KWONG, I.D.S.M., J.P.
SECRETARY FOR SECURITY

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): There are only 25 persons present. 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): Meeting will now start.

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Road Traffic (Traffic Control) (Amendment) Regulation 2007	16/2007
Immigration (Anchorage and Landing Places) (Amendment) Order 2007	17/2007
Securities and Futures (Contracts Limits and Reportable Positions) (Amendment) Rules 2007.....	18/2007
Tax Reserve Certificates (Rate of Interest) Notice 2007	19/2007

Other Papers

No. 60 — Employees' Compensation Insurance Levies
Management Board
Annual Report 2005-2006

No. 61 — Employees Compensation Assistance Fund Board
Annual Report 2005-2006

- No. 62 — Occupational Deafness Compensation Board
Annual Report 2005-2006
- No. 63 — Pneumoconiosis Compensation Fund Board
Annual Report 2005
- No. 64 — AIDS Trust Fund 2005-2006 Annual Accounts
together with the Director of Audit's Report
- No. 65 — Hong Kong Council for Academic Accreditation
Annual Report 2005-2006
- No. 66 — Report of the Public Accounts Committee on the Reports
of the Director of Audit on the Accounts of the
Government of the Hong Kong Special Administrative
Region for the year ended 31 March 2006 and the Results
of Value for Money Audits (Report No. 47) and
Supplemental Report of the Public Accounts Committee
on Report No. 46 of the Director of Audit on the Results
of Value for Money Audits
(February 2007 - P.A.C. Report No. 47)

ADDRESSES

PRESIDENT (in Cantonese): Address. Dr Philip WONG, Chairman of the Public Accounts Committee, will address the Council on the Committee's Report No. 47.

**Report of the Public Accounts Committee on the Reports of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2006 and the Results of Value for Money Audits (Report No. 47) and Supplemental Report of the Public Accounts Committee on Report No. 46 of the Director of Audit on the Results of Value for Money Audits
(February 2007 - P.A.C. Report No. 47)**

DR PHILIP WONG (in Cantonese): Madam President, on behalf of the Public Accounts Committee (PAC), I have the honour to table to the Legislative Council our Report No. 47 today.

The Report tabled today corresponds with the Report of the Director of Audit on the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2006 and his Report No. 47 on the results of value for money audits, which were tabled in the Legislative Council on 15 November 2006.

The PAC's Report contains three main parts:

- (a) the PAC's assessment of the actions taken by the Administration in response to our recommendations made in the PAC's previous Reports Nos. 44 and 45;
- (b) our observations on the Report of the Director of Audit on the Accounts of the Government for the year ended 31 March 2006; and
- (c) the conclusions reached by the PAC on the Director of Audit's Report No. 47.

At the time when PAC Report No. 46 was finalized, the PAC's deliberations on the subject "Collection of fines imposed by Magistrates' Courts" were continuing. A full report on this chapter was therefore deferred. The PAC has now concluded its deliberations and has tabled the supplemental report on this chapter together with our Report No. 47.

On the Director of Audit's Report No. 47, the PAC has, as in previous years, selected for detailed examination only those chapters which, in our view, contained more serious allegations of irregularities or shortcomings. The Report tabled today covers our deliberations on two of the three chapters selected. The PAC has decided to defer a full report on the subject of "Administration of short term tenancies", so as to allow more time to consider the various issues raised in the Audit Report and the additional information provided by the witnesses. We will endeavour to finalize our report to the Council at the earliest opportunity.

I now report the PAC's main conclusions and recommendations.

On the subject of "Collection of fines imposed by Magistrates' Courts", the PAC is dissatisfied that the witnesses who attended the public hearings in May 2006, that is, the Judiciary Administrator, Acting Commissioner of Police,

Commissioner for Transport and Deputy Director of Public Prosecutions, had not prepared themselves adequately when attending the hearings and were not able to provide the information sought by the PAC on some of the issues raised. As a result, the PAC's consideration of this subject was delayed.

The PAC considers that some of the problems relating to the collection of fines revealed in the Audit Report were attributable to the lack of effective co-ordination and communication among the departments concerned, resulting in a loss of public money.

In response to the PAC's enquiry, the Chief Secretary for Administration has stated that there is no need to devise a specific arrangement or mechanism for co-ordinating the collection of fines imposed by Magistrates' Courts. Instead, the Financial Services and the Treasury Bureau will co-ordinate amongst the Judiciary Administrator and the relevant departments regular reviews to track the implementation of the recommendations of the Audit Commission and the PAC concerning collection of fines, assess the effectiveness of the improvement measures and identify room for further measures for improvement.

The PAC notes the Chief Secretary for Administration's view. The PAC strongly urges that the Financial Services and the Treasury Bureau should co-ordinate with the Judiciary Administrator and the relevant departments to conduct a review in one year's time to assess the effectiveness of the measures for improving the collection of fines. We also strongly urge that apart from the regular reviews co-ordinated by the Financial Services and the Treasury Bureau, the Chief Secretary for Administration should designate an existing bureau or department to oversee and co-ordinate the efforts of the Judiciary Administrator and other relevant departments in the collection of fines.

I would like to highlight here the PAC's conclusions and recommendations on some of the specific issues raised in the Audit Report.

The PAC is seriously concerned that the Judiciary Administration has not provided information for planning, directing and monitoring of collection of fines on a regular basis to the management of the initiating departments concerned.

The PAC is also seriously concerned that there was an average time lag of 23 days between the due date of the fine and the date when a warrant for offences

other than moving offences and parking contraventions was issued. There were cases in which distress warrants for parking contraventions were not issued in a timely manner according to the existing criteria.

Regarding the execution of distress warrants by the Court Orders Section and the execution of non-payment warrants by the police, the PAC is seriously concerned that a large number of distress warrants and non-payment warrants were outstanding as at 31 December 2005 notwithstanding that attempts had been made for their execution. Also, a significant amount of fines is due from a small number of persistent defaulters with more than five outstanding distress warrants or more than five non-payment warrants.

The PAC is dismayed that there were cases where defaulters used dishonoured cheques to circumvent the control measures implemented by the Transport Department to enforce payment of outstanding traffic fines. The total amount of dishonoured cheque payments for traffic fines during the period 2000-2001 to 2005-2006 (up to 31 December 2005) was \$4.6 million.

We note that the Commissioner for Transport has reviewed the workflow in handling applications from persons who use cheques to settle outstanding traffic fines and then obtain licensing and vehicle registration services from the Transport Department. A new arrangement was implemented under which licensing applications from applicants who choose to settle their traffic fines by cheques will be processed after seven working days in order to allow sufficient lead time for clearance of cheque payments. The Judiciary Administrator will ensure that cases of dishonoured cheques will be referred to the police in accordance with the latter's criteria.

I shall now turn to the management of outstanding medical fees by the Hospital Authority (HA).

In respect of the management of outstanding medical fees by the HA, the PAC is concerned that on average, hospitals made the first telephone calls to the patients 97 days after they were discharged from hospitals. In 85% of the 42 000 unsettled cases forwarded to the HA Head Office in 2005-2006, the time span for forwarding the cases to the HA Head Office for further action was more than six months, and in 29% of the cases, it was more than 12 months. We are concerned that the long time span for hospitals to forward unsettled cases to the HA Head Office might have delayed further action to be taken by the Head Office against defaulters.

On the collection of outstanding fees by the HA Head Office, the PAC is concerned that on average, the HA Head Office filed a claim with the Small Claims Tribunal (SCT) 270 days after receipt of warning letter by the patient. It applied for a writ of Fieri Facias to enforce an SCT judgement 149 days after the date of the SCT judgement. Apart from applying for a writ of Fieri Facias, the HA Head Office rarely used other methods of debt recovery. Moreover, in some cases reviewed by the Audit Commission, the time span for seeking legal advice on fee recovery by the HA Head Office was long. We are also concerned that to deal with the large number of unsettled cases, only two staff at the HA Head Office were actively involved in the collection of outstanding fees.

Regarding the use of public medical services by non-eligible persons (NEPs), the PAC is seriously concerned that as at the end of the financial years 2003-2004 to 2005-2006, on average, fees owed by NEPs accounted for 55% of the total amount of fees owed by HA patients. During the financial years 2003-2004 to 2005-2006, of the \$121.6 million of fees written off by the HA Head Office, \$95.8 million (79%) related to fees owed by NEPs.

On the measures to minimize the need for recovery and write-off of fees, the PAC is concerned that for the five years ended 31 August 2006, about 161 000 eligible persons and 37 000 NEPs had defaulted on payment of fees, amounting to \$99 million and \$223 million respectively. Some of these patients had frequently defaulted on payments. We are also concerned that hospitals did not have adequate measures to help identify frequent defaulters.

In considering the management of medical fee waivers by the HA and the Social Welfare Department (SWD), the PAC is concerned that the audit sample examination revealed various inadequacies in the financial assessment of waiver applications conducted by the Medical Social Workers (MSWs). In particular, clarification was not sought from the patients about unusual transactions in their bank passbooks. In the case of waivers granted on non-financial grounds, there were also inadequacies in the MSWs' non-financial assessment. For example, there was no documentation of the justifications for granting waivers to the patients whose financial resources had significantly exceeded the financial limits for granting waivers.

The PAC is also concerned that some MSWs had encountered problems or difficulties in granting waivers on non-financial grounds. In some waiver cases which were related to waivers granted to NEPs, the MSWs had not ascertained

the NEPs' financial resources. There were cases with waivers exceeding \$7,000 whereby the MSWs had granted waivers before obtaining approval from the proper authority. There were also a few long-stay patient cases whereby waivers were granted repeatedly, with each waiver covering a period of three months, so that the granting of waivers did not require the approval of a higher authority.

In addition, the PAC is concerned that many MSWs considered that the medical fee waiver system (Waiver System) might be subject to different degrees of potential abuse, and additional measures were needed to minimize the risk of fraud and abuse of the Waiver System. We are also concerned that the SWD and the HA had not developed a strategic approach for tackling fraud and abuse of the Waiver System. Despite that the amount of fees waived for Comprehensive Social Security Assistance (CSSA) recipients was significant, only a small percentage of the CSSA waiver cases were selected by the HA for the SWD's manual checking of the eligibility status of patients.

The PAC is seriously concerned that the time spent by the MSWs on preparatory work constitutes a significant proportion of their time spent on processing a waiver application. While enlisting the help of clerical staff would enable the MSWs to have more time for carrying out their professional role and would bring about financial savings due to reduced staff cost, only 19 Medical Social Service Units had enlisted such help.

The PAC urges the Director of Social Welfare and the Chief Executive of the HA to actively consider extending the use of clerical staff to assist the MSWs in processing waiver applications. We also urge them to expedite the review to ascertain whether, in the long run, the provision of waiver service, in particular the assessment of a patient's financial condition, could be separated from the major duties of the MSWs and be carried out by a specialized team.

The PAC is seriously concerned that some MSWs considered that the training on processing of waiver applications provided to them was inadequate. We urge the Director of Social Welfare and the Chief Executive of the HA to continue to assess the training needs of the MSWs and to provide them with appropriate training.

Madam President, as always, the PAC has made its conclusions and recommendations in this Report with the aim of ensuring the achievement of value for money in the delivery of public services.

Lastly, I wish to register my appreciation of the contribution made by members of the PAC. Our gratitude also goes to the representatives of the Administration and other organizations who have attended before the PAC. We are grateful to the Director of Audit and his colleagues, as well as the staff of the Legislative Council Secretariat, for their unfailing support and hard work.

Thank you, Madam President.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Liquefied Natural Gas Receiving Terminal

1. **PROF PATRICK LAU** (in Cantonese): *Many people have related to me their concern about the proposal put forward by the CLP Power Hong Kong Limited (CLP) to construct a liquefied natural gas (LNG) receiving terminal on Tai A Chau, which is part of Soko Islands, as this may cause grave damage to the ecological environment of the surrounding waters of Soko Islands. In this connection, will the Government inform this Council:*

- (a) *apart from the proposal put forward by the CLP, which is a business undertaking, what views of other parties the authorities have also taken into consideration when formulating the natural gas supply strategy for Hong Kong;*
- (b) *given that two LNG receiving terminals will be constructed in Zhuhai in the near future, whether it will conduct an independent assessment of the feasibility of such LNG receiving terminals supplying LNG to the CLP; and*
- (c) *when conducting the relevant negotiations with the CLP, how the authorities will give effect to the environmental protection pledges made by the Chief Executive in last year's policy address, and whether priority consideration will be given to environmental protection, so as to ensure that the ecological environment of the surrounding waters of Soko Islands will not be damaged?*

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

- (a) Since the commissioning of the Black Point Power Station (BPPS) of the CLP in 1996, the BPPS has been using natural gas imported from the Yacheng gas field off Hainan Island via a submarine pipeline as its primary fuel for power generation. This power plant generates about 30% of electricity for the CLP's system. The CLP anticipates that the Yacheng gas field will be exhausted by early 2010s. To maintain a stable electricity supply, the CLP proposes to construct a LNG receiving terminal in Hong Kong to replace the supply from Yacheng.

In considering the proposal for the supply of natural gas, the Government will consider various aspects. First, at the request of the Government, the CLP has conducted an analysis and evaluation on the availability of other gas supply alternatives other than its proposed LNG receiving facilities.

Besides, relevant government departments have been collecting data and information from international energy conferences, relevant authorities of other governments in the region and the energy market in order to assess the feasibility of different schemes of gas replacement sources. In addition, the Government has commissioned a professional energy consultant to assist in our studies. The consultant helps analyse the distribution of natural gas resources and developments in the region, the supply conditions of the Yacheng gas field, future electricity demand, environmental protection requirements, expenditure forecasts, and so on, so that we can evaluate natural gas supply arrangements from different perspectives.

- (b) The Government and our consultant are collecting information from various sources to assess the feasibility of obtaining supply of natural gas for Hong Kong from the two LNG receiving terminals mentioned in the main question, as well as from other natural gas/LNG projects in the region. We will take into account factors like project development programme, gas supply reliability, environmental protection, gas price, and so on.

- (c) The Chief Executive stated clearly in his policy address last year that the need to protect the environment would be the focus of the Government's negotiations with the power companies over their new Schemes of Control. Their permitted rate of return will be linked to their achievement of the emission caps. These emission caps will be progressively tightened to meet the 2010 emission reduction targets. We shall not allow these firm targets to be compromised in any way. When examining the proposal of the CLP to construct a LNG receiving terminal on Soko Islands, the Government will carefully and comprehensively consider all relevant factors, including the environmental and ecological impacts of the proposal. The CLP's construction project and the proposed mitigation measures are now going through the statutory procedures under the Environmental Impact Assessment Ordinance (EIA Ordinance). The objective is to comprehensively assess, through a stringent and objective mechanism, whether the project and the relevant proposal would cause unacceptable environmental impacts (including impacts on air, water quality, noise, ecology and hazard to life) during the design, construction and operation stages. The Government will process other necessary approval procedures relating to the proposal after we confirm that the proposal complies with all requirements of the EIA Ordinance.

PROF PATRICK LAU (in Cantonese): *President, I would like to raise a more specific question in relation to part (c) of the main reply. As far as I understand it, some of the organisms and the ecological environment in the waters off Soko Islands are extremely rare, and the Government has planned to support the protection of marine life in the waters by constructing a marine park there. May I ask the Secretary for the Environment, Transport and Works if the construction of a LNG receiving terminal there will defeat the Government's plan?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): The Government has been considering to designate the waters off Soko Islands as a marine park. Our present consideration is: What problems will arise in terms of distribution of resources if the waters are designated as a marine park? Once the distribution of resources is finalized, the implementation timetable for the marine park will be announced.

Judging from the information we have been gathering, the impact of the construction of a LNG receiving terminal in a marine park will be minimal. We have made reference to many overseas cases, and it has been proved that this is feasible. Furthermore, the two, particularly the marine park, may effectively achieve a synergy effect in management. This will better protect some of the precious things on the sea bed, such as coral. Organisms in marine parks are often eradicated by fishing vessels — most probably pirate ships — because the parks are not manned by any staff. Therefore, this has presented us a serious headache in management. A synergy effect can be achieved if an organization can operate in such a way that no pollutants affecting the marine ecology will be emitted. Insofar as security and management are concerned, this is already a simple and clear benefit.

The EIA report has set out other detailed studies with reference to comparisons with other places. Generally speaking, no toxic or harmful substances affecting our marine park or other operations will be emitted during the overall operation of the LNG receiving terminal.

Some impact will certainly be felt during the construction period. Nevertheless, mitigation measures will be required no matter where the construction is to take place. If the proposal is to be implemented properly, a series of measures will have to be taken, just as in the case of the construction of the airport. This will ensure that protection of the environment is achieved in the best way by every possible means.

PRESIDENT (in Cantonese): A total of 13 Members are waiting for their turns to raise supplementaries. Prof Patrick LAU, has your supplementary question not been answered?

PROF PATRICK LAU (in Cantonese): *I have a question because the Secretary just said that some problems may arise during the construction process. Actually, constructing.....*

PRESIDENT (in Cantonese): Prof Patrick LAU, is this part of the supplementary question you raised earlier?

PROF PATRICK LAU (in Cantonese): *Yes, it is.*

PRESIDENT (in Cantonese): In that case, you only need to repeat the relevant part, and you need not comment on the Secretary's reply. Please repeat the part which has not been answered.

PROF PATRICK LAU (in Cantonese): *Fine. The question I raised earlier was that conflicts would certainly arise. May I ask the Secretary this question? Conflicts will certainly arise because not only a receiving terminal, but also pipelines, will be constructed. In that case, will there be conflicts under the sea?*

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

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): I have stated earlier that all work processes will certainly impact on the environment. All economic activities, that is, human activities, will impact on the environment. The problem is not whether there will be any impact; instead, it lies in whether the impact can be controlled. Here, what I mean is the impact produced by constructing the receiving terminal can be minimized.

MR FRED LI (in Cantonese): *President, my supplementary question involves two Secretaries. It is perfect that both of them are here.*

Insofar as the environment is concerned, it is certainly better to use more natural gas than coal. This is why I think Secretary Dr Sarah LIAO will be inclined to support constructing a receiving terminal in Hong Kong. However, as the Secretary for Economic Development and Labour, Secretary Stephen IP will note that electricity tariff is most likely to increase if the receiving terminal, costing \$8 billion to \$9 billion, is to be built in the territory and more natural gas is to be used. How can the two Policy Bureaux reconcile their conflicts and which Policy Bureau will give the final approval as to whether the receiving terminal should be built in Hong Kong?

PRESIDENT (in Cantonese): Mr Fred LI, you have raised an excellent supplementary question but the theme of the main question is about whether the ecological environment of the waters will be damaged. In what way is your supplementary question related to the main question and the replies given by the two Secretaries just now?

MR FRED LI (in Cantonese): *President, the Secretary said in part (a) of the main reply that environmental impact was not the sole consideration in assessing whether a receiving terminal should be built in Hong Kong. Actually, environmental problems will arise no matter whether the receiving terminal is to be built on Tai A Chau or in Tuen Mun. Furthermore, consideration has also to be given to the impact of constructing a receiving terminal in Hong Kong on the supply of natural gas from Yacheng. Therefore, President, according to part (a) of the Secretary's main reply, not only environmental issues are involved. That would mean that the angles of the two Secretaries are different. This is why I would like to know how balance will eventually be struck from different angles and which Secretary will give the final approval.*

PRESIDENT (in Cantonese): Is your supplementary question about which Secretary has the final decision insofar as this matter is concerned?

MR FRED LI (in Cantonese): *Yes.*

PRESIDENT (in Cantonese): Which Secretary will answer?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): First of all, I have to say that Secretary Dr Sarah LIAO and Secretary Stephen IP are sitting together, and there are no conflicts between us. Second, it is precisely because this matter involves various areas, such as environmental protection, funding, power supply stability, land use, and so on, that we have to look at it carefully. I would like to emphasize that the question lies not in which Policy Bureau is to make the decision. As a government, we have to look clearly at all considerations in a comprehensive, detailed and careful manner.

Of course, our first and foremost concern is the environmental impact. Secretary Dr Sarah LIAO will certainly examine this in detail. Even if the hurdle of environmental assessment is passed, we still have to examine other areas, such as financial planning, power supply stability, the angle of economic regulation, land use, land grant approval, vetting under the Foreshore and Seabed Ordinance, and so on.

I believe this is a matter of great concern to Mr LI. Of course, we have to ensure that the proposal will not cause any impact on the environment. However, we still have to examine the following issues: What financial implications will the proposal have on the users? Is it absolutely necessary to adopt this option? Are there any other schemes or options available which can achieve the same objective of ensuring a stable supply of electricity without causing any impact on the environment and producing such an enormous impact on the electricity tariff payable by users? Consideration must be made from all these angles. In the end, the matter has nothing to do with which Secretary is to make the decision. Instead, it has to be submitted to the Executive Council for endorsement.

DR LUI MING-WAH (in Cantonese): *It will be greatly conducive to environmental protection for the CLP to continue to use natural gas to generate electricity. Given that a lot of considerations have to be made if a receiving terminal is to be built in Hong Kong and there are many uncertainties as when the receiving terminals to be built in Zhuhai can be commissioned is still unknown, can the Secretary consider continuing to use the receiving terminal on Hainan Island for the transmission of gas to Hong Kong? Given that all the required equipment, including infrastructure, are already available, why can the authorities not consider this?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): My thanks go to Dr LUI for the question.

First of all, I would like to clarify that Yacheng is a gas field, not a receiving terminal. It is a natural gas field under the sea. It is therefore not a receiving terminal. Of course, Dr LUI has also mentioned other places, such as Zhuhai. However, I would like to clarify that, although it is said that there are two receiving terminals in Zhuhai, one has not yet been built and, according to

my understanding, it will supply gas to mainland cities only. As for the other one, it is proposed to be built on Huangmao Island, but it is still under planning.

PRESIDENT (in Cantonese): Dr LUI Ming-wah, has your supplementary question not been answered?

DR LUI MING-WAH (in Cantonese): *I think I have probably not made myself entirely clear. What I meant by suggesting Hainan Island be used as a receiving terminal is that I know there is a gas field there. Although only pipelines are now available, is it possible for additional infrastructure to be built to turn the place into a receiving terminal for the continuous supply of gas to Hong Kong, as the pipelines required are already available?*

PRESIDENT (in Cantonese): You are not supposed to debate with the Secretary now. As your supplementary question is about whether the gas field can be used as a receiving terminal, the Secretary has thus chosen to answer your question in that way. Secretary, do you have anything to add?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I have to thank Dr LUI for raising such a creative proposal. I have not heard that a gas field can be turned into a receiving terminal. However, I think this is an excellent proposal too. I think the CLP should consider this. *(Laughter)*

MR ABRAHAM SHEK (in Cantonese): *President, I would like to follow up the supplementary question raised by Mr Fred LI earlier.*

In replying to a supplementary question about environmental protection, Secretary Dr Sarah LIAO said that the impact would be very small. In spite of that, this is not what we want; we do not want to see any impact at all. What I want to follow up is that, if the impact is so small, the Government will very likely approve the construction of a receiving terminal there. If that is really the case, users in Kowloon will be affected for their electricity tariff will increase

substantially. The CLP will expect a higher rate of return because substantial investment will be required. Therefore, may I ask the Government whether it will consider, in evaluating the financing of this project, requiring the CLP to finance this project with its development fund? Will the expenses of the public be affected and electricity tariff be raised?

PRESIDENT (in Cantonese): As the Secretary did mention expenditure forecasts in the main reply, permission is given to Mr SHEK to raise this supplementary question.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): The question raised by Mr SHEK is actually extremely important. We must consider this aspect because, as I have stated in the main reply, besides environmental protection, funding has to be taken into account as well. As precisely pointed out by Mr SHEK, this investment project, involving \$8 billion to \$9 billion, will definitely have a certain impact on electricity tariff. Therefore, President, I have stated repeatedly that we must look clearly if there are equally feasible options, other than the construction of a receiving terminal on Tai A Chau, which will not affect electricity supply stability, produce environmental impact, involve such a substantial amount of expenditure, or cause such a profound impact on electricity tariff.

Of course, even if it is eventually decided that a receiving terminal be constructed there, the extent of the impact on electricity tariff will depend on the rate of depreciation, calculation period, method of accounting, date of accounting, and so on. In reply to Mr SHEK's supplementary question about the development fund, we do not consider it appropriate for the CLP to draw down its development fund to develop this LNG receiving terminal.

DR RAYMOND HO (in Cantonese): *The Government said earlier that a professional energy consultant had been commissioned and mentioned that its work might cover a timetable, gas supply reliability, and so on. Gas supply reliability certainly involves the amount of natural gas and its reliability. But what exactly is the amount? At present, it seems that the party concerned wishes to prolong the supply from Yacheng, and the supply is thus reduced. However, the supply might involve political, administrative or technical issues.*

Can the two Secretaries tell us, insofar as this aspect is concerned, how can the consultant provide us with reliable information on gas supply reliability, given the limited amount of information?

PRESIDENT (in Cantonese): Your supplementary question is about gas supply reliability, right?

DR RAYMOND HO (in Cantonese): *Yes. I would like to know if the consultant can provide us with reliable information. That is related to part (b) of the main reply.*

PRESIDENT (in Cantonese): I see. Please sit down first. I hope you will not let your supplementary question stray so far, for you can put it in a more focused manner. If your supplementary question strays too far, the Secretary will not know which part should be answered. Which Secretary will answer?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I believe Dr HO should answer this supplementary question instead because he is an engineer. He might understand it better than I do. Dr HO is right. The question is when the gas field in Yacheng will be exhausted. I certainly have no idea because this issue is highly technical. This is why we have to commission an expert on this from the United States.

As an expert, he certainly has to collect the relevant information and consider the factors in all aspects before giving us an independent evaluation on whether he agrees with the CLP's evaluation. When our contract was signed in 1996, it was originally stated that Yacheng would supply gas for 20 years. However, the CLP has now told us that the Yacheng gas field will be exhausted by early 2010. In view of this, we have to rely on the expert to evaluate the data in all aspects before providing us with an independent evaluation.

DR RAYMOND HO (in Cantonese): *The Secretary has understood my point. I was actually not pinpointing Yacheng because I was referring to the content of*

the consultancy report. The Secretary has, in part (c) of the main reply, mentioned other natural gas projects in the region with respect to the reliability of natural gas supply to Hong Kong in the future. I was referring to the content of that consultancy report.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): That aspect will definitely be considered too. The consultant will certainly make use of his professional knowledge to conduct the evaluation. I would like to point out that the only LNG receiving terminal near us is the one in Shenzhen. However, as Members are aware, the receiving terminal is solely for the use of the Hongkong Electric Company Limited and the Hong Kong & China Gas Company, and there is no extra scope for use by the CLP. In other words, the receiving terminal has reached its full capacity.

Besides, the future construction of two receiving terminals in Zhuhai is still at the planning stage, though attention will be paid in this area. However, what matters most is timing. While the possibility of using the receiving terminals in Zhuhai cannot be ruled out, Yacheng remains the vital factor. Should the Yacheng gas field be able to last beyond 2010 till 2013 or 2014, it will then complement the receiving terminal to be built on Huangmao Island, Zhuhai, expected to be commissioned in 2012. In that case, we may consider that option. In other words, we have to rely on the expert to help us with the evaluation.

PRESIDENT (in Cantonese): We have spent exactly 22 minutes on this question. Actually, nine Members are still waiting for their turns to raise questions. If Members are interested in this question, they may follow it up in the relevant panel since the panel may allow Members more time to gain a fuller understanding of this issue.

Second oral question.

Enhancing General Legal Knowledge of Teenagers

2. **MS MIRIAM LAU** (in Cantonese): *Madam President, it has been reported that the results of a recent survey conducted by The Law Society of*

Hong Kong indicate that law-abiding awareness among secondary school students is weak and children and youth generally have inadequate knowledge and understanding of law. In this connection, will the Government inform this Council:

- (a) of the total number of cases and the types of crimes committed by children and youth under the age of 18 in each of the past three years;*
- (b) whether the contents of the primary and secondary curricula cover general knowledge of law; if so, of the details, including the grades of school classes and knowledge of law involved, as well as the syllabuses; if not, the reasons for that; and*
- (c) whether the authorities will allocate additional resources to promote general knowledge of law, in order to enhance law-abiding awareness among primary and secondary school students; if they will, of the details, including the amount of funds to be allocated as well as the promotional methods and activities; if not, the measures taken by the authorities to prevent children and youth from acting in defiance of the law?*

SECRETARY FOR SECURITY (in Cantonese): Madam President,

- (a) The total number of crimes committed by children and youth under the age of 18 in the three years from 2004 to 2006 is 7 566, 6 821 and 6 891 respectively. Offences most commonly committed by juvenile offenders are shop thefts and other miscellaneous thefts, followed by crimes involving wounding and serious assault.
- (b) At present, primary and secondary school students in Hong Kong acquire general legal knowledge and related values and attitudes through the curricula and subjects of various key learning areas. The details are set out in the table at the Annex distributed to Members. Besides, through promoting moral and civic education, schools help students develop positive values and attitudes, including core values such as respect for the rule of law. This complements the foundation of legal knowledge taught in the

curricula and subjects referred to earlier, so that students become informed and responsible citizens. Schools also co-operate with government departments and other organizations to reinforce students' legal awareness, through organizing or arranging for students to participate in various activities, such as visits to police stations and law Courts, Junior Police Calls, and so on.

- (c) It takes a holistic and continuing strategy to educate the new generation of our society starting from primary school years so that they can acquire the required knowledge, ability and values to become responsible and law-abiding citizens. To this end, the Education and Manpower Bureau has devoted considerable resources to support the implementation of curriculum reform, which includes supporting the effective learning and teaching of different curricula in relation to the general knowledge of law and promoting moral and civic education to cultivate responsible and law-abiding citizenship. The Department of Justice and its counsel have also promoted general knowledge of law among students through various means.

Apart from teaching and promoting the general knowledge of law targeting juveniles, the Administration also proactively prevents juveniles from acting in defiance of the law through other means, with "early intervention" as its emphasis.

In this regard, taking a "multi-agency collaboration" approach, and through collaboration with different social organizations, the police proactively organize different youth activities to enhance the civic awareness of the youth as well as to instil the message of crime prevention.

In addition, since 2001, through the Secondary School Liaison Officers (SSLOs) in respective police districts, the police have been maintaining a close liaison with the management of schools, school social workers, parents and non-governmental organizations (NGOs), joining hands to prevent the youth from going astray. And through visits, seminars and discussions, the police disseminate among students the message of respect for the law and the consequence of not abiding by it.

As for young night drifters, in order to reduce the negative influence exerted on them through bad association on the street and to prevent them from going astray, the Social Welfare Department (SWD) provides through subvented NGOs outreaching services (in particular overnight outreaching service) to contact these young people so as to help them stay away from crime.

Through different means, the government departments concerned will continue to collaborate with various concerned disciplines, and review the relevant measures on a regular basis, deploying resources flexibly so as to enhance the effectiveness of juvenile crime prevention work.

Annex

<i>Curriculum/ Subject</i>	<i>Level</i>	<i>General Legal Knowledge/ Related Values and Attitudes</i>
General Studies	Primary One to Primary Three	Strand: "Community and Citizenship" - Roles and responsibilities of individuals as a member in a group (family, school, society) - The importance to respect the rights of others - The importance of order and regulations
	Primary Four to Primary Six	Strand: "Community and Citizenship" - Rights and responsibilities of Hong Kong residents according to the Basic Law - The importance of observing laws and rules
Economic and Public Affairs	Secondary One	- The rights and responsibilities of the residents of the Hong Kong Special Administrative Region (HKSAR) - The role of individuals in exercising the rights and responsibilities
	Secondary Two	- The Basic Law - Structure and work of the Judiciary - The importance of law and order to a society, including the sources of law in the HKSAR

<i>Curriculum/ Subject</i>	<i>Level</i>	<i>General Legal Knowledge/ Related Values and Attitudes</i>
		<ul style="list-style-type: none"> - How order is maintained in the HKSAR, including roles and major functions of different organizations and individuals - Preventive measures, law enforcement, correctional and rehabilitative services with respect to drug abuse and juvenile delinquency
	Secondary Three	<ul style="list-style-type: none"> - Consumer rights and responsibilities - Preventive measures and law enforcement with respect to corruption and pollution
	Secondary Four to Secondary Five	<ul style="list-style-type: none"> - The Basic Law - Rights and responsibilities of HKSAR residents - The Judiciary <ul style="list-style-type: none"> - principles of justice and the rule of law - types of Courts and their jurisdiction - Powers and influence of ICAC and the Office of The Ombudsman
Social Studies	Secondary Two	<ul style="list-style-type: none"> - Law and order <ul style="list-style-type: none"> - spirit of jurisdiction and structure of the judicial system in the HKSAR - the work of the Hong Kong Police Force - importance of keeping order and the role of an individual in keeping social order - Juvenile delinquency <ul style="list-style-type: none"> - meaning of crime - common types of crimes committed by juveniles - possible reasons leading to juvenile delinquency - correctional services - Drug education <ul style="list-style-type: none"> - combating against drug trafficking
	Secondary Three	<ul style="list-style-type: none"> - The Basic Law - Rights and responsibilities of a citizen - Rights and responsibilities of a consumer

<i>Curriculum/ Subject</i>	<i>Level</i>	<i>General Legal Knowledge/ Related Values and Attitudes</i>
		<ul style="list-style-type: none"> - Corruption and the ICAC - Law enforcement with respect to pollution and conservation of the environment
	Secondary Four to Secondary Five	<ul style="list-style-type: none"> - Concept of social order - Formal societal control <ul style="list-style-type: none"> - the rule of law and principles of justice - types of law in Hong Kong - regulations - Deviancy <ul style="list-style-type: none"> - causes of deviant behaviour - crime as an example of deviant behaviour - law enforcement, punishment, rehabilitation and prevention
Civic Education	Secondary One	<ul style="list-style-type: none"> - Characteristics of the Basic Law - Rights and responsibilities of Hong Kong residents - Equality - Freedom
	Secondary Two	<ul style="list-style-type: none"> - Characteristics of the judicial system - Prevention of abuse of powers
	Secondary Three	<ul style="list-style-type: none"> - The rule of law - Fairness and justice
Government and Public Affairs	Secondary Four to Secondary Five	<ul style="list-style-type: none"> - The Basic Law - Rights and responsibilities of citizens - The rule of law and principles of justice - Types of Courts and their jurisdiction - Penal institutions
	Advanced Level/Advanced Supplementary Level	<ul style="list-style-type: none"> - The Basic Law - The Judiciary - The protection of human rights
Liberal Studies	Advanced Supplementary Level	<p>Hong Kong Studies</p> <ul style="list-style-type: none"> - Implementation of the Basic Law - The legal system and enforcement of the law

<i>Curriculum/ Subject</i>	<i>Level</i>	<i>General Legal Knowledge/ Related Values and Attitudes</i>
Applied Learning (Formerly known as Career-oriented Studies)	Secondary Four to Secondary Five	<p>The Essence of Law</p> <ul style="list-style-type: none"> - Hong Kong's legal framework and legislative process - Common law system and civil law system - Civil liberty and legal knowledge, for example, contract law, criminal law, and so on. - Legal system in China and the Basic Law

MS MIRIAM LAU (in Cantonese): *Madam President, it can be seen from the Annex to the main reply that the general legal knowledge in the curricula for primary and secondary schools is very broad and general. However, the survey conducted by The Law Society of Hong Kong indicates that nearly 20% of the young people do not know that claiming to be or being a member of a triad society is illegal. What is even more outrageous is that more than 5% of the young people believe or have the impression that trafficking in dangerous drugs is legal, so this is a very serious problem. In the face of this problem, may I ask the Government whether it will focus on crimes commonly committed by young people or some serious crimes and redesign the relevant curricula, so as to impart appropriate legal knowledge to the young people?*

PRESIDENT (in Cantonese): Which Secretary will reply?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, if we ask young people to be law-abiding, we should do so when they are young and moral education is very important. Our curricula are very broad and cover all these issues.

As regards young people who are older, where does the problem lie? All along, schools and the police have maintained a very good co-operative relationship and the police will send officers to schools to explain the laws of Hong Kong and tell young people how they should behave. However, can we do more, or do better? I believe it is always possible to do more or to do better.

MS MIRIAM LAU (in Cantonese): *I am very sorry but my supplementary is very simple. Will the Secretary redesign the curricula to address these problems, so as to cover the offences commonly committed by young people or some serious crimes?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): We will definitely give this consideration.

MR MA LIK (in Cantonese): *The Secretary mentioned in part (c) of the main reply that the police disseminated among students the message of respect for the law and the consequences of not abiding by it by various means, for example, through visits, seminars and discussions, as well as other ways of collaboration. May I ask whether all schools organize activities such as visits, seminars and discussions regularly? In addition, if it is not the case that all schools organize this kind of activities regularly, is this related to the problem of resources?*

PRESIDENT (in Cantonese): Which Secretary will reply?

SECRETARY FOR SECURITY (in Cantonese): Madam President, as far as I understand it, the SSLOs in respective police districts will visit every secondary school. As to whether the frequency of visits can be increased, it depends on the seriousness of the problems in a district and the deployment of manpower.

MR JASPER TSANG (in Cantonese): *President, it can be seen from the contents relating to general legal knowledge in the curricula set out in the Annex to the main reply provided by the Secretary that it is only in the subjects of Economic and Public Affairs and Social Studies in Secondary Two that curriculum contents directly relevant to the laws that young people may breach are offered, whereas other general legal knowledge, such as the Basic Law and civic responsibilities, is not directly relevant. May I ask the Secretary whether, in view of the pattern of physical and mental development of young people, this is adequate in view of the stage (the curriculum is taught only in Secondary Two) or the subjects offered (the contents in this regard can only be found in those two subjects)?*

PRESIDENT (in Cantonese): Which Secretary will reply?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): I believe it is not just in Secondary Two that the relevant curriculum is taught, that is, one cannot say that after teaching the curriculum in Secondary Two, there is no need to pay attention to these issues in Secondary Three or Four. I have also said very clearly that if we want to help our kids, it is absolutely necessary to instil values in them and it is not only at the stage of Secondary Two that we instil values in them. Since I was requested to set out the relevant contents in the curricula, I have done so and this is what it is all about. In fact, there are also many other extra-curricular activities in schools designed to instil the ideas in young people.

SECRETARY FOR SECURITY (in Cantonese): Madam President, perhaps let me add a few words. Apart from teaching these curricula in schools, we also find it necessary for police officers to assume the role of SSLOs. According to police records, the police will find out the types of offences more commonly committed by the young people in a certain district and focus on them in real-life by explaining to them the seriousness of the offences and the offences that young people should avoid committing. As I said in the main reply, in targeting the whole problem, the efforts of various Policy Bureaux, media and parties are called for in order to achieve results.

MR LEE CHEUK-YAN (in Cantonese): *I believe any strategy must be founded on research. The Secretary said in part (a) of the main reply that the offences most commonly committed by young people include shop thefts, other miscellaneous thefts and serious assault. Have the authorities actually done an analysis on those cases, that is, have they conducted comprehensive studies on the backgrounds, for example, on the districts and schools, then consider and formulate a specific strategy on education or activities in the light of the studies? Or is it the case that no study whatsoever has been conducted and things are being done in the fashion of finding a needle in a haystack?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, we have conducted focused studies. As I said just now, the seriousness of the offences

committed by young people or the problems in each district are different. In the past, we found that it was more common for young people to steal items in convenience stores and this may have to do with the momentary greed of kids. Therefore, in targeting this sort of offences, we often begin with education. For example, we have the Superintendents' Discretion Scheme for first offenders who show remorse and we will administer cautions to them, then follow up the cases. We will check whether they will commit the same offence again.

In response to the simple supplementary put by Mr LEE, we have conducted this kind of studies and we will definitely follow them up.

MS MARGARET NG (in Cantonese): *President, on general legal knowledge and juvenile delinquency, the important thing is that we should not merely remind young people not to commit offences, for an even more fundamental point is to nurture an awareness of the rule of law among young people. May I ask the authorities what they have done in respect of teacher training to make teachers know the scope of the rule of law and in respect of the awareness of the same?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, in fact, we have a lot of teacher training courses and teachers can also take up the so-called courses of continuing professional education.

PRESIDENT (in Cantonese): Has your supplementary not been answered?

MS MARGARET NG (in Cantonese): *My supplementary is about what effort has been made, that is, what courses on the rule of law are available. Can the Secretary say clearly what courses are available?*

PRESIDENT (in Cantonese): Secretary for Education and Manpower, you may not have the information right now. If you do not have it now, are you prepared to give a reply in writing?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Very much so. (Appendix I)

MR HOWARD YOUNG (in Cantonese): *President, the Secretary said in the main reply that shop theft was the offence most commonly committed by young people. I notice that for many years, young people have been targeted by the Government — I do not know by which department — as well as on the television and even in supermarkets and extensive publicity has been launched to tell them that shop theft is an offence. I think the results are excellent. Just now, Ms Miriam LAU said The Law Society of Hong Kong had pointed out that two offences were commonly committed by young people, the first being copyright piracy and the second being claiming to be a member of a triad society. May I ask the Government if the authorities have any plan to launch a publicity campaign similar to the one targeting shop theft outside schools, so as to raise young people's awareness of the law?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I thank Mr YOUNG for making this suggestion. I will go back and study if we can take on board Mr YOUNG's suggestion in our future strategy for publicity.

MR LEUNG YIU-CHUNG (in Cantonese): *President, the Secretary said just now that superintendents would go to schools to assist in publicity work. However, this system is not one that has been put in place only recently but has been implemented for a long time, unfortunately, the crime rate has not dropped in any particular way. In view of this, may I ask the two Secretaries if they have reviewed the approach or the details of implementation at present, and even the strategy and method, to see if improvement is called for in any area? If they stick to the old approach, it is possible that the figure will remain the same, however, our aim is to make the figure drop. Will the authorities review all areas to find a more efficient and effective method?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, in fact, the figure has dropped. Members can look at the relevant figures: there were 7 566 cases in 2004 but we have now reduced the figure by about 10%. Certainly, I

am not saying that we have done a perfect job and we will certainly review our present strategy. If Members have any good suggestion, we will definitely adopt it.

MR LEUNG YIU-CHUNG (in Cantonese): *I am not just asking the Secretary for Security about this. I also want to ask the Secretary for Education and Manpower what is being taught, the overall strategy, and so on.*

PRESIDENT (in Cantonese): This is not how you put your question just now. What you have asked is only a supplementary and the Government can decide which Secretary will reply. However, if the Secretary for Education and Manpower wants to add anything, he can do so.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): I have nothing to add.

MISS TAM HEUNG-MAN (in Cantonese): *President, I note from the subjects set out in detail in the Annex that they do not have any specific target. That young people have a low awareness of crime and inadequate knowledge of the law is probably due to two main reasons: first, they have inadequate knowledge of the law or are not even aware that they have broken the law; second, they are deliberately flouting the law to challenge the system and authority. On these two areas and the curricula set out in the Annex, has the Secretary carried out any detailed study to pinpoint this problem and what measures will be taken to make improvements to the mentality of young people?*

PRESIDENT (in Cantonese): Which Secretary will reply?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, if we talk about challenging the authority, I believe our young people often learn from Members of the Legislative Council in this regard.

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

MR LAU KONG-WAH (in Cantonese): *Part (a) of the main reply mentioned juvenile delinquency and the Secretary pointed out that the more serious crimes include shop theft and wounding. However, the public thinks that the situation of drug abuse by young people is in fact also quite serious and casual and the youngest drug addict is only 15 years old. Has the Secretary looked into the causes? In addition, what effective measures will the authorities take to tackle this kind of offences?*

SECRETARY FOR SECURITY (in Cantonese): We can see from the figures that in recent years, the total number of drug abuse cases has decreased. Nevertheless, we can also see a not at all desirable phenomenon, that is, the number of young people abuse psychotropic drugs has increased. The Government is aware of this problem and there are many causes for it. The first is the so-called "coolness". Young people in many places of the world do not know that abusing psychotropic drugs will cause serious harms, thinking that the harms are not as great as taking heroin. Second, society nowadays is more affluent than in the past. The Government attaches great importance to the problem of young people abusing drugs. We think that it is not possible to stamp out this phenomenon through law enforcement alone and it must be tackled from several angles, for example, by means of publicity and education. We cannot deal with the entire problem by relying on law enforcement by the police alone, rather, concerted efforts by schools, the SWD and non-governmental organizations are necessary. The Government has now adopted such a strategy pinpointing this problem.

We also notice that some young people often go across the boundary to abuse drugs in Shenzhen. In this regard, we will take concerted actions together with the relevant authorities on the Mainland. As regards publicity, we also hope that it can also be extended to the Mainland to promote anti-drug awareness on the Mainland.

PRESIDENT (in Cantonese): Third question.

Tenancy Arrangement of The Link Management

3. **MR LEUNG YIU-CHUNG** (in Cantonese): *President, from time to time, there have been reports that The Link Management Limited (The Link) has substantially increased the rent of the shops in the shopping malls of public rental housing (PRH) estates unilaterally without prior discussion with the commercial tenants concerned, or has refused to enter into new tenancy agreements with commercial tenants upon the expiry of their current tenancy. Many shops, including Chinese restaurants, have closed down so far, resulting in unemployment of the workers concerned. This practice of The Link is entirely different from that of the Housing Authority (HA) in the past. In this connection, will the Government inform this Council whether it has assessed:*

- (a) *the adverse effect of the aforesaid practice of The Link on the job market; if it has, of the assessment results; if not, the reasons for that, and whether assessment will be made;*
- (b) *the amount of additional consumption spending by PRH tenants as a result of the increase in the prices of goods and services sold at the shops concerned due to rent increase, and if the shopping malls of PRH estates can still provide PRH tenants with essential goods and services following the closing down of shops one after another; if it has, of the assessment results; if not, the reasons for that, and whether assessment will be made; and*
- (c) *the adverse effect of the closing down of numerous shops on the local economy; if the assessment result is in the affirmative, of the measures to address the situation; if the assessment result is in the negative, the justifications for that?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): *President, upon the public listing of The Link Real Estate Investment Trust (The Link REIT) on 25 November 2005, The Link has become a private entity which determines its own day-to-day management, strategies and mode of business as well as direction of operation, entirely independent of the Government and the HA. Nevertheless, The Link's operations must comply with the prevailing legislation, conditions of government leases, and terms of covenants and agreements made between The Link and the HA.*

As regards the increase in shop rental level and the renewal of tenancies with individual shops, the average rental adjustment for properties under The Link upon renewal of tenancy between April and September 2006 was 8.3%, according to The Link's Interim Report for 2006-2007. This is relatively moderate when compared with the average adjustment rate of 23.4% for other private commercial premises for retail use during the same period according to the statistics of the Rating and Valuation Department.

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

- (a) The Government would not specially assess the impact of the day to day operation of a particular private organization on the labour market. Nevertheless, according to the public information released by The Link, when shops close down or move out as a result of rental increase, The Link can always find new tenants within a short period, which in turn brings new employment opportunities. Judging from this angle, the change of tenants does not have much impact on the employment market. Moreover, during the period between April and September 2006, The Link let out an additional floor space of 150 000 sq ft, most of which had been left vacant for a long time in the past, and as a result created 800 jobs.
- (b) The Government would not specially assess the impact of the rental increases of individual shops on the consumption of the PRH tenants.

We believe that The Link, as the operator of the PRH shopping malls, would take effective measures to increase the customer flow in shopping malls and formulate an appropriate trade mix, with reference to market conditions as well as the needs and spending power of the PRH tenants, so as to enhance the provision of necessary services to them.

- (c) We would not assess the impact of the changes of tenants of individual shops on the overall economy of Hong Kong. Hong Kong is a mature economy. Its overall economy is not expected to be affected by such changes. In fact, the overall letting situations of the shopping malls under The Link have improved. For example, the letting rate rose from 91% in the first quarter to 92.3%

in the third quarter last year. The number of shops has also increased, bringing more shopping choices to residents and more employment opportunities to the local communities.

MR LEUNG YIU-CHUNG (in Cantonese): *President, although the Secretary said in the main reply that the average rental adjustment was only about 8.3%, I wonder if the Secretary has noticed that the rent payable by some commercial tenants has actually increased by 20% to 30%. This is why many commercial tenants have staged processions, demonstrations or protests recently.*

These commercial tenants are all engaged in small businesses, and it is difficult for them to develop in the private market and if they hence become unable to make a living in shopping malls under the management of The Link, they certainly have to close down or become jobless. I wish to ask the Secretary this: Is the Secretary turning a blind eye to these people in dire straits, or does he have policies or strategies to assist their development and solve their employment problem?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): As far as I understand it, the average rental adjustment was 8.3%. Certainly, this is just an average and the figure may be higher or lower in other cases. Mr LEUNG said just now that in some cases the rental adjustment was more than 20%, but as I pointed out in the main reply, the average rate of increase is still relatively moderate when compared to the average rate of 23.4% for other private commercial premises for retail use during the same period according to the statistics of the Rating and Valuation Department.

Moreover, as far as I understand it, the percentage of rental adjustment was higher for some commercial tenants because their rental was last determined during the outbreak of SARS when the Housing Department had lowered the rent by a large margin for some commercial tenants in the light of the operational conditions of the shopping malls. So, this is why there was such a case. Now that business has improved, I think it is understandable to increase the rent by a higher percentage *vis-a-vis* such a low rental level back then.

PRESIDENT (in Cantonese): Has your supplementary question not been answered?

MR LEUNG YIU-CHUNG (in Cantonese): *No, President. The Secretary did not tell me in his reply whether he is turning a blind eye to the plights of the tenants and looking on indifferently as the rent continues to increase, or he has some good strategies to assist them in their development or employment?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): In fact, I think Members will understand that The Link is a private entity and, like other companies in the private sector, disregarding who is managing The Link, it would be successful only if it complies with the market principles. Members may have read in the newspapers this morning reports about Mr Victor SO of The Link explaining how he is managing The Link, how the level of rental is determined, and so on. Perhaps let me read out news reports on his style of management, so that Members will understand how The Link operates.

He said that their most important objective is to give play to the potentials of the shopping malls to the fullest extent. He said that since taking over the shopping malls in PRH estates, the interest of customers has been his overriding consideration and so, efforts have been made to renovate the shopping malls, improve their management and perfect the trade mix. These measures all aim to ensure that the services provided by The Link are value for money in the eyes of the residents and that the services provided are also within the affordability of the residents. This will benefit the public and provide a more reasonable business environment to the commercial tenants and most importantly, attract more customers, so that operators can have a better return. This will be a win-win situation. He said that the operational cost is expected to be offset by an increase in income mainly through increasing the customer flow, renovating the shopping malls and improving the provision of services.

PRESIDENT (in Cantonese): A total of 11 Members are waiting to ask their supplementary questions.

MR TOMMY CHEUNG (in Cantonese): *With regard to the Secretary's reply, I can say that I would entirely agree with it in the past. But the problem is that in the first part of the Secretary's main reply, he said that The Link had become a private entity since its listing on 25 November 2005. But before its public listing, The Link was under the HA and its Chief Executive Officer had made an*

undertaking to many commercial tenants and even to many colleagues of the Legislative Council that the rents would not be increased before customer flow and business turnover increased. The company of this Chief Executive Officer who made this undertaking was under the HA at the time.

I would like to ask the Secretary this: If a former colleague made on the Secretary's behalf when he worked as his subordinate a verbal undertaking — I do not remember whether any written undertaking was made but an undertaking had been made verbally several times — The trade members also told me that he had undertaken not to drive them away but he has failed to honour his promise. Whether in his capacity as a Bureau Director or Chairman of the HA, does the Secretary consider it necessary to follow this up? This is not something in the past. Could it be that an undertaking made by him before can be erased as if they are just writings on a blackboard?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): I would like to correct the remarks made by Mr Tommy CHEUNG just now. The Link REIT is managed by The Link, which was obviously established by the HA. But it was not part of the HA because at that time, it was already independent in dealing with its future *modus operandi*, even though the HA had set up a working group to monitor its operation. With regard to the verbal undertaking made by the Chief Executive Officer as mentioned by Mr Tommy CHEUNG earlier, I am very sorry that I cannot verify whether or not he has made such verbal undertaking.

In any case, as I made it very clear in the main reply earlier, The Link has all along been independent in its operation. If it has made such verbal undertaking before, I will raise this matter with them after the meeting and see to what extent they have made an undertaking and then I will give an explanation openly.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, has your supplementary question not been answered?

MR TOMMY CHEUNG (in Cantonese): *President, the Secretary did not answer my question. Although the Secretary has made a little undertaking, as*

he said that he would go back and check since he had no idea whether or not there was such an undertaking, the question is The Link has a very close relationship with the HA. I think the Secretary, apart from saying.....Does the Chairman of the HA not have any responsibility?

PRESIDENT (in Cantonese): Mr CHEUNG, you do not have to tell the Secretary how he should answer the question. All you need to do is to repeat the part of your earlier supplementary question which has not been answered by the Secretary.

MR TOMMY CHEUNG (in Cantonese): *He did not tell me whether or not he thinks that he also has a responsibility in this.*

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

MR ALBERT HO (in Cantonese): *Does the Secretary agree that there is at least one difference between The Link and other private companies and that is, The Link has assumed certain legal liabilities after purchasing these shopping malls from the HA, and as the Secretary has said, it has to be subject to the regulation of law. What are these legal liabilities? They are the liabilities stipulated under section 4 of the Housing Ordinance, that is, the HA in the past or The Link which has taken over these shopping malls from the HA now, has to provide PRH tenants with shopping mall facilities ancillary to PRH estates and take care of their well-being. In other words, it means that there should not be hefty rental increases which would cause the services or goods of shopping malls ancillary to PRH estates to rise beyond the affordability of PRH tenants. If my answer is correct, and I believe it is, how could it be the case that the HA or the Government has no responsibility to assess whether the considerable rental increases effected by The Link would have an impact on the people's livelihood, or whether they would cause the value of goods or services in the shopping malls to rise far beyond the affordability of PRH tenants, which means that they would only cater for the big market, rather than this special market of PRH tenants?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, Mr HO mentioned section 4 of the Housing Ordinance. Further elaboration of this point may be out of the scope of this discussion today. But of course, it bears some relevance to our discussion. Perhaps let me say briefly here that insofar as this issue is concerned, when the Court of Final Appeal (CFA) made its judgement, we clearly knew and understood that the HA had no responsibility to provide by itself these facilities or services, so long as their provision was maintained. Certainly, the CFA also said expressly that the services would be provided on commercial principles and so, it is known that there is the possibility of an increase in rent or other increases.

What we are talking about now is not "hefty" rent increase, as Mr HO put it earlier on. According to the average rental adjustment of 8.3% which I mentioned in the main reply earlier, and considering that the highest rate of adjustment is some 20% as we were told by a Member earlier, and as I have already explained the reason for it, such rental increase is actually moderate compared to the figures in other cases. So, the increase cannot be described as "hefty" by any standard; nor can it be said that the new company has increased the rents by a huge margin with no regard to the affordability of the commercial tenants.

In fact, as I said in my reply to the first supplementary question earlier on, disregarding who has taken over the management of the shopping malls under The Link, it is necessary to consider the market principles. What is more, we must understand that most shopping malls under The Link are located in PRH estates of various scales in different districts in Hong Kong. This is the objective reality, and we must not think that all the estates are like those which have been the focus of attention, such as Fung Tak Estate, Ngau Tau Kok Estate, and so on, for many are located in the more remote parts of the territory. Given this objective condition, the major source of customers of these shopping malls are certainly PRH tenants and so, the trade mix and goods sold in shopping malls under The Link must meet the needs and affordability of PRH tenants. So, we consider that market force is essential to providing protection to the basic shopping needs of PRH tenants.

MR ALBERT HO (in Cantonese): *President, it seems that the Secretary has not answered my supplementary question at all. My supplementary question is very simple. Let me put it more simply once again. Does the Secretary think that*

The Link has the legal liability to ensure that the rents do not depart from the affordability of PRH tenants? If yes, why does the Secretary have no responsibility to monitor — or put it in another way, why does the Secretary have no responsibility to assess whether or not the rents will have an impact on the livelihood of the tenants? These are two very simple questions, but the Secretary has not answered them at all.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): I have not consulted any legal opinion, but I think that The Link has no legal liability. Nor do I think that there is any provision which imposes on The Link a limit on the rent increase. It is because this is an objective condition, but rent increase is very subjective. I do not think that there is an objective provision which imposes a limit on the rent increase.

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

MR LEUNG KWOK-HUNG (in Cantonese): *Having listened to the Secretary's replies earlier, I think I can sum up this incident relating to The Link in this way: Going back on its words and kicking away the ladder.*

Mr Albert HO asked earlier whether the HA, being a government.....

PRESIDENT (in Cantonese): Please state your supplementary question and stop making comments. Please state your supplementary question direct.

MR LEUNG KWOK-HUNG (in Cantonese): *The HA, being a government-appointed body in charge of public housing, is subject to the regulation of the Housing Ordinance. So, in the CFA judgement, the Judge said that the sale of the shopping malls to The Link may not be proof that the HA cannot continuously provide suitable facilities to PRH tenants. A lot of things have happened to date. We can see that the rents have been increased, and some tenants have been driven away without the opportunity to negotiate their tenancies. The Secretary is in charge of the HA and the Housing, Planning and*

Lands Bureau. Does he not have the responsibility to make a guarantee? The Secretary has the responsibility to make a guarantee. The Link has made no guarantee, and this means that the guarantee made at the outset in respect of the sale of assets to The Link is false. Is it false or true in the Secretary's view? In the Government's statement it was said that the sale of assets to The Link would not compromise the interest of PRH tenants. Is that true or false?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): I think we have to look at it this way. We have to look at it from a holistic, comprehensive perspective. We certainly cannot make a guarantee to each and every commercial tenant who cannot continue to operate in all the shopping malls in PRH estates. I think Members will understand this. It is because there are many reasons for commercial tenants discontinuing with their operation, or in the view of the tenants it may be better to close down their business or seek development in other areas. We are talking about normal or general cases.

I think in all fairness, we do not see that the goods in any shopping mall under The Link are so expensive as to become unaffordable to PRH tenants, or the trade mix in the shopping malls has completely departed from the needs of the tenants. As far as I know, The Link has commissioned The Hong Kong Polytechnic University to conduct a survey on the operation of the shopping malls, customer satisfaction, and so on. Certainly, I do not have the survey results on hand, but they generally reflected a very high customer satisfaction rate and the people think that the goods are value for money. Judging from this, I do not think that there is any allegation that the operation of these shopping malls has departed from reality or gone beyond the affordability of the tenants. This is entirely not true.

PRESIDENT (in Cantonese): Has your supplementary question not been answered?

MR LEUNG KWOK-HUNG (in Cantonese): *No. Secretary Michael SUEN did not say "yes" or "no" in his answer. With regard to the undertaking made by the Government in the Legislative Council or on other occasions that the sale of assets to The Link would not have any impact on the provision of suitable services to PRH tenants under the Housing Ordinance, is that a lie? He did not say "yes" or "no".*

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

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I think we must make it very clear that suitable services are being provided now and the satisfaction rate of these services is also considered acceptable.

PRESIDENT (in Cantonese): Fourth question.

Redevelopment Strategy of Urban Renewal Authority

4. **DR FERNANDO CHEUNG** (in Cantonese): *President, it is learnt that the Urban Renewal Authority (URA) is currently launching redevelopment projects in various old districts and has applied to Court to invoke the Lands Resumption Ordinance to mandatorily resume the land concerned of those owners and tenants who do not accept its compensation packages. Many people have related to me that the present urban renewal strategy, the URA and the Hong Kong Housing Society (HS) with which the URA co-operates, and the compensation packages cannot address the needs of the public. They have also pointed out that while the URA receives financial support from the Government, it adopts commercial practices in its operation, and its management is being given huge bonuses every year. In this connection, will the Government inform this Council:*

- (a) *given that the Government has not reviewed the Urban Renewal Strategy (URS) since 2001, when the Government will conduct consultation and review on the Strategy;*
- (b) *whether it knows the amounts of bonuses received by the URA staff each year since 2001, the method for determining such bonuses and the percentages such amounts represent in the monthly total staff salaries, broken down by the ranks of the staff; whether the bonus system is applicable to the HS staff, and whether the relevant authorities will consider abolishing the bonus system; and*
- (c) *given that many owners, shop operators and residents in the old districts have indicated their wish to continue living and conducting*

business in the same districts, whether the Government will consider drawing up a mechanism or measures to assist the URA and HS in offering in situ rehousing (including "flat-for-flat" and "shop-for-shop" exchange arrangements) to residents, shop operators and owners affected by the urban redevelopment projects?

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

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

- (a) The URA is a statutory body established under the Urban Renewal Authority Ordinance. The Ordinance provides a legal framework for the URA to undertake urban renewal in a comprehensive and holistic manner, covering redevelopment, rehabilitation, revitalization and preservation with buildings of architectural and historical values within its urban renewal projects. The URS formulated after extensive public consultation provides broad guidelines to steer the URA's urban renewal work. Similar to other policies, we agree that the URS should be reviewed at an appropriate time in order to improve the relevant work continuously. Nevertheless, we have to seriously consider some important issues, so as to ensure that the review of the URS can be conducted effectively.

Over the past few years, the URA has been giving priority to implement the former Land Development Corporation (LDC) projects not yet completed. In general, these projects were implemented in accordance with the Land Development Corporation Ordinance. As a result, there are so far only a few new projects commenced under the Urban Renewal Authority Ordinance. Considering that it usually takes years to complete the procedures of implementing a redevelopment project, including consultation, planning and design, property acquisition, rehousing and land resumption, and that the URA has not accumulated sufficient experience in the other aspects of its "4R" initiatives including rehabilitation and revitalization, we consider it necessary to allow more time for the URA to accumulate practical experience, in order to provide a solid basis for a comprehensive and effective review of the URS.

Upon that time, we will widely consult the public and ensure that the views of the stakeholders concerned will be fully taken into account in the URS review.

- (b) Neither the URA nor the HS has adopted any bonus pay system predicated upon the organization's business achievement and profitability. To provide incentive for better performance, the URA adopts a variable pay system, under which the whole remuneration package of its staff comprises two components, that is, a fixed pay and a variable pay linked to the staff performance. In gist, a variable pay is set for the URA staff of different ranks. In determining the variable pay level, the URA will take into account staff performance, including their performance in handling their duties, organizational ability, staff management, and team work. In this connection, the pay level of the URA staff, including the variable pay, is not related to the acquisition cost nor the profitability of any individual project.

The HS also introduced a variable pay system in 2002-2003 in order to improve its staff performance. Likewise, there is no connection between the acquisition costs as well as the profitability of any redevelopment project undertaken by the HS, and the pay level of its staff.

- (c) As we understand, the URA Board considers that property acquisition by way of a "flat-for-flat" and "shop-for-shop" option has some merits conceptually. In practice, there are however a number of difficulties that cannot be resolved easily within a short time. Taking the "flat-for-flat" option as an example, the URA needs to consider the supply and demand of the affected residential flats, as well as the cost-effectiveness and operational difficulties of the proposal.

Concerning the "shop-for-shop" option, the URA considers that the operational problems involved are even more complicated. Given the varying nature of the business, the shop owners will have different requirements on the reprovisioning of a shop in respect of size, location, orientation, useable floor space, road facilities in the vicinity, headroom and loading capacity of the floors, and as a result of the related industrial and business regulations under the law.

In view of the above, the URA Board considers that at this stage, the Authority is not equipped, nor has the ability to implement these two options.

Nevertheless, the URA staff and its social service teams are willing to provide flat or shop owners with relevant market information and assist them, as far as practicable, in looking for suitable replacement flats or shops.

We will continue to encourage the URA to adopt an open attitude and listen to the views of different sectors of our society. We will also ask the URA to explore other rehousing and compensation options including the option to allow priority for the affected owners to buy back flats after redevelopment, in order to address the different needs and aspirations of the residents or shop operators affected by redevelopment.

DR FERNANDO CHEUNG (in Cantonese): *The Secretary pointed out in part (c) of the main reply that the "flat-for-flat" and "shop-for-shop" option has some merits conceptually, but in practice there are a number of difficulties and the problem of cost-effectiveness. The purpose of redevelopment by the URA is to better the life of residents living in the district concerned and as the "people-oriented" approach is adopted by the URA, it follows that efforts should be made as much as possible to reduce the impact on the residents and shops of the district concerned, as well as the damage to their community networks. May I ask the Secretary, from the way he gave his reply, if it also shows that the "people-oriented" approach of the URA is likewise only has some merits conceptually, but as cost-effectiveness and operational difficulties are involved, it cannot be resolved easily within a short time and so the URA is not equipped to implement the concept of a "people-oriented approach"?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): There is of course not just one way of achieving the goal of a "people-oriented" approach and not necessarily by means of a "flat-for-flat" and "shop-for-shop" option. The above is only one of the ways that can be considered. I have said earlier that the authorities will certainly consider how the difficulties mentioned by me just now can be overcome.

In my main reply, I have said that, as Dr CHEUNG has pointed out, actually we hope that those people who are affected can integrate into the community again. Therefore, the URA has financed and set up a social service team and the main purpose of this team is to provide support services to those affected to see what suitable replacement flats or shops are available in the district concerned. When these people cannot find suitable replacement flats or shops, the social workers will provide them with such service. If they cannot do that, there will be people to help the people affected to adopt such an approach to meet their needs as far as possible and in the same district. However, this is only one of the ways of doing things and the URA will keep on doing it.

As for other problems which they have mentioned, if they can identify other solutions and, granting the opportunity in the future, we will of course consider them. I have mentioned in the main reply that one of the ways presently being explored by the authorities is to accord priority to the affected owners to buy back flats after redevelopment. There will certainly be many details that need consideration. All these show that the goal of a "people-oriented" approach is necessary and we hope that this goal can be achieved by different means. Now a number of methods are employed.

DR FERNANDO CHEUNG (in Cantonese): *The supplementary question which I raised earlier is whether or not it has some merits conceptually but in practice there are a number of difficulties. The reply given by the Secretary is that actually he agrees to the "flat-for-flat" option.....*

PRESIDENT (in Cantonese): You need not criticize or comment on the Secretary's reply. You only need to repeat the part which you think has not been answered by the Secretary and that would be fine.

DR FERNANDO CHEUNG (in Cantonese): *Yes, I understand. Since this oral question has already stated that the "flat-for-flat" and "shop-for-shop" option is a means to put into practice the "people-oriented" approach, but the Secretary does not think so. It means he has not answered the question posed in my main question.*

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

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I do not think I have anything to add.

MR FREDERICK FUNG (in Cantonese): *President, first of all, I would like to provide some information which the Secretary has not mentioned, then I shall raise my supplementary question. I would try to be as brief as possible with the information I give.*

When the URA was set up at that time, former Permanent Secretary of the Housing, Planning and Lands Bureau Stephen FISHER once said openly to the residents that in principle he agreed to the "flat-for-flat" option. He even gave us some information which stated that the piece of vacant land opposite Sham Shui Po would be set aside for the URA to build flats. He even said that the use of Home Ownership Scheme (HOS) flats or private-sector participation HOS flats for the purpose of serving the "flat-for-flat" purpose might also be considered. These remarks were made by Permanent Secretary Stephen FISHER at that time to the residents, but now the Secretary says that this will not do. Does it mean that what Stephen FISHER did at that time was just making some irresponsible off-hand remarks?

Also, the main reply given by the Secretary also points out that the URA is not equipped or has the ability to implement such option. May I ask the Secretary whether the URA is equipped to implement the three options suggested by the Secretary earlier? What did the Secretary mean when he said that the URA is not equipped? In any case, there are a lot of HOS flats which are not yet sold at present.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): I believe what we should consider for the most part in this supplementary question is whether or not we have any means to meet the demands of the flat owners and shop owners affected. The answer is yes, we have such a means. The social service team, for example, will help them find suitable units. Of course, if other means are available, we would also consider them.

As for what Mr Stephen FISHER said at that time, I do not believe he could say categorically that things would be done that way. He only said that consideration would be made. He was only putting forward a workable approach, saying that if there was land that could be done that way, it would be done. As Mr FUNG has talked about the HOS flats as an option, any proposal of this sort can be put forward. But as we know, there are HOS flats we can offer in terms of location and these are not available in every part of Hong Kong. If there are such units near the affected community, those affected owners will certainly welcome it. But for owners affected by redevelopment in other districts, if no similar units are available, they will hold a different view. The issue we are talking about is diversified and cannot be solved by one approach alone. If other solutions are available, we would certainly look into them.

MR FREDERICK FUNG (in Cantonese): *President, the Secretary has not given a pertinent reply to my supplementary question. Stephen FISHER talked about the "flat-for-flat" approach on that day and a paper sent to this Council dated 22 January 2002 also referred to that. I wish to get a clear answer from the Secretary. Is it true to say that even what he said and what was set out in that paper will not be considered by the Secretary now? He often says that the URA is not equipped. But does being not equipped mean that nothing will be done? He has not answered my supplementary question.*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): I was not saying just now that the URA was not equipped. I outlined some of the difficulties involved and these difficulties are also practical problems. Now the URA is reconsidering these problems. This is what the URA Board is doing now. When the work is finished, if there is any progress, I will furnish a progress report. But the situation now is that the URA Board thinks that problems in this area are not yet addressed and this is not a matter of whether the URA is equipped for it or not. Only that some difficulties are yet to be overcome.

MISS CHAN YUEN-HAN (in Cantonese): *On the various points raised in the main question, I would also raise them up with the Secretary very often. The*

Secretary said when he replied to part (a) of the main question asked by Dr CHEUNG today that the URA had an URS and he also agreed that a full-scale and effective review of the URS should be conducted. How long do we have to wait before this review is conducted? President, I will finish speaking soon. From an objective perspective, can the Government face up to the social conflicts brought along by each of the URA redevelopment projects? I do not wish to give a run-down of these projects. But the fact is each and every one of the projects undertaken by the URA has some very great conflicts and clashes. May I ask the Secretary, given the present situation, if he thinks that it is a good strategy to drive out almost all the residents (be they commercial tenants or households) in the existing buildings and irrespective of whether there is any need to do so? Is this strategy to go on indefinitely and so conflicts against the Government will arise in every one of these events? May I ask the Secretary, when the Government will ever undertake a review in the face of a URA that used to be "people-oriented" but is now employing disgusting tactics of the developers? I think he has not answered the main question raised by Dr CHEUNG.

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

Actually, I have indeed given a reply to that. It is in part (a) of the main reply. What the URA is presently doing is mainly handling the redevelopment projects left over by the former Land Development Corporation. There are 25 such uncompleted projects. All these projects are dealt with under the old Land Development Corporation Ordinance because these projects began at that time and they are not dealt with according to the Urban Renewal Authority Ordinance. So I wish to explain here that as such work has just begun, the authorities need to gather experience over time and after that they will know what are the operational difficulties involved. This is the reason.

As for the supplementary question raised by Miss CHAN, actually we also know that the most important thing is not what ordinance to go by but to follow the "people-oriented" approach and that it must be ensured that public aspirations are taken care of when such projects are carried out. Now we have discussed with the URA and arrived at an arrangement. There has been some great change in their consultation procedure and it is now from bottom up. In the case of the Kwun Tong redevelopment project, the authorities have held a lot of inquiries and meetings with the residents groups in which efforts were made to

hear their views and understand their situation before planning is to commence. In this way, residents are made stakeholders. The residents have expressed many views. For our part, before any specific recommendation is made, we have taken into account their preferences. If work is to be done well in this aspect, it would be very complicated at the beginning and there will be much more things to be dealt with. As we see it now, we still think that this is worth it. And the URA has confirmed such a direction. So with respect to this, regardless of whether any review has been undertaken by us or not, what we see now is that, if work can be made better, we will try our best to make it better and at the soonest.

MISS CHAN YUEN-HAN (in Cantonese): *President, the Secretary has really not answered my supplementary question. I asked him when he would do it, but he has not given any reply to this. He has been making detours all the time, saying that in the present case of Kwun Tong, there are really lots of problems there and the ruthless developers.....*

PRESIDENT (in Cantonese): You just want to ask the Secretary when a review will be conducted, right?

MISS CHAN YUEN-HAN (in Cantonese): *Yes. Just now I asked him only a very simple supplementary question, but he talked about other matters.*

PRESIDENT (in Cantonese): That will do. Secretary, please reply.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, the question is we need to gather more of such experience. Now we have only started six projects, so we would need some more time.

I have said that what we want to do may not be something strategic in nature. The most important element is, as I have just said, we need to know more about public aspirations and to see how these aspirations can be addressed more effectively.

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

MR ALBERT CHAN (in Cantonese): *The Secretary is most adept at giving a reply that is not a reply at all. President, all through these 20 minutes, he has never answered these questions.*

President, the supplementary question which I would like to ask the Secretary is about the point mentioned in part (a) of the main reply, that is, over the past few years, the URA has given priority to implementing the former LDC projects not yet completed. For many of these former LDC projects, studies began almost 20 years ago and people's demands and values have changed considerably in the interim. Examples of changes are the importance attached to collective memories and the heritage and special economic activities of a community, that is, cases like the "Wedding Cards Street" and the "Sport Shoes Street". On the question of projects given priority and how priorities are accorded, would the Secretary take into account the changes in value preferences of the residents and the public in recent years and, with respect to the 25 projects that are to go ahead, consider how a fresh study and review can be conducted in terms of the strategy, policy and direction concerned, so as to prioritize these projects again?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): I think we have already set the priorities for these projects and work has already begun. Having said that, I agree with what Mr Albert CHAN has said earlier, that since many of these projects were finalized years ago, we need to carry out some review now such as of the way these projects are to be handled and the options we have to consider when redevelopment is to take place in the future. These are matters we must give serious consideration.

As I said earlier on, it is trendy these days to talk about how the existing cityscape can be preserved, and so on. Many people say that if we are to act according to conventional thinking, that will mean that all the old buildings have to be torn down and skyscrapers will be built in their place. In view of this, when the URA carries out its redevelopment projects, it has tried its best to preserve the existing outlook of a place and it has looked into how the buildings of a place can be blended in harmony. In other words, when the existing

appearance is to be preserved and it cannot be helped that certain high-rise buildings must be built, then we have to see how the two can be accommodated in design such that while part of the existing cityscape can be preserved, the effect of improving the environment and living conditions of the district concerned can be achieved. This is their work objective and they will certainly try to achieve it.

MR ALBERT CHAN (in Cantonese): *President, this question mentions the issue of re-prioritizing the projects and the Secretary undertook that a review would be conducted. However, the supplementary question raised by me asked the Secretary whether he would consider reprioritizing the projects.*

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

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, the 25 projects mentioned by me just now are all leftover projects and actually there is not much room for us to make any new changes. Of course, there are one or two projects which should be processed anew because of the problems just mentioned. Therefore, I think this has already taken into account the contents of the supplementary question raised by Mr CHAN.

PRESIDENT (in Cantonese): Fifth question.

Ability of Buildings to Withstand Earthquakes

5. **DR RAYMOND HO** (in Cantonese): *It has been reported that in recent years, when intense earthquakes took place in neighbouring places, many members of the public in Hong Kong could feel the buildings where they were swaying, and some of them even fled the buildings in a panic for safety. Given that the existing legislation in Hong Kong does not require buildings to be able to withstand earthquakes, will the Government inform this Council whether it will consider enacting legislation to impose such a requirement; if it will, as enactment of legislation takes time, whether the authorities will accord priority to enhancing the ability of existing disaster emergency relief facilities (buildings*

such as fire stations, hospitals and police stations, and so on) to withstand earthquakes, so as to ensure that such facilities can still operate in the event of earthquakes?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, intense earthquakes in the world mostly occur along crustal plate boundaries. Hong Kong lies within the Eurasian Plate but not along the boundary. The well-known Circum-Pacific Seismic Belt is located along the boundaries of the Eurasian Plate and the Pacific Plate, stretching through neighbouring regions of Japan, Taiwan and the Philippines where earthquakes frequently occur. As Hong Kong is not situated along this active seismic belt, the possibility of having serious earthquakes in the territory is relatively low.

Since 1905 when the Observatory started recording locally felt earthquakes in the territory, Hong Kong has recorded 162 tremors of different magnitudes. Such earthquakes have not caused any casualties. The strongest tremor ever recorded was of Intensity VI to VII on the Modified Mercalli Scale (MMS). This locally felt earthquake occurred more than 300 km away from Hong Kong in the neighbourhood of Shantou in 1918, and inflicted minor damage on walls of a few buildings constructed under the prevailing building standards at that time. This has been the only earthquake that has caused damage in Hong Kong since 1905.

The Buildings Department (BD) has commissioned a consultancy study on issues concerning seismic effects. The major purpose is to assess the earthquake risks in Hong Kong and the effects of earthquakes on local buildings. The study is still ongoing, and we hope it can be completed as soon as possible.

The extant Buildings Ordinance does not require private buildings in Hong Kong to possess seismic-resistant designs. However, the Ordinance stipulates that buildings in Hong Kong should be able to withstand wind gusts of 250 km per hour, and hence such buildings possess a very high load-resisting capacity. In the event of an earthquake of MMS Intensity VII, buildings constructed according to the current standards should still be safe and suffer no serious damage.

The above has also been confirmed by the preliminary findings of the consultancy study commissioned by the BD, that is, most of the buildings in

Hong Kong are basically safe in the event of an earthquake that may take place in the territory. Upon completion of the study, we will examine the results in detail and consider whether there is a need to introduce legislative amendments to enhance the capability of buildings to resist seismic effects.

Regarding the seismic resisting capability of buildings such as fire stations, hospitals and police stations, these buildings have been designed to be wind resistant since the '30s. The standard of wind resistance for these buildings has also been regularly revised and upgraded to meet changing needs. As such, these buildings are basically safe and will suffer no serious damage in the event of an earthquake that may occur in Hong Kong.

In case of the occurrence of any serious incidents in Hong Kong, the Security Bureau will, according to the circumstances, promptly initiate the established contingency measures. It will also co-ordinate the command and control centres of the emergency services and supporting departments to carry out rescue, recovery and restoration work.

The bureaux and departments concerned will consider whether there is a need to enhance the seismic resisting capability of buildings such as fire stations, hospitals and police stations upon completion of the BD's consultancy study.

DR RAYMOND HO (in Cantonese): *President, the Secretary mentioned that facilities such as fire stations have incorporated wind resistant capabilities into their designs. But since the early '80s of the last century, the designs in respect of wind resistant requirements have been revised substantially, and many disaster emergency relief facilities are mostly built before the '80s. I know that certain buildings that are not too tall also have the problem of being unable to withstand more intense earthquakes. Can the Secretary tell us when the consultancy study will be completed? Before the completion of the study, will the authorities actively consider the issue raised by me in the second part of my main question, that is, whether the authorities will accord priority to enhancing the ability of existing disaster emergency relief facilities to withstand earthquakes?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I said a moment ago in my main reply that the consultancy study conducted by the BD had been going on for some time, and we hope its report

can be completed as soon as possible. Next, the Government will internally consider the findings of the report to see if it is necessary to enact legislation and do some other follow-up work.

With regard to disaster emergency relief departments, I understand why Dr HO asked this question. It is because of his concern about whether they are safe enough in order to be able to rescue others when earthquakes occur. Therefore, we have confirmed that these relief facilities are adequately wind resistant. Meanwhile, all government emergency relief departments have backup facilities for their equipment and systems. Therefore, in the event of any major accidents, we can be sure that both the backup facilities and relief services can function properly.

MISS TAM HEUNG-MAN (in Cantonese): *President, the IFC is the tallest building in Hong Kong, how strong is its seismic resisting capability? The Secretary said that the buildings in Hong Kong could withstand an earthquake of Intensity VII. If an earthquake of Intensity of VII or VIII, or even higher should occur — since increasingly taller commercial buildings are constructed nowadays, the Secretary said that the existing legislation could be amended. But if the buildings still cannot withstand earthquakes of the Intensity of VII or VIII even after the relevant legislative amendments have been enacted — what kinds of measures does the Secretary have in assisting these buildings to strengthen their seismic resisting capability?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, we must make reference to past records. According to our past records, the several earthquakes that had taken place in Hong Kong were mostly minor ones. Of course, we shall not draw our conclusion in this way and say definitely that no intense earthquakes will occur in the future. This is exactly the reason why the BD had commissioned a consultancy to conduct a study in this aspect. In fact, we are not only studying the risks involved, but we are also making reference to the handling approaches adopted by our neighbouring regions. As I have just mentioned, the most important point is we must find out how great the impact of earthquakes could have on Hong Kong, instead of how great the opportunity for us to have earthquakes of intensity higher than a certain grade. Of course, if an earthquake of Intensity VIII or IX happens in Hong Kong, how should we cope with it? We shall make good preparations for it. As such, we shall first consider the conclusions of the consultancy report.

As I have said in my main reply, buildings in Hong Kong should be able to withstand wind gusts of 250 km per hour, and hence such buildings possess a very high load-resisting capacity. With regard to the question of whether buildings with such wind resistance are also capable of withstanding earthquakes, we cannot come to any conclusion unless the consultancy report has been completed and examined by us in detail. At present, since Hong Kong has not experienced any such serious disasters over the years, I think the buildings in Hong Kong should have adequate resistance in this aspect.

DR RAYMOND HO (in Cantonese): *President, nowadays, people in different parts of the world are conducting in-depth studies on the impact of earthquakes and the frequency of their occurrences. We can no longer use records of the past few decades as the yardstick. In fact, the designs of bridges in Hong Kong have already incorporated seismic-resistance. I believe there must be reasons for doing so. Insofar as the seismic-resistant design requirements are concerned, though the Government has been considering the issue for several decades since the '70s, it has not made any clear-cut decisions or in-depth studies into it. May I ask the Government, apart from completing the consultancy report as soon as possible and explaining the findings to the people The Secretary mentioned in his main reply that buildings such as fire stations, hospitals and police stations were basically safe and would suffer no serious damage in the event of an average earthquake that may occur in Hong Kong. Secretary, how do you define "serious" and non-serious earthquakes in terms of their intensity?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): Madam President, maybe I can answer the second part first. "Serious" and non-serious earthquakes are relative to what had happened in our history and records.

With regard to the first part of Dr HO's follow-up question on incorporating seismic-resistant designs in bridges, according to the information I have now, the main emphasis is not just on protection against earthquakes. The incorporation of seismic-resistant designs is primarily because there are heavy vehicles using the bridges, instead of just for the protection against earthquakes. The BD introduced a new requirement last December. According to the Code of Practice for Structural Use of Concrete 2004, it is stipulated that the structure

at the joint of a horizontal beam and a vertical pillar has to be strengthened. Such a guideline shall be able to enhance the seismic-resistant performance of buildings when earthquakes occur. However, this guideline is not laid down specifically for satisfying the seismic-resistant requirements of concrete buildings. Therefore, although we are concerned about the issue in this regard, we cannot use this as the basis for requiring other buildings to incorporate seismic-resistant measures into their designs. We must wait for the completion of the report of the consultancy study and come to a conclusion before we can contemplate whether it is necessary to introduce such a requirement.

PRESIDENT (in Cantonese): Last oral question.

Hong Kong Institute of Education's Campaign for University Title

6. **DR YEUNG SUM** (in Cantonese): *Madam President, The Hong Kong Institute of Education (HKIEd) is one of the tertiary institutions funded by the University Grants Committee (UGC) and has been granted self-accreditation status since 2004. It is learnt that HKIEd has long been campaigning for being granted the title of a university but so far there is no result. In this connection, will the Government inform this Council:*

- (a) *as it has indicated that various factors are considered in processing applications from tertiary institutions for being granted the title of a university, of the scores that HKIEd has currently obtained with regard to each of these factors and the difference between such scores and those of the other institutions when they were granted such a title;*
- (b) *whether HKIEd may lodge a complaint about the delay in the processing of its title application; if it may, of the relevant procedure; if not, the measures to ensure that HKIEd's application will be dealt with fairly; and*
- (c) *whether the Government has assessed the implications of HKIEd being granted the title of a university in respect of its public image as a teacher training institution, its ability to compete with the education faculties of other tertiary institutions for intake of students*

with good academic results, as well as its financial situation; if it has, of the assessment results; if not, the reasons for that?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, there is a lot of discussion on HKIED lately. Some people simply disregard the facts, and mislead the public by saying that the institution's internal affairs, such as the appointment of individual members of staff and labour disputes, are related to issues such as whether the institution is to adopt a university title. This has caused great damages to all parties, and is most regrettable. In fact, the Government has always had an open mind as to whether HKIED should use a university title. I thank the Dr YEUNG Sum for raising this question, because I can take the opportunity to explain clearly the Government's position.

Under the existing policy, the Government will, in processing an application for university title, consider the merits of each case and take into account various relevant factors including the objectives of establishing the university, the quality and standard of the institution's academic and research programmes; the effectiveness of its teaching and learning; the institution's internal governance structure; the quality of leadership of its management; the financial position of the institution; its sustainability; and the public interest, and so on.

Consideration is also given to the prevailing international trend for the development of comprehensive universities which offer a range of degree programmes in various disciplines. If monotechnic institutions can acquire a university title, will the schools within other universities, such as the law schools or medical schools, be encouraged to become independent universities? Is such a development suitable for Hong Kong? You may wish to think about this, or you may wish to hear what others say. According to the Encyclopaedia Britannica, a university is an "institution of higher education, usually comprising a liberal arts and sciences college and graduate and professional schools that confer degrees in various fields", which means that universities, by nature and design, should not be monotechnic.

HKIED obtained self-accrediting status in respect of its teacher education programmes in 2004. At that time, the institution understood clearly that self-accrediting status and university title are two different things. The

Government has so far not received HKIEd's application for university title. There is therefore no question of a delay in processing the Institute's application.

HKIEd was established in 1994 as a post-secondary institution for providing professional training to teachers. Its role has been well understood and appreciated by the community. There is no evidence to support that the development of the Institute has been adversely affected by the lack of a university title. Indeed, the granting of a university title does not necessarily help to improve the quality of student intake. On the other hand, quite a number of outstanding higher education institutions overseas do not carry a university title. Examples include the MIT and Caltech in the United States.

In fact, what I said just now is not new. In 2005, the Honourable CHEUNG Man-kwong asked a similar question. I do not mind responding to it again, because our policy is very clear and it has not changed. We have always had an open mind as to whether HKIEd should acquire a university title, and we have no preconceived view.

HKIEd has been doing very well as a higher education institution. It has made significant contribution to our teachers' professional development. As the Secretary for Education and Manpower, I truly appreciate the hard work of the teaching staff and students at HKIEd. I hope no one will misunderstand my position or that of the Government. I will be very disappointed if anyone attempts to use the retitling issue to confuse the public, and in serving one's own interest do things which are detrimental to the institution's governance and development.

DR YEUNG SUM (in Cantonese): *Madam President, in my supplementary question, I wish to focus on part (b) of the main question, that is, the part on how we can ensure that HKIEd's application will be dealt with fairly.*

Madam President, the Secretary's reply today actually suggests that it is not appropriate for HKIEd to acquire a university title. What is more, Bernard LUK, Vice-President of HKIEd, said a couple of days ago that the Secretary had been trying to suppress the Institute. According to him, the Secretary demanded Paul MORRIS, President of HKIEd, to dismiss four academics of the Institute who had openly criticized the education reform, and he even threatened to reduce the places of HKIEd in a bid to force it to accept a merger. In the future, if HKIEd really filed a formal application for university title, how can we ensure

that all these pre-conceptions and conflicts between HKIEd and the Education and Manpower Bureau will not affect the outcome of application? If HKIEd is not satisfied with the outcome, to which organization can it lodge an appeal or complaint?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, this question actually consists of two parts. First, it is about the topic of acquiring university title. Decisions concerning this are not made by the Secretary for Education and Manpower alone. If there is an application for university title, we will certainly refer it to the UGC. The outstanding overseas scholars in the UGC will make their judgement. The Government will also make its judgement. In the end, the application will be referred to the Executive Council for a decision. Therefore, on this matter, no personal grudges whatsoever are involved.

Second, since someone has accused me of demanding the dismissal of four academics, I must make it very clear here that I totally deny the accusation. This will certainly do damage to me personally. There has been nothing of this sort.

DR YEUNG SUM (in Cantonese): *Madam President, my supplementary question just now is on what channels of appeal will be available to HKIEd in case it is not satisfied with the outcome of application.*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): If HKIEd wants to lodge an appeal, it will have to explain its case. Dr YEUNG Sum remarked that I had already said no, but I must reiterate that both the Government and I have an open mind on this. If an application is lodged, we will certainly ask the applicant many questions. What is the purpose of application? Is there any problem for a monotechnic institution to become a university? Why does the applicant think that even a monotechnic institution can acquire university title? All these questions must be answered, right?

By mentioning these questions today, I do not mean to say that no approval will be given. I only hope that they can carefully consider how they are going to answer them. I welcome them to file an application for university title. But

they must at the same time answer other questions, right? In case the faculty of medicine of a certain university also files an application for becoming a medical university, how should I respond? All such questions must be considered very carefully, and there must be a development blueprint. No one has ever said that HKIEd will not be granted university title. But they must first carefully consider all the arguments for them.

MR CHEUNG MAN-KWONG (in Cantonese): *President, the Secretary has said much more than what he mentions in the main reply. My supplementary questions will therefore concentrate on what the Secretary has said in addition to the main reply. The Secretary said just now that someone had used the renaming of HKIEd as a means of confusing the public. I hope that the Secretary can take this opportunity to clarify what he means by "someone". What is the purpose of using the renaming of HKIEd as a means of confusing the public? Can the Secretary explain his additional reply clearly?*

PRESIDENT (in Cantonese): Honourable Members, the Government's draft replies to the Legislative Council are just meant to give us more information for reference. Formal replies are given by government officials at the meetings of the Legislative Council.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, HKIEd has already obtained self-accreditation status. I know that its teachers, students and Council all very much hope that the institution can be renamed a university. They have actually discussed the matter with me on different occasions. But then confusion has suddenly arisen due to the contract renewal of two HKIEd teaching staff. It is alleged that their contracts are not renewed because I force HKIEd to accept a merger and forbid the HKIEd Council to fight for university title. This is a personnel matter. It is not appropriate for me to intervene. And, I do not have the ability and power to intervene either.

However, as reported clearly in the press Members all know what I am talking about. Perhaps, I should further clarify that I have never forced any tertiary institution to accept any merger. I repeat — I have never forced any particular tertiary institution to merge with any specified tertiary institution. A

merger will require mutual consent. A merger can be possible only when both sides agree that it is desirable. The Government will not resort to coercion and neither will I. But I must still point out clearly that in March 2000 (I had not joined the Government at that time), the UGC prepared a blueprint on university development. The Government accepted the report on the blueprint, which clearly stated what universities could do. And, it was also mentioned that universities might choose to do nothing at all or even accept a merger. There was plenty of room, and many different ways of co-operation and deep collaboration were proposed.

But tertiary institutions should consider their positioning. The Government has accepted the report and I am the Secretary for Education and Manpower, so it is my duty to hold discussions with all institutions on their future development. If people say that this is coercion, are they actually implying that my actions to discharge my duty are a form of coercion?

MR CHEUNG MAN-KWONG (in Cantonese): *President, the first point of my question just now was about someone using the renaming of HKIEd as a means of confusing the public. My first point was about who that "someone" was. The Secretary did not mention who that "someone" was. He still talked about "someone". But he in fact mentioned two persons. Can the Secretary explain more clearly?*

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

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

MS AUDREY EU (in Cantonese): *President, the Secretary repeatedly said just now that he did not have any power to intervene, and that he had not done so either. But the fact is that there have been many rumours about the Secretary's attempts to force tertiary institution to accept a merger. The Secretary also mentioned that there had been many recent press reports on various accusations. I believe the Secretary will also agree that all those accusations of his having intervened in the affairs of tertiary institutions are very serious. But he has*

categorically denied them all. President, does the Secretary think that the Government should set up an independent commission of inquiry on the matter?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, if one wants to accuse another person, one must explain clearly why one wants to make an accusation and what evidence one has. I think if there is any evidence, an investigation should be conducted because the accusations are indeed very serious. I was once the Vice-Chancellor of a university. I therefore think that intervention in the academic freedom of universities is a very serious matter. Let me repeat that this is a very serious matter which is totally unacceptable in Hong Kong. However, if anyone wants to make any unfounded accusations against others, he must remember that he has to produce evidence. If he can produce evidence, the matter will certainly be handled in strict accordance with all relevant laws and rules. But if there is nothing but dins, with people accusing A today, B tomorrow and C the day after tomorrow, should the Government set up a commission of inquiry every time when such dins are heard? Many people are very irresponsible in what they say. They will just stand up and leave afterwards, plunging the whole city into chaos. Is this responsible behaviour?

MS AUDREY EU (in Cantonese): *President, the Secretary has not answered by supplementary question. I only asked the Secretary whether he thinks that the Government should set up an independent commission of inquiry on the matter. President, evidence will of course be presented before such commission. I only asked him whether he agrees that the Government should set up an independent commission of inquiry.*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I have already made my point very clear. Are we going to set up an independent commission of inquiry every time when an accusation is made? My point is that there must be evidence before such commission can be set up. If we are to set up a commission to find evidence every time when an accusation is made, then we will have to set up many such commissions. Suppose someone now accuses Legislative Council Member Audrey EU of some unfair deeds, should we immediately hasten to set up a commission to check whether there is any evidence? Let her think about the answer herself.

MS AUDREY EU (in Cantonese): *President, the Secretary has still failed to answer my question. I of course cannot compare myself with the Secretary. We are so different in status, right? The fact is that someone has made an accusation. In my supplementary question, I only asked the Secretary whether he thinks the Government should do so. Is his reply in the negative, President?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I have not talked about any necessity or otherwise. My reply is that if there is any evidence, a thorough investigation must be conducted. However, if there is no evidence and only one person has said something, we must ask, "Is there any evidence?" If the intention is to politicize the whole thing and smear the Government, I will have nothing to say, and I cannot stop others from doing so either. But we should still let Hong Kong people see that in the absence of any evidence, the setting up of a commission of inquiry is just an attempt to smear somebody's reputation.

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

DR KWOK KA-KI (in Cantonese): *President, much of what the Secretary has said in his replies today is not found in the main reply. When it comes to whether an independent commission should be set up, we must of course realize that besides the Government, the Legislative Council also has the power. The Secretary mentioned that if the accusation was substantiated, the matter would be very serious. I actually want to ask the Secretary how he thinks the matter should be handled and what responsibility he should bear if there is evidence, that is, if the Legislative Council can find evidence through some effective means.*

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, can you rephrase your supplementary question? You said "if" right at the beginning

DR KWOK KA-KI (in Cantonese): *Yes, President.*

PRESIDENT (in Cantonese): You should know that Members are not permitted to ask any hypothetical question.

DR KWOK KA-KI (in Cantonese): *Yes, President, I am sorry. What I mean is that what we have heard from the Secretary about this matter is much more than what we have heard circulating elsewhere. If we can find evidence, there are of course many ways to handle the matter. This matter involves HKIEd If we can find something which indicates that HKIEd, including its autonomy, has been affected, how does the Secretary think we should handle the matter? What about his responsibility?*

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, do you think I can put your supplementary question as follows? Your supplementary question is: In regard to this matter, does the Secretary think that HKIEd's autonomy has been affected? If yes, what follow-up actions should be taken?

DR KWOK KA-KI (in Cantonese): *President, I am afraid not. Maybe, I will try to rephrase it once again.*

PRESIDENT (in Cantonese): Yes.

DR KWOK KA-KI (in Cantonese): *If such a commission is really set up and there is concrete evidence showing that the matter is, as described by the Secretary, very Actually, many things are told by the Secretary himself How will the Secretary handle the matter?*

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, what commission? The Secretary has not mentioned any commission.

DR KWOK KA-KI (in Cantonese): *Not yet What I mean has nothing to do with any commission. If an investigation shows that the whole thing is substantiated*

PRESIDENT (in Cantonese): What commission?

DR KWOK KA-KI (in Cantonese): *President, I have already refrained from mentioning any commission. The matter itself no longer has anything to do with a commission.*

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, I cannot quite understand what you want to ask. Perhaps because I have asked you to put your question more clearly, you get confused. Can you try to rephrase your supplementary question again?

DR KWOK KA-KI (in Cantonese): *Yes, President. Perhaps I should try to rephrase my question again. Our most important concern in the whole incident is the role of the Government (including the Secretary). The matter has affected the relationship among HKIEd, the public and the Secretary. If the accusation is found to be substantiated after investigation, the matter will be a very serious one whether or not a commission is set up — even the Secretary admitted that this would be a very serious matter. If the whole thing is substantiated, how will the Secretary handle the repercussions?*

PRESIDENT (in Cantonese): Time is running out, so let us see whether the Secretary can answer this supplementary question.

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Madam President, I am more than happy to answer this supplementary question. But I do not know what he wants to ask me.

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, I am a bit confused too.

DR KWOK KA-KI (in Cantonese): *President, I am sorry, but I have actually put the question very clearly. However, I understand that according to the*

Rules of Procedure, I must rephrase it until it can be answered. If the Secretary can understand the question but refuses to admit so, if he still says that he cannot understand the question after hearing it clearly, I cannot possibly ask the question again. I give up. I withdraw the supplementary question and I shall ask no more questions.

PRESIDENT (in Cantonese): In that case, oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Economic Freedom of Hong Kong

7. **MR JEFFREY LAM** (in Chinese): *President, it has been reported that in its Index of Economic Freedom study report released recently, the Heritage Foundation of the United States has, for the 13th consecutive year, ranked Hong Kong as the world's freest economy. Hong Kong ranks first in four areas: trade freedom, investment freedom, financial freedom and property rights. However, the Foundation also indicated that the Government of the Hong Kong Special Administrative Region (HKSAR) should shorten the processing time for issuing licences and should not formulate any market intervention policies (such as setting minimum wage). In this connection, will the Government inform this Council:*

- (a) *how it will consolidate Hong Kong's competitive edge in the above four areas;*
- (b) *how it will enhance the business freedom of Hong Kong and expedite the licensing process, so that Hong Kong will not lag behind other regions; and*
- (c) *as the above report complimented that business regulation by the HKSAR Government was simple and the labour market was highly flexible, how the authorities ensure that new policies will not be formulated to weaken such competitive edge?*

FINANCIAL SECRETARY (in Chinese): President,

- (a) We are proud that Hong Kong has been ranked by the Heritage Foundation as the world's freest economy for 13 consecutive years. We will continue to enhance proactively Hong Kong's competitiveness in various aspects, including the rule of law, market system, business facilitation, and so on. Besides, we will continue to invest in infrastructure and human resources, and to promote an open market with a view to facilitating sustainable economic growth and improving efficiency. Our strategies to strengthen trade freedom, investment freedom, financial freedom and property rights are as follows:

Trade Freedom

We will continue to implement the current free trade policy, actively support and promote continued trade liberalization, as well as open up our trade regime as much as possible, in order to bring about mutual benefits to Hong Kong and its trading partners and enable global trade to prosper.

Furthermore, for the protection of intellectual property rights (IPR), we will continue to reinforce various measures, including: (i) building up an effective legislative framework; (ii) taking vigorous law enforcement; (iii) implementing ongoing public education; and (iv) co-operating closely with IPR owners and relevant agencies. We will also step up exchanges with our counterparts in cities in the Pearl River Delta and other regions in the Mainland to share our experience. On law enforcement, we have one of the strongest dedicated teams (about 400 officers in the Customs and Excise Department (C&ED)) in the region in combating IPR offences. To combat IPR offences, the C&ED will continue to take vigorous enforcement action through intelligence-led investigations and raids conducted at different levels, including import and export, manufacture, distribution and retail.

Investment Freedom

In attracting external direct investment, we will strive to maintain Hong Kong's competitive edges, including free flow of foreign

currency, simple tax regime with low tax rates, free flow of information, clean government, political stability, rule of law, and so on. We will also continue to strengthen Hong Kong's position as a gateway for foreign investors to enter the mainland market and for mainland enterprises to expand overseas, with a view to enhancing Hong Kong's attractiveness as a destination for business and investment.

Financial Freedom

We will continue to strive to update the regulatory regime in the financial markets in light of operational experience, market development and international standards. In the coming months, the Financial Reporting Council will come into operation in full to strengthen corporate governance and investor protection. Apart from reinforcing our status as the premier capital formation centre for mainland enterprises, we will encourage more quality overseas companies to list in Hong Kong in a bid to consolidate our position as an international financial centre.

Property Rights

The protection of property rights is enshrined in Article 105 of the Basic Law. To ensure that property rights are protected, we will continue to strive to maintain the rule of law and a high quality and independent Judiciary as well as an open, transparent and efficient land administration system.

- (b) Over the past years, we have been implementing various business facilitation initiatives to eliminate and simplify regulations which are outdated or hinder business operation and development. In order to enhance our business freedom, we will continue to gauge views from the business community, actively look for ways to simplify our licensing and regulatory regime, increase the transparency of our application handling process, and make efforts to promote business facilitation culture within the Civil Service. We will, under the steer of the Business Facilitation Advisory Committee and its Task Forces, continue to systematically review the licensing and regulatory regimes of selected business sectors with a view to

reducing regulation, thereby improving the business environment and reducing the compliance costs to the trade.

- (c) As in the past, when formulating policies, we will assess the feasibility of different regulatory options and their regulatory impact on the relevant trades carefully. Regulatory impact assessments will be conducted as appropriate. We will also conduct trade consultations before implementation of new policies.

Reducing Medical Facilities of Tseung Kwan O Hospital

8. **MR JAMES TIEN** (in Chinese): *President, I have learnt that the authorities have not expedited the expansion projects of Tseung Kwan O Hospital (TKOH) and Haven of Hope Hospital (HHH). Recently, they have started to reduce the medical facilities such as hospital beds in TKOH. In this regard, Sai Kung District Council and local residents have repeatedly raised their objection. In this connection, will the Government inform this Council whether it knows:*

- (a) *the timetables for implementing the expansion projects of TKOH and HHH, as well as the details of the additional medical facilities proposed in the projects;*
- (b) *the details of the medical facilities reduced or to be reduced in TKOH, and the timetable for such reduction;*
- (c) *the utilization rates of the facilities concerned in TKOH before and after the reduction of the facilities, as well as the respective bed-to-population ratios for TKOH before and after the reduction of hospital beds, and how the figures compare to those for the hospitals in other districts; and*
- (d) *the reasons for reducing the above facilities in TKOH, and whether the authorities will consider ceasing the reduction?*

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

- (a) The Hospital Authority (HA) is in the process of drawing up the expansion plans for TKOH and HHH. The time schedule of the works and the facilities to be expanded are yet to be finalized at this stage.
- (b) The services of the HA are provided on a cluster basis. At present, the Kowloon East Hospital Cluster (KE Cluster), which consists of United Christian Hospital (UCH), TKOH and HHH, provides services to residents in East Kowloon, Tseung Kwan O (TKO) and Sai Kung districts. Like other clusters, the KE Cluster has been closely monitoring the service utilization to ensure that adequate services are made available to meet the needs of the residents. It will also arrange for redeployment of resources among the hospitals under the Cluster for enhanced efficiency and better utilization of resources, having regard to changes in demand and service development. To this end, the KE Cluster plans to restructure the services of TKOH and converge convalescent service under HHH early this year. According to the reorganization plan, TKOH will close down 38 convalescent beds, while HHH in the same district will redeploy a similar number of beds internally to support TKOH's convalescent service. The KE Cluster will adopt complementary measures to tie in with the restructuring plan, which include enhancement of non-emergency ambulance service for convalescent patients and rationalization of the delivery process of various hospital services.
- (c) The occupancy rate of the 38 convalescent beds of TKOH before their closing was about 85%. The current bed-to-population ratios of various clusters under the HA are set out in the table at Annex. We would like to point out that the bed-to-population ratio varies from cluster to cluster. It is not appropriate to compare the services of different clusters solely on the basis of such data, as the age distribution and health profile of residents in each district are different and it is fairly common that some patients would choose to seek treatment from other clusters. In addition, some specialist services are centralized in a few hospitals. The number of beds at these hospitals as well as the number of patients served by them are hence higher.

- (d) As mentioned above, the aforesaid plan to redeploy TKOH's convalescent beds is aimed at restructuring services of the KE Cluster and achieving better utilization of resources. The implementation of the plan will not affect the relevant medical services in TKO District, nor will it affect the future provision of services and the expansion plans for TKOH and HHH.

Annex

The Bed-to-Population Ratios for Hospital Clusters under the HA

<i>Hospital clusters</i>	<i>Population</i>	<i>Number of hospital beds (As at 31 March 2006)</i>	<i>Number of hospital beds per 1 000 population</i>
Hong Kong East	845 720	3 179	3.76
Hong Kong West	546 707	3 257	5.96
Kowloon Central	517 984	3 385	6.53
Kowloon East	978 358	2 185	2.23
Kowloon West	1 940 717	7 156	3.69
New Territories East	1 335 684	4 621	3.46
New Territories West	1 101 499	3 959	3.59
Total	7 266 669	27 742	3.82

Impact of Five-day Work Week

9. **MS LI FUNG-YING** (in Chinese): *President, some front-line civil servants have recently related to me that owing to the implementation of five-day work week, they have to get off work at a later hour during weekdays, rendering it difficult for them to do certain household chores, such as picking up children after school or going to the market. Fearing that reversion to the previous arrangement will deprive other colleagues of day-offs on Saturdays, they are reluctant to report their difficulties to their supervisors. In this connection, will the Government inform this Council:*

- (a) *how it helps such staff resolve the difficulties concerned; and*
- (b) *whether it will consider allowing such staff to choose to go to work and get off work earlier?*

SECRETARY FOR THE CIVIL SERVICE (in Chinese): President,

- (a) In taking forward the five-day week initiative, our primary consideration is to maintain the overall level and efficiency of government services. Upon implementation of the five-day week arrangement, departments have extended their opening hours on weekdays to fully compensate the service hours rendered on Saturdays before. Moreover, one of the basic principles adhered to in the implementation of the five-day week initiative by the Government is that there should be no reduction in the weekly conditioned hours of service of individual staff. Accordingly, the daily working hours of staff on the five-day week arrangement have to be slightly lengthened.

In order to maintain the provision of emergency and essential services, our current assessment is that some tens of thousands of civil servants will continue to work more than five days/five shifts a week by July 2007. To enable more staff to have the opportunity to work under the five-day week arrangement, departmental management has exercised and will continue to exercise care to ensure the posting or rotation of staff is fair. Where individual staff are unable to adjust to the five-day week working hours for various reasons, they may approach their departments. Where practicable, the departmental management would consider transferring them to non-five-day-week posts.

- (b) All along, Heads of Department set the opening hours of the offices under their purview in the light of operational requirements. At the same time, they are responsible to ensure that adequate staff are available to provide services during the opening hours, and the total actual hours of work of staff do not fall short of their conditioned hours. Indeed, most departments that have implemented the five-day week arrangement have devised duty rosters for staff to work staggered hours such that sufficient manpower is available to provide quality services throughout the extended opening hours. Within these broad principles and after internal consultation, Heads of Department may, where practicable, lay down staff's working hours with certain flexibility for individual staff.

Conservation of Wetlands Within Railway Area

10. **MR LEE WING-TAT** (in Chinese): *President, regarding the conservation of wetlands within the railway area, will the Government inform this Council:*

- (a) *whether it has monitored the conservation of wetlands along the West Rail (WR) in the past three years; if it has, of the results of the latest inspection; if not, the reasons for that;*
- (b) *whether it has drawn up standards and guidelines on the conservation of the wetlands recreated to compensate for those lost due to the construction of the WR; if it has, of the details; and*
- (c) *whether it knows if the Kowloon-Canton Railway Corporation (KCRC) has formulated any policy on the conservation of wetlands within the railway area; if it has, of the details?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): *President, to compensate for the inevitable impacts on the wetlands along the WR caused by the WR construction works, the KCRC is required to make compensation by creating and managing several pieces of compensatory wetland under the conditions of the Environmental Permit. I would like to respond to the second part of Mr LEE Wing-tat's question, that is, the standards and guidelines for compensatory wetlands, before explaining how we monitor the conservation of the wetlands.*

- (a) *In considering the KCRC's plan for the creation and management of compensatory wetlands, the Government follows principles such as the diversity of the wetland habitats, close resemblance to the original habitat composition prior to the construction works, integration with peripheral environment, maintaining the natural environment, minimal human interference arising from management, in order to attract target species with high ecological value which are affected by the construction works, such as painted snipes, dragonflies and amphibians. The guidelines also set out the standards for monitoring wetlands, including monitoring the number of appearances of species as well as the monitoring time and frequency.*

- (b) The KCRC monitors and manages animals and plants within the wetlands and submits monitoring and management reports on a regular basis according to the conditions of the Environmental Permit for the WR project and the guidelines of the related Habitat Creation and Management Plan (the Plan). The Environmental Protection Department (EPD) and the Agriculture, Fisheries and Conservation Department (AFCD) will examine these reports and their staff will inspect these wetlands from time to time. The monitoring reports submitted by the KCRC show that over 40 species of birds, 20 species of dragonflies, 20 species of butterflies and some common amphibians, including some relatively rare species such as Black-tipped Percher and Bush Hopper, are found in the compensatory wetlands of the WR project. The staff of the EPD and the AFCD have not found any irregularities during their inspections. Some recent media reports claimed that the lack of management of the compensatory wetlands had resulted in dry wetlands overgrown with weeds. According to the Plan, wetlands are created as seasonal or permanent wetlands. The water levels of seasonal wetlands are lower in the dry season. Moreover, it was found during inspections that two pieces of wetland designed as permanent wetlands had dried up due to water leakage. The KCRC has already given an account of the problem and the follow-up issues in its monitoring report.
- (c) Under the requirements of the environmental impact assessment report and the Environmental Permit, the KCRC has to manage the compensatory wetlands related to the project in accordance with the Plan, no matter whether it has formulated a company conservation policy or not.

Giving Notices of Work Injury Accidents by Employers

11. **MR LEUNG KWOK-HUNG** (in Chinese): *President, I have received complaints from members of the public that some employers have failed to give notices of work injury accidents to the Commissioner for Labour (the Commissioner) in accordance with section 15 of the Employees' Compensation Ordinance (ECO) (Cap. 282). In this connection, will the Government inform this Council of:*

- (a) *a breakdown, by trades and types of injuries, of the number of notices of work injury accidents that the Commissioner received in each of the past three years;*
- (b) *the respective numbers of cases in which the employers failed to give notices of work injury accidents to the Commissioner within the period prescribed by law, or provided false or misleading information in giving the relevant notices, the number of such cases in which prosecution was instituted by the Commissioner against the employers concerned, as well as the number of convicted cases, in the past five years; and*
- (c) *the reasons why the Commissioner did not institute prosecution against the employers in some of the cases referred to in part (b) above, as well as the number of complaints received in this respect?*

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

- (a) Statistics on the number of reported work accidents and fatal injuries received by the Labour Department (LD) during the past three years with breakdown by industries are as follows:

<i>Economic Activity</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Agriculture, forestry and fishing	170 (1)	153 (2)	165 (0)
Mining and quarrying	2 (0)	2 (0)	0 (0)
Manufacturing	4 255 (31)	4 095 (12)	4 302 (24)
Electricity, gas and water	54 (1)	67 (0)	43 (0)
Construction	3 981 (23)	3 710 (40)	3 585 (26)
Catering	9 829 (11)	9 388 (6)	9 753 (13)
Wholesale, retail and import/export trades and hotels	4 462 (9)	4 691 (8)	4 903 (13)

<i>Economic Activity</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Transport	4 307 (25)	4 577 (42)	5 216 (26)
Storage and communication	334 (1)	310 (2)	349 (4)
Financing, insurance, real estate and business services	5 103 (51)	5 329 (54)	5 895 (56)
Community, social and personal services	11 715 (37)	12 190 (34)	13 064 (33)
Others	2 375 (13)	2 966 (0)	2 960 (1)
Grand total	46 587 (203)	47 478 (200)	50 235 (196)

Note:

- (1) The above figures refer to cases with sick leave exceeding three days and/or with permanent loss of earning capacity and fatal cases reported under the ECO.
- (2) Figures in brackets refer to fatal cases.

The LD does not compile statistics on the nature of work injuries involved in these cases.

- (b) According to section 15 of the ECO, an employer must notify the Commissioner of any work accident within 14 days from the date of accident, or the date the accident comes to the knowledge of the employer. If the accident results in the death of the employee, the notice shall be given within seven days. Statistics on the number of cases of suspected late or non-reporting of work accidents to the Commissioner in the past five years are as follows:

<i>Year</i>	<i>Cases of suspected late or non-reporting of work injuries to the Commissioner</i>	<i>Total number of work injuries reported to the Commissioner</i>	<i>Percentage of suspected late or non-reporting of work injuries</i>
2002	318	49 649	0.64%
2003	282	44 346	0.64%
2004	293	46 587	0.63%
2005	323	47 478	0.68%
2006	269	50 235	0.54%

Cases of non-reporting of work injuries to the LD were rare. In the past five years, the LD recorded only one case of suspected furnishing of false or misleading information in connection with matters pertaining to reporting of work accidents. Many cases of late reporting of work injuries involved dispute over the liability for compensation, including dispute on the existence of employment relationship and whether the injury arose out of and in the course of employment. The employers concerned usually require more time for investigation, clarification, and consultation with their lawyers or insurers before making a report to the LD. Most employers would make reports after seeking clarification from the LD, and pay compensation in accordance with the legal requirements thereafter.

Statistics on the prosecution actions instituted with respect to the above cases and the outcome are as follows:

	2002	2003	2004	2005	2006
S.15(1) and S.15(2): suspected non/late reporting of work injuries					
Cases with prosecution taken out	10	5	4	6	5
Cases convicted	8	4	3	5	5
S.15(6)(b): suspected furnishing of false or misleading statement/information					
Cases with prosecution taken out	0	0	0	0	0

- (c) In deciding whether to institute prosecution under section 15 of the ECO, the primary consideration is the sufficiency of evidence. The other factors to be considered include the availability and credibility of the witnesses. Besides, we need to consider any defence which has been indicated by the employer, including any dispute on the existence of employment relationship and whether the accident arose out of and in the course of employment.

Over the past three years, we have recorded three complaints on not taking out prosecution under section 15 of the ECO.

Prohibiting Pedestrians from Using Mobile Phones While Crossing Roads

12. **MR ALBERT CHENG** (in Chinese): *President, with effect from 1 July 2000, a driver is prohibited by law from using a mobile telephone, other telecommunications equipment or any accessory to them while holding it in his hand when the vehicle being driven by him is in motion. However, there is currently no similar legislation prohibiting a pedestrian from doing the same while he is crossing a road. In this connection, will the Government inform this Council:*

- (a) *of the number of traffic accidents involving pedestrians who were crossing roads in each of the past three years and, among such accidents, of the percentage of those in which the pedestrians involved were using a mobile telephone or listening to the radio or music with earpieces when the accidents took place;*
- (b) *whether it has studied if legislation can be enacted to prohibit a pedestrian from using the above equipment while crossing a road; and*
- (c) *whether, apart from enacting legislation, it has other measures to reduce the number of such traffic accidents?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): *President, there has been a downward trend in the number of traffic accidents involving pedestrians in recent years. In 2004, 2005 and 2006, there were 1 460, 1 418 and 1 194 traffic accidents involving pedestrians crossing roads. We do not have the exact number of accidents in which the pedestrians involved were using mobile phones or earphones.*

Statistics indicate that over half of the pedestrians knocked down by vehicles when crossing roads were heedless of the traffic conditions. Apart from using mobile phones and earphones, there were many factors contributing to such behaviour. Therefore, we have not examined the use of legislation to prohibit pedestrians from using the above equipment when crossing roads.

We will continue to strengthen our publicity and education efforts through the media, talks and on-street publicity campaigns, and so on, to promote

pedestrian safety and remind pedestrians to be more attentive and to pay heed to road conditions when crossing roads. We will also remind drivers to pay special attention to pedestrians.

Recovery Rate of Municipal Solid Waste

13. **MS AUDREY EU** (in Chinese): *President, one of the main waste management targets for the coming decade, announced by the Environmental Protection Department (EPD) in 2005, is to gradually increase the recovery rate of municipal solid waste (MSW) from 40% in 2004 to 45% by 2009, and 50% by 2014, or on average one percentage point per year. However, the recovery rate of MSW in 2005 already reached 43%, which was three percentage points higher than that of 2004 and close to the mid-term target for 2009. In this connection, will the Government inform this Council:*

- (a) of the reasons for the substantial increase in the recovery rate of MSW in 2005; and*
- (b) as the above mid-term target for 2009 will be achieved soon, and the Government has also proposed a series of measures, such as enacting legislation to implement mandatory producer responsibility schemes, examining ways of charging for MSW and expediting the implementation of territory-wide waste recovery programmes, whether the authorities will consider suitably raising their target on the recovery rates of MSW?*

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

- (a) The Government has always been proactive in enhancing public awareness on and support for waste separation and recovery through publicity and education. The EPD has implemented a territory-wide source separation of domestic waste programme since January 2005, which aims to facilitate residents to separate waste at source by assisting and encouraging property management companies to provide waste separation facilities in their buildings. As at end 2005, over 200 housing estates with nearly 1 million

residents joined the programme. Remarkable results were achieved with an average of over 50% increase in waste recovery rate. Moreover, in light of strong market demand, recyclers were active in procuring various types of source-separated recyclables, and the export value of recyclables amounted to some \$4.5 billion in 2005. Greater public participation due to enhanced awareness on the benefits of waste separation and recovery to the environment, together with keen market demand for recyclables, were conducive to raising Hong Kong's MSW recovery rate in 2005.

- (b) The waste management targets set out in "A Policy Framework for the Management of Municipal Solid Waste (2005-2014)" are based on the recommendations made by the Council for Sustainable Development in 2005 and the "First Sustainable Development Strategy for Hong Kong" subsequently published by the Government. The Government will strive to increase the MSW recovery rate to 45% and 50% by 2009 and 2014 respectively through policy initiatives such as the territory-wide programme on source separation of domestic waste, producer responsibility schemes and MSW charging. These targets have been developed through a stakeholder engagement process and have been proven to be realistic and practicable. The Government will sustain our publicity and education efforts and will monitor the waste reduction trend in the coming years so that consideration can be given to whether it will be necessary to raise the target on MSW recovery.

Unauthorized Residents' Coaches Causing Traffic Congestion

14. **MISS TAM HEUNG-MAN** (in Chinese): *President, I have recently received complaints that some unauthorized residents' coaches (URCs) drop off passengers in Central in the area along Connaught Road Central and Des Voeux Road Central during morning peak hours, causing serious traffic congestion in the area. In this connection, will the Government inform this Council:*

- (a) *of the number of complaints received in each of the past three years which involved URCs, and the follow-up actions taken in respect of such complaints;*

- (b) *whether it has taken enforcement actions against the activities of URCs in the areas frequented by them, so as to prevent them from blocking the roads and affecting public transport services; if it has, of the number and results of enforcement actions taken in each of the past three years; and*
- (c) *whether it will consider stepping up enforcement actions and raising the penalties for operating URCs, so as to enhance the deterrent effect; if it will, of the relevant details; if not, the reasons for that?*

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

- (a) The Transport Department (TD) received 170, 151 and 231 complaints against suspected unauthorized operation of non-franchised bus (NFB) services in 2004, 2005 and 2006 respectively. On receiving information about the suspected unauthorized NFB services, TD officers will conduct thorough investigations to ascertain the existence of such unauthorized activities and take appropriate follow-up actions. All the complaints received in the past three years have been investigated and followed up with appropriate actions.

If an NFB driver is found to fail to comply with the passenger service licence (PSL) conditions or operating details, the TD will first issue a warning to the PSL holder. A non-compliant operator is subject to an inquiry conducted by the TD, in accordance with section 30 of the Road Traffic Ordinance (Cap. 374). The TD will consider a number of factors including the gravity of the contravention and the PSL holder's past record of breaching the licence conditions before determining whether to suspend, cancel or amend the concerned PSL as a penalty. The TD conducted 51, 52 and 51 inquiries concerning non-compliant PSL holders in the past three years.

- (b) In addition to conducting investigations at black spots of unauthorized NFB activities and conducting inquiries relating to

PSL holders, the TD works in collaboration with the police and provides them with information to facilitate their enforcement actions against unapproved picking up or setting down activities by drivers in prohibited zones. The police issued 7 575, 7 290 and 8 319 fixed penalty tickets in respect of NFBs picking up or setting down passengers in prohibited zones in 2004, 2005 and 2006 respectively.

Separately, the TD has been implementing traffic and transport management measures at a total of 13 locations across the territory since 2004 to combat unauthorized NFB services. For Central District, the TD has implemented the above measures along Des Voeux Road Central, Connaught Road Central and Jackson Road. Unauthorized NFB activities at the above spots have been successfully curbed, thereby avoiding affecting traffic along these busy areas.

- (c) Based on the Transport Advisory Committee's recommendation in 2004 that the sanctions imposed on non-compliant NFB service operators subsequent to inquiries should be reviewed, the TD now imposes heavier penalties on repeated offenders, which include longer PSL suspension period and permanent cancellation of PSLs for repeated and flagrant offenders.

Over the past three years, the TD suspended PSLs for 117 NFBs and cancelled PSLs for 30 NFBs based on the outcome of inquiries. PSL holders are not allowed to operate NFBs in question during the suspension period. Having regard to the impact of PSL cancellation on their business, inquiries and relevant penalties have considerable deterrent effect on unauthorized activities of NFB operators.

In order to enhance the efficiency of enforcement actions, the TD is now studying with the police the feasibility of creating certain breaches of PSL conditions as offences that are subject to fixed penalty ticketing system. The TD will continue to work with the police in combating unauthorized NFB operation to ensure smooth traffic flow.

Computer Network Facilities in Hong Kong

15. **MR JASPER TSANG** (in Chinese): *President, it has been reported that during the International Telecommunication Union TELECOM WORLD 2006 held in Hong Kong in December last year, some representatives of the exhibitors criticized that the computer network facilities in Hong Kong were lagging behind those in other places. In this connection, will the Government inform this Council:*

- (a) *of the number of hotspots for wireless Internet access throughout the territory and, among them, the respective numbers of those providing free Internet access which were set up by the Government and by others, together with a breakdown of such figures by districts; and*
- (b) *as the Government has indicated that it will proactively consider facilitating operators in setting up hotspots and it will, subject to the principle of not intervening in the market, adopt certain measures to promote wireless Internet access service, whether the Government has formulated specific targets in this regard, and of its plans to achieve such targets?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese): President, at present, 98% of households in Hong Kong can access broadband networks. The penetration rate of our broadband service reaches 68%, which is among the highest in the world. We have four third-generation (3G) mobile service networks which are capable of providing high-speed data transmission and wireless Internet access services. The number of 3G mobile service users has exceeded 1.2 million, and the overall penetration rate of our mobile services is 133% (that is, more than 9 million mobile users for 7 million population), which is also among the highest globally. Hence, overall speaking, we do not agree to the remarks that the computer network facilities in Hong Kong are lagging behind those in other places.

As regards the question raised by Mr Jasper TSANG, my reply is as follows:

- (a) As at 1 February 2007, a total of 27 companies have registered as class licensees for provision of public wireless local area network

services in Hong Kong. Altogether, they have set up 1 071 hotspots for wireless Internet access in various districts, with their distribution as follows:

<i>District</i>	<i>Number of hotspots</i>
Central and Western	226
Wan Chai	106
Eastern	126
Southern	33
Sham Shui Po	36
Kowloon City	64
Wong Tai Sin	30
Yau Tsim Mong	199
Kwun Tong	64
Islands	32
Kwai Tsing	37
North	2
Sai Kung	14
Sha Tin	27
Tai Po	7
Tsuen Wan	22
Tuen Mun	28
Yuen Long	18

All these hotspots for wireless Internet access are operated by the industry on a commercial basis. We understand that the hotspots in the Passenger Terminal Building of the Hong Kong International Airport are providing service free of charge. For other hotspots, we have no information as to whether they are providing paid or free services.

- (b) The Government believes that market forces and consumer demand will provide impetus for the industry to make commercial investments. In fact, one of the local fixed telecommunications network service operators announced its plan last week that it would boost the number of hotspots for wireless Internet access to 3 000. The Office of the Telecommunications Authority (OFTA) has streamlined the licensing procedures. The Government would also consider proactively making available government facilities, such as

lamp poles, at nominal rents to facilitate operators to install equipment for provision of wireless Internet access services in public places. The OFTA will also launch another round of public consultation exercise on the licensing arrangements for broadband wireless access services as early as possible. Subject to the principle of not intervening in the market, the Government is exploring further initiatives to promote wireless Internet access service to support the community to make use of the latest developments in telecommunications technologies and to bring more convenience to Internet users.

Condition of Properties in Hong Kong

16. **MR CHEUNG HOK-MING** (in Chinese): *President, will the Government inform this Council:*

- (a) *of the number of local properties of the Government (including properties for residential and commercial use), the areas of land occupied and details of the geographical distribution of such properties;*
- (b) *whether it has worked out a timetable for auctioning sites of vacant local properties of the Government; if it has, of the details of the timetable; if not, the reasons for that; and*
- (c) *given that the Government will soon commence the construction of a new Central Government Complex at the Tamar Site, and I have also learnt that it will consider building a government services centre in South East Kowloon, whether the Government will review afresh the utilization of its existing office accommodation and consider auctioning some of the sites of existing government office buildings?*

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

- (a) Please see Annex for land employed by bureaux and departments for the delivery of public services.

- (b) If sites with government properties can be vacated and are suitable for private residential or commercial development, the Government will consider including them in the Application List.

There are currently 13 sites which were formerly occupied by government properties remaining on the Application List for 2006-2007. Details are as follows:

1.	Inland Lot No. 8949	Former Quarters, 21, 23 and 25 Borrett Road, Mid-Levels West
2.	Inland Lot No. 9007	Former Quarters, 103 Mount Nicholson Road
3.	Inland Lot No. 8941	Former Central Market, Jubilee Street, Central
4.	Inland Lot No. 8920	Ex-Government Supplies Depot, Oil Street, North Point
5.	Inland Lot No. 8914	Ex-Hollywood Road Police Quarters
6.	Chai Wan Inland Lot No. 175	Former Quarters of the Housing Department, Lin Shing Road
7.	New Kowloon Inland Lot No. 6306	Former Quarters, 1 Ede Road, Kowloon Tong
8.	New Kowloon Inland Lot No. 6423	Former Quarters, 3 and 5 Ede Road, Kowloon Tong
9.	Kowloon Inland Lot No. 11184	Ex-Customs & Excise Service Married Quarters, 7 Ko Shan Road, Homantin, Kowloon
10.	New Kowloon Inland Lot No. 6309	Ex-Wong Tai Sin Police Quarters, 3 Chun Yan Street
11.	Tai Po Town Lot No. 195	Former Quarters, Plover Cove Road, Tai Po
12.	Tuen Mun Town Lot No. 422	Area 58, Tuen Mun (Ex-Pearl Island Quarters)
13.	Lot 245 Demarcation District 311	Ex-South Lantau Hospital

- (c) It is the Government's established policy to optimize the use of resources. When new government offices come on stream and are available for relocating leased government offices, the Government will cease renting the premises concerned in order to achieve savings in rental expenditure. As for other sites with government

properties which can be vacated as a result of their relocation to the new government offices, the Government will consider the best use of such vacated sites having regard to the circumstances of individual cases.

Annex

Land employed by bureaux and departments for the delivery of public services

	<i>Area '000 sq m</i>
Agriculture, Fisheries and Conservation Department	420 165
Leisure and Cultural Services Department	13 830
Environmental Protection Department	7 214
Water Supplies Department	4 904
Civil Engineering and Development Department	4 317
Correctional Services Department	3 153
Food and Environmental Hygiene Department	2 858
Drainage Services Department	1 570
Hong Kong Police Force	1 250
Government Property Agency	1 249
Marine Department	420
Education and Manpower Bureau	382
Fire Services Department	367
Civil Aid Service	215
Transport Department	212
Home Affairs Department	207
Highways Department	188
Department of Health	169
Architectural Services Department	123
Other bureaux and departments	1 107
	463 900

Note:

- (1) Exclude land being employed by the Housing Department for the provision of public rental housing.
- (2) Exclude all land being managed by the Lands Department as the Land Authority of the Government.

Extracts from the Stewardship Statement as at 31 March 2006 of the accrual-based consolidated financial statements of the Government for the year ended 31 March 2006.

Conversion of Red Public Light Buses to Green Public Light Buses

17. **MR JAMES TO** (in Chinese): *President, to encourage the conversion of red public light buses (RMBs) to green public light buses (GMBs), which operate*

on fixed routes with their services and fares under direct control of the Transport Department (TD), the TD identifies some suitable new GMB routes, combines them into a number of packages and then invites applications from operators of RMBs and GMBs. In this connection, will the Government inform this Council:

- (a) for GMBs and RMBs respectively, of the numbers of registered vehicles, passenger volume, as well as traffic offences and traffic accidents involving their drivers (with the numbers broken down by the causes of accidents) in each of the past three years;
- (b) of the respective numbers of new GMB routes identified and approved by the TD in each of the past three years, the departure and destination points of each approved route, as well as the number of minibuses serving each approved route;
- (c) given that there are more than 20 RMB routes departing from Mong Kok at present, whether the Government has initiated discussions with the relevant operators on the feasibility of introducing GMB routes; if it has, of the relevant details; and
- (d) of the new measures to encourage the conversion of RMBs to GMBs?

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

- (a) The numbers of registered vehicles and daily patronage for GMBs and RMBs from 2004 to 2006 are as follows:

Year	Number of GMBs Registered by Year End	Average Daily Patronage for GMBs	Number of RMBs Registered by Year End	Average Daily Patronage for RMBs
2004	2 672	1 239 800	1 677	469 200
2005	2 745	1 306 200	1 604	453 200
2006	2 813	1 411 100 (as at November 2006)	1 537	437 600 (as at November 2006)

The number of police prosecutions against public light bus (PLB) drivers in breach of traffic regulations are 12 990, 13 280 and 12 129 for 2004, 2005 and 2006 respectively. As the police do not

keep separate prosecution records for GMBs and RMBs, we can only provide the numbers and types of prosecutions against traffic offences for all PLBs from 2004 to 2006 as follows:

<i>Year</i>	<i>Speeding</i>	<i>Disobeying traffic signals</i>	<i>Dangerous Driving</i>	<i>Careless Driving</i>	<i>Using mobile phone when the vehicle is in motion</i>	<i>Others</i>	<i>Total number of Prosecutions</i>
2004	2 423	2 118	23	574	85	7 767	12 990
2005	2 345	1 930	15	522	86	8 382	13 280
2006	1 823	1 362	24	544	206	8 170	12 129

The numbers of GMB and RMB drivers involved in traffic accidents over the past three years are as follows:

<i>Year</i>	<i>Numbers of PLB Drivers Involved in Traffic Accidents</i>		
	<i>GMB Drivers</i>	<i>RMB Drivers</i>	<i>Total</i>
2004	664	490	1 154
2005	618	514	1 132
2006	567	489	1 056

A breakdown of the causes of traffic accidents is at Annex.

- (b) The TD planned nine new GMB routes in the past three years, namely five in 2004 and four in 2005. Six of them were launched in 2004 and 2005. The origins and destinations of these routes and the number of PLBs deployed for these routes are as follows:

<i>Year of Introduction</i>	<i>Route Number</i>	<i>Origin — Destination</i>	<i>Number of PLBs Deployed</i>
2004	28K	Tai Po Market KCR Station — Sha Tin (Pak Hok Ting Street) Circular Route	5
	612	Yoho Town, Yuen Long — Sun Yuen Long Centre Circular Route	3
	612P	Yoho Town, Yuen Long — Sun Yuen Long Centre Circular Route [operates during morning peak hours only]	
2005	80M	Parc Palais, Kings Park — Jordan MTR Station Circular Route	5
	81K	Sham Shui Po (Hoi Lai Estate) — Mei Foo West Rail Station Circular Route	
	108A	Tiu Keng Leng Public Transport Interchange — Hang Hau (North)	5 (all belong to the incumbent GMB operator)

Since no tender bid was received for the planned new GMB circular route between Kwai Chung (Lai Kong Street) and Sham Shui Po (Po On Road), the service was not introduced. A new route between Kowloon City (Wylers Gardens) and Lok Fu MTR Station and a new circular route between Kowloon City (Kowloon City Road) and Kowloon Hospital are now under planning and are scheduled for operation in the first quarter of 2007.

(c) and (d)

We note that some members of the PLB trade have proposed the direct conversion of RMB routes to GMB routes. The TD maintains regular contact and communication with members of RMB trade, including RMB operators in Mong Kok, to discuss issues concerning RMBs. However, given that the operation of RMBs is more flexible, operators and drivers of many of the routes are subject to change, and that both the routeings and frequencies are not specified, the suggestion on direct conversion of current RMB routes to GMB routes will involve complicated route repackaging and vehicle deployment issues. Having regard to the different nature of RMB and GMB services, the Government needs to cautiously consider the suggestion of directly converting RMB routes to GMB routes.

To tie in with the policy of promoting the conversion of RMB to GMB so as to maintain the frequency, fares and service quality of PLB service, the TD will develop new routes suitable for GMB operation having regard to the demand for public transport and group these new routes into packages based on factors such as geographical conditions and operational viability. The TD will invite interested operators, including RMB operators, to submit their applications for operation of the new GMB packages.

According to the existing GMB operators selection criteria laid down by the TD, applicants for operating new GMB routes who are new entrants to GMB trade (including incumbent RMB operators) will be given additional marks in the selection exercise. This

arrangement was introduced in 2002 to promote the conversion of RMB to GMB operation. To further encourage RMB operators to bid for new GMB routes, the percentage of additional marks given to new entrants has increased from 10% to 15% since 2004. This is to provide stronger incentive to RMB operators to bid for new GMB routes so as to pursue further the policy of converting RMB routes to GMB routes.

To enhance the efficiency of PLB service, the Government will continue to encourage the conversion of RMB operation to GMB operation.

Annex

Causes of Traffic Accidents Involving Drivers of PLBs

(A) GMBs

<i>Causes of Traffic Accident</i>	<i>Number of GMB Drivers Involved</i>		
	<i>2004</i>	<i>2005</i>	<i>2006</i>
(1) Factors not related to drivers ^(Note)	310	264	220
(2) Factors related to drivers			
Driving too close to kerb/vehicle in front/vehicle alongside	74	81	72
Stopping/starting negligently	61	50	43
Overtaking/reversing/turning right/turning left/"U-turning" negligently	44	37	39
Careless lane changing	28	32	26
Losing control/fall asleep/drowsy/sudden illness	13	12	11
Swerving/skidding/stopping suddenly	21	8	15
Disobeying traffic signals/road markings	15	17	14
Opening door negligently	12	5	7
Driving too fast	11	10	12
Distracted by action inside/outside vehicle	8	6	4
Others	67	96	104
Sub-total — factors related to drivers	354	354	347
TOTAL	664	618	567

(B) RMBs

<i>Causes of Traffic Accident</i>	<i>Number of RMB Drivers involved</i>		
	<i>2004</i>	<i>2005</i>	<i>2006</i>
(1) Factors not related to drivers ^(Note)	200	190	179
(2) Factors related to drivers			
Driving too close to kerb/vehicle in front/vehicle alongside	73	72	76
Stopping/starting negligently	48	33	30
Overtaking/reversing/turning right/turning left/"U-turning" negligently	30	41	38
Careless lane changing	24	46	36
Losing control/fall asleep/drowsy/sudden illness	9	7	6
Swerving/skidding/stopping suddenly	6	15	6
Disobeying traffic signals/road markings	25	13	16
Opening door negligently	5	6	4
Driving too fast	14	12	9
Distracted by action inside/outside vehicle	9	4	6
Others	47	75	83
Sub-total — factors related to drivers	290	324	310
TOTAL	490	514	489

^(Note) "Factors not related to drivers" refer to accidents which are not caused by the behaviour of drivers, for example, negligence of pedestrians, negligence of other drivers, passenger factors, articles on the road or situational factors such as slippery roads.

Regulation of Travel Industry

18. **MR FRED LI** (in Chinese): *President, regarding the regulation of the travel industry, will the Government inform this Council:*

- (a) *given that some members of the public have queried that the Travel Industry Council of Hong Kong (TIC) had acted in favour of its member travel agents when it dealt, in the recent half year, with complaints against tourist guides alleged to have forced members of tour groups to shop or abandoned them on the streets, whether it will request the TIC to reorganize its Board of Directors by*

increasing the number of lay members, so as to enhance its credibility;

- (b) given that while the 13 members serving on the TIC's Tourist Guide Deliberation Committee comprise six trade members and seven lay members, and the 16-strong membership of its Compliance Committee is divided equally between these two types of members, whether it knows the reasons for the different compositions of the two Committees, and whether it will request the TIC to revise the composition of the Compliance Committee in such a way that lay members will be in the majority; and*
- (c) whether it will adopt a regulatory approach similar to that for the real estate agents trade to regulate the travel industry, so that the regulatory functions of the TIC will be taken over by a new body which is independent of the industry?*

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

(a) and (b)

The TIC is responsible for the regulation of the daily operation and conduct of travel agents. In accordance with its Memorandum and Articles of Association, the TIC formulates and enforces various directives and codes of conduct. The TIC was specified as a "public body" in 1990 for the purposes of the Prevention of Bribery Ordinance and the Directors of its Board are therefore "public officers" subject to the regulation of the Ordinance. With the assistance of the Independent Commission Against Corruption, the TIC has issued the "General Code of Conduct for TIC Board of Directors" to ensure that its Directors discharge their duties in an impartial and honest manner in order to protect the interest of both the travel industry and the consumers. In response to problems related to "zero fare" tours, the TIC expedited the hearing of non-compliance cases and imposed penalty on the concerned non-compliant members, and disclosed the sanctions imposed.

The Government and the TIC exchange views regularly to ensure that the latter's operation meets the travel industry's needs and public expectations. In light of the latest development of inbound tourism and recent public concern over the TIC's regulation of its member travel agents, the TIC has increased the penalties and strengthened the regulatory mechanism, for example, imposing heavier fines on non-compliant members and increasing the number of non-trade members in its committees, so as to enhance the effectiveness, transparency and credibility of its regulatory work.

Among the 25 Directors of the TIC Board, eight of them are non-trade members (Independent Directors) appointed by the Secretary for Economic Development and Labour. They come from different professions and sectors, for example, the legal, accounting and academic fields, to enable the TIC to take account of views from different sectors. Under the Board of Directors, there are various functional committees responsible for different matters such as internal affairs, trade development and non-compliance cases. Among them, the committees responsible for hearing non-compliance cases related to travel agents and tour guides have non-trade members forming the majority of their membership. Other functional committees appoint non-trade members according to the needs of their work in order to reflect views from different perspectives.

To meet regulatory needs, the TIC reviews and adjusts the structure and composition of its committees from time to time. In late 2006, the TIC set up two new committees, namely the Mainland China Inbound Tour Affairs Committee and the Mainland China Inbound Tour Compliance Committee, to deal with problems related to "zero fare" tours. The latter is responsible for hearing non-compliance cases concerning mainland inbound tours and is chaired by an Independent Director with a majority of non-trade members.

- (c) We have no intention at present to impose a regulatory mechanism on travel industry similar to that for estate agents. The Government will continue to work with the TIC closely to ensure that the existing system effectively meets market development needs with timely response, so as to protect consumers and promote healthy development of the industry.

Promoting Organic Diet

19. **DR JOSEPH LEE** (in Chinese): *President, I have learnt that the catering and food industries actively promoted organic diet in recent years. Large organic food supermarkets have opened, and organic foods are also introduced in chain supermarkets and restaurants. It has been reported that some residents of Home Ownership Scheme estates have also set up nurseries in the estates concerned to grow organic vegetables. However, some members of the public have related to me that with the middle-class families as the major sales target of the organic food market, the grassroots and students have little opportunity to access the relevant information. In this connection, will the Government inform this Council:*

- (a) *apart from the technical support it currently provides to the industries (including the local organic farms and the Hong Kong Organic Resource Centre), whether the Government has promoted an eating culture with organic diet through other measures, and whether the Government has assessed if such measures are adequate to enable more members of the public to learn about local organic agricultural products and the benefits of an organic diet; if it has, of the assessment results;*
- (b) *whether it will formulate a policy to take forward an eating culture with organic diet; if so, when the relevant policy will be formulated and implemented;*
- (c) *whether it will consider informing the public (including the grassroots) through the media of organic food products and assisting them in making dietary choices out of a variety of food, as well as strengthening its co-operation with District Councils (DCs) or the Hong Kong Housing Authority to encourage residents to participate in the Community Garden Programme, and to provide support in organizing organic food fairs on a trial basis in more districts; and*
- (d) *whether it will consider specifying the promotion of organic diet as one of the objectives of the "EatSmart@school.hk" Campaign, a programme to promote healthy eating habits in primary school pupils; if not, the reasons for that?*

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

(a) and (b)

Information on organic food is published by different government departments in their course of work. The Centre for Food Safety (CFS) under the Food and Environmental Hygiene Department has published leaflets on organic food for public information and run a feature on the subject in the third issue of the *Food Safety Bulletin* (Quarterly Edition) in 2006. Other related organizations such as the Vegetable Marketing Organization (VMO), and the Hong Kong Organic Resource Centre under its subsidy have also provided information on their websites on local organic produce, such as outlets for local organic produce and recipes.

The Agriculture, Fisheries and Conservation Department (AFCD) has encouraged farmers to cultivate safe and quality vegetables in order to open new markets and enhance competitiveness. Organic farming stresses farming in harmony with the Nature and uses seed selection, crop rotation, compost and natural pesticides to resolve production problems, which facilitate sustainable agricultural development in the long term. The AFCD will continue to offer technical assistance to local farmers to help them convert to organic farming. It has also joined the VMO, the local organic farming sector and other voluntary organizations in actively marketing local organic produce to the general public. The VMO also promotes an independent certification scheme for local organic produce through the Hong Kong Organic Resource Centre and organizes education activities to advocate the concept of organic living.

Despite the efforts of the AFCD in assisting farmers to engage in organic farming, local organic food production remains very low. Taking locally produced organic vegetables as an example, the daily production in 2006 was only about 2.5 tonnes on average, which accounted for only about 0.18% (1 420 tonnes) of the total daily consumption of vegetables. As for imported food, the diverse certification standards for organic food in different places/countries and the lack of an international mutual accreditation mechanism

have hampered the circulation of organic produce in the marketplace.

Moreover, overseas studies show that food grown organically do not have any significant differences in respect of nutrition and food safety, though they may differ in terms of intrinsic food hazards (for example, pesticide pollution and microbiological content). To maintain good health, it is in the final analysis essential to eat a balanced diet that includes a wide variety of food to ensure sufficient intake of various nutrients necessary for health.

On account of the above, the Government has difficulty in drawing up a policy for promoting organic food as an integral part of our diet. Nor do we have any plan to assess the effectiveness of publicizing local organic produce and the advantages of eating an organic diet.

- (c) The ACFD has always encouraged the local trade to organize farmers' market for organic produce. The Federation of Vegetable Marketing Co-operative Societies Limited has joined Kadoorie Farm in holding Farmers' Market for Organic Produce at Tai Po on Sundays since April 2005. The Hong Kong Organic Farming Association and the Wan Chai DC also jointly held a Farmers' Market in Wan Chai in December last year. On 20 to 21 January this year, the local trade, the AFCD and the VMO have jointly organized a Farmfest 2007 at Fa Hui Park of Mong Kok, which attracted over 120 000 visitors. It is hoped that the sale success at the Farmfest will encourage more local producers and district organizations to organize more farmers' market for organic produce in the urban areas. The Home Affairs Department will consider, subject to the views of the DCs and the local situation, to help locate suitable venues for holding farmers' markets for organic produce.
- (d) The "EatSmart@school.hk" Campaign, launched by the Department of Health (DH) in September 2006, aimed to help children develop healthy dietary habits; encourage schools to offer healthy lunches and snacks; strengthen nutrition education; and facilitate healthy development and effective learning amongst children. Knowledge about healthy diet and nutrition has been incorporated in secondary and primary education at different stages. To further students' understanding of the impact of science and technology on human

health, we also encourage teachers to discuss with students topical health issues, including organic food, with a view to inculcating in them a positive attitude towards healthy diet.

The healthy dietary habits advocated in the Campaign are developed in accordance with the requirements in "Nutritional Guidelines on School Lunch for Primary School Students", which attach high priority to the nutritional value of food and observance of the "3 Low, 1 High" principle, that is, low sugar, low salt, low oil and high fibre.

Take vegetables and fruits as an example. One of the goals of the Campaign is to require caterers to offer at least one serving of vegetables every day and two and a half servings of fruits every week in the lunches for students. Given the supply constraint and relatively high cost, we do not have any plan to include organic food in the goals of the "EatSmart@school.hk" Campaign at present. However, the DH has kept in touch with lunch caterers and learnt that some caterers have been supplying organic food to students. The DH welcomes this practice.

Livelihood Protection for Full-time Athletes

20. **MISS CHOY SO-YUK** (in Chinese): *President, while Hong Kong athletes have achieved the record-breaking result of six gold, 12 silver and 10 bronze medals in the Doha Asian Games, many athletes say that the subsistence grant they receive is meagre. Regarding livelihood protection for serving and retired full-time athletes, will the Government inform this Council whether:*

- (a) *it knows the maximum and minimum amounts of subsistence grant provided to athletes by the Hong Kong Sports Institute (HKSI) at present, the respective criteria adopted for setting and paying such amounts, and whether the amounts received by individual athletes are linked to their achievements in international sports events;*
- (b) *it has assessed if the subsistence grant received by athletes is sufficient for meeting their expenses on daily living and social activities; and*
- (c) *it has any plan to provide livelihood protection for athletes upon their retirement?*

SECRETARY FOR EDUCATION AND MANPOWER (in the absence of Secretary for Home Affairs) (in Chinese): President,

- (a) At present, the HKSI provides subsistence grant to full-time athletes mainly through three funding sources that it administers, namely, the HKSI monthly stipends, Sports Aid Foundation Fund (SAFF), and Sports Aid for the Disabled Fund (SADF) which caters for the disabled athletes. The HKSI primarily draws reference from the achievements of the athletes in international sports events to set and pay the amounts.

In respect of the HKSI monthly stipends, eligible senior athletes are entitled to receive \$2,000 to \$10,000 each month while eligible junior athletes are entitled to receive \$500 to \$3,000 each month. The eligibility criteria for the HKSI monthly stipends are set out at Annex I.

As regards the SAFF, eligible senior athletes are entitled to receive an amount from a minimum of \$30,000 to a maximum of \$90,000 each year while eligible junior athletes are entitled to receive an amount from a minimum of \$10,000 to a maximum of \$30,000 each year. The eligibility criteria for the SAFF are set out at Annex II.

As athletes are able to receive both the HKSI monthly stipends and SAFF, the total amount of stipends and financial assistance paid to each senior athlete each month is up to \$17,500 on average.

However, in view of the stringent criteria and resource constraint, only a very small number of elite athletes are receiving this level of financial support. The additional funding pledged for promoting sports development in Hong Kong mentioned in the Chief Executive's 2006-2007 policy address, including \$40 million for elite athletes, will enable us to provide enhanced support for elites.

Separately, the minimum and maximum amounts provided to each eligible disabled athlete from the SADF each year are \$15,000 and \$50,000, respectively. The eligibility criteria for the SADF are set out at Annex III.

- (b) Apart from the subsistence grant, the HKSI also provides other support to athletes such as free accommodation, meals, medical care and insurance, equipment and attire necessary for training and

competition, sports science and medicine support, education and career counselling. It also takes up all expenses for overseas training programmes and competitions. In summary, the support and grants provided by the HKSI should be sufficient for most of the athletes for meeting their expenses on daily living and social activities.

- (c) The HKSI currently has a dedicated department that provides education support to elite athletes and career counselling to help full-time athletes to seek out employment after their retirement. To encourage more talented young people to pursue a career in sports, we will review and examine various measures to facilitate the retirement of athletes.

Annex I

Revised: September 2005

Criteria for Stipend Provision

1. Monthly Stipend

For Elite Athletes

<i>Performance Level*</i>	<i>Training Commitment/Maximum Amount per Month</i>	
	<i>Grade A (Full Time) Minimum 25 hours and six days/week</i>	<i>Grade B (Part Time) Minimum 15 hours and five days/week</i>
5 points	\$10,000	\$5,000
4 points	\$6,000	\$3,000
3 points	\$4,000	\$2,000
2 points	\$2,000	\$1,000

For Elite Junior

<i>Performance Level*</i>	<i>Training Commitment/Maximum Amount per Month</i>	
	<i>Grade A (Full Time) Minimum 25 hours and six days/week</i>	<i>Grade B (Part Time) Minimum 15 hours and five days/week</i>
5 points	\$3,000	\$1,500
4 points	\$2,000	\$1,000
3 points	\$1,000	\$500
2 points	\$500	\$250

* Performance Level refers to Elite Vote Scoring Table

2. Other areas of consideration

- Progress of performance
- Commitment
- Attendance
- Attitude
- Potential
- Years in the squad
- Income — salary, the SAFF, prize money, and so on
- Others: actual needs of the individual

Criteria for Stipend Provision

At the discretion of Chief Executive, HKSI, up to 50% on top of the maximum amount of Grade A stipend could be provided to Full Time Athletes. [Full Time Athletes are Grade A athletes (both Senior and Junior) who take training and competition as their first priority, and can adhere to the Elite Training Programme at all times.]

Application of Stipend

- The above serves as a general guideline. Athletes achieving the required performance level and/or training commitment are not automatically granted the above stipend. Provision of stipend is subject to Head Coach's discretion, and Chief Executive, HKSI's approval.
- The stipend should be reviewed and adjusted frequently based on the athlete's performance. Stipends are paid monthly in the following month.
- For applications which do not comply with the above guideline, CE, HKSI's approval should be sought.

Eligibility Criteria for SAFF 2006-2007

A. Senior Category

<i>Competition/Category</i>	<i>Elite A</i>	<i>Elite B</i>	<i>Elite C</i>
Maximum Grant (Annual)	Individual : \$90,000 Team : \$400,000	Individual : \$70,000 Team : \$300,000	Individual : \$30,000 Team : \$125,000
Olympic Games	Medallist (minus-one rule) 4th to 8th and top 1/3	9th to 16th and top 1/3	Qualified according to required standard (not including wild card participation)
Asian Games	Medallist (minus-one rule)	4th to 8th and top 1/3	4th to 8th and top 1/2
- World Champs - World Cup (Finals)	Medallist and top 1/3	4th to 8th and top 1/3	1st to 8th and top 1/2
- Asian Championships - National Games - World Universities Games - World Universities Champs - Asian Cup (Finals) - World Cup Series		1st to 8th and top 1/3	1st to 8th and top 1/2
- East Asian Games - Asian Cup Series - National Championships			Medallist and top 1/3

B. Junior Category

<i>Competition/Category</i>	<i>Junior A</i>	<i>Junior B</i>
Maximum Grant (Annual)	Individual : \$30,000 Team : \$100,000	Individual : \$10,000 Team : \$30,000
- World Youth Games - World Youth Champs - World Youth Cup (Finals)	1st to 8th and top 1/3	1st to 8th and top 1/2
- Asian Youth Champs - All City Games - Asian Youth Cup (Finals) - World Youth Cup Series	Medallist and top 1/3	4th to 8th and top 1/3
- Asian Youth Cup Series - Asian Age Group Champs - National Youth Championships		Medallist and top 1/3

- Remarks (1) "Minus-one rule" means the athlete/team must have beaten at least one competitor/team in the event.
- (2) Other high level events comparable with the competitions stipulated for the respective categories may be considered at the discretion of the HKSI.
- (3) Athletes can only receive grants from either individual or team category.

Annex III

Eligibility Criteria for SADF 2006-2007

<i>Competition/Category</i>	<i>Elite A</i>	<i>Elite B</i>	<i>Elite C</i>
Maximum Grant (Annual)	Individual : \$50,000 Team : \$200,000	Individual : \$30,000 Team : \$120,000	Individual : \$15,000 Team : \$60,000
Paralympic Games	Medallist (minus-one rule)	4th to 8th and top 1/3	4th to 8th and top 1/2
- World Champs - World Cup Final	Medallist and top 1/3	4th to 8th and top 1/3	1st to 8th and top 1/2
- FESPIC Games/Champs - INAS — Regional Champs - World Games - World Games for the Deaf		Medallist and top 1/3	4th to 8th and top 1/3
- National Games for the Disabled - World Cup Series - IPC Sanctioned Events - Special Olympic (Overall results) - Asian Pacific Games for the Deaf			Medallist and top 1/3

- Remarks (1) "Minus-one rule" means the athlete/team must have beaten at least one competitor/team in the event.
- (2) Other high level events comparable with the competitions stipulated for the respective categories may be considered at the discretion of the HKSI.
- (3) Athletes can only receive grants from either individual or team category.

Source: HKSI

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bills: First Reading.

DOMICILE BILL

SHENZHEN BAY PORT HONG KONG PORT AREA BILL

CLERK (in Cantonese): Domicile Bill

Shenzhen Bay Port Hong Kong Port Area Bill.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bills: Second Reading.

DOMICILE BILL

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I move that the Domicile Bill (the Bill) be read the Second time.

The Bill proposes changes relating to the rules in determining domicile. Domicile is a fairly technical legal concept that is unconnected with, and distinct from concepts such as nationality, right of abode and citizenship. The central notion of domicile is that of a long-term relationship between a person and a jurisdiction, on the basis of which the system of law governing certain issues is determined. At law, the concept of domicile only needs to be used when certain issues relating to a person's legal status and property are being dealt with. Such issues include a person's legal capacity to marry or to make a will and succession to certain property. In determining a person's domicile in cases of dispute, it is ultimately a matter for the Court to decide.

The existing common law rules for determining an individual's domicile are complex and confusing. The purpose of the Bill is to simplify these rules. The Bill deals only with a natural person's domicile, not the domicile of a corporation.

The Bill has its origins in a report of the Law Reform Commission (the Commission) entitled "Rules for Determining Domicile" (the Report), which was published in April 2005. The Report concluded that domicile is a complex and confusing area of common law and made a number of recommendations for legislative improvement. While the Commission acknowledged that, for practical purposes, the recommendations would not affect the domicile of a great many people, one of the more significant recommendations is the abolition of the outdated common law rule that the domicile of a married woman depends on that of her husband.

The Commission also recommended a major change in the law relating to the domicile of children so that this will no longer be directly tied to the parents' domicile. This proposal will ensure that the domicile of children more closely reflects modern realities. The Commission also recommended the abolition of

the concept of domicile of origin so that the domiciliary rule will be better tuned to modern conditions. The Bill incorporates the Commission's recommendations.

I will first deal with the proposed changes relating to the domicile of children. Under existing law, the domicile of a child is determined by two sets of rules. One is domicile of origin, which determines domicile at birth. The other is domicile of dependency, which determines domicile during childhood.

The domicile of origin is ascribed to every person at birth by operation of law. It reflects the domicile of the relevant parent at the time of birth. Where a child is born or where his parents live may be irrelevant in this regard. As a consequence, the same domicile of origin can be passed on from generation to generation even though few members of the family have actually lived in the country of their domicile.

The second set of rules for determining a child's domicile is the domicile of dependency of children. These rules differentiate between legitimate and illegitimate children. In general terms, a legitimate child's domicile of dependency follows that of his father, while an illegitimate child's domicile of dependency follows that of his mother.

In place of the existing rules of domicile of origin and domicile of dependency, the Commission recommends a single test, which ties the child's domicile to the jurisdiction with which he is most closely connected. The existing law may sometimes lead to some rather absurd results. Let me give Members an example to illustrate the reason behind this recommendation.

The father of a 10 year-old boy has a domicile in the United Kingdom. The mother of the boy is an Australian. The whole family is now living in Hong Kong. The boy was born and has since birth received his education in Hong Kong. Under existing law, the boy's domicile follows that of his father, that is, the United Kingdom. This seems to be an unconvincing and artificial result since the boy has never even visited the United Kingdom nor has he had any connection with the United Kingdom. Under the reformed law, the single test, that is, the most closely connected test, will apply to determine his domicile. Clause 4(2) of the Bill provides that in determining which country or territory a child is for the time being most closely connected with, the Court shall take into account all relevant factors, including in which country or territory the child intends to have his home. Based on the facts of the above case, the Court is

likely to rule, under the reformed law, that the domicile of the boy is Hong Kong rather than the United Kingdom.

The existing rules relating to the domicile of children are essentially based on the Victorian idea of the father being the head of the family, and I believe that the proposed change would more closely reflect modern realities.

I now turn to the domicile of married women. The common law rule is that the domicile of a married woman is dependent on the domicile of her husband. This domicile of dependency of married women still applies, and a married woman still retains the same domicile as her husband even if they have lived apart for a long time in different countries, whether or not this is according to a formal separation agreement.

The Bill abolishes the common law rule that a married woman has at all times the domicile of her husband. This is, I consider, a big step towards modernization of the law relating to the domicile of married women.

Next, I will turn to the domicile of adults. The existing rules on the acquisition by an adult of a domicile of choice have long been criticized as artificial and uncertain. They are artificial because a person's domicile of origin may persist long after his connection with the country concerned has ended, making it difficult for him to establish a new domicile of choice. They lead to uncertainty because of difficulties in determining a person's intention.

The Bill proposes that an adult will acquire a new domicile in a country or territory based on satisfaction of two criteria. First, he or she must be present in that country or territory. Second, he or she must intend to make a home in that country or territory for an indefinite period.

The proposed changes to the domicile of an adult, I consider, will bring greater clarity to the existing law.

I now deal with the domicile of adults under disability. Two aspects of the existing law on domicile of the mentally incapacitated lead to artificiality. First, the domicile of a mentally incapacitated person freezes at the onset of his incapacity. Second, if his incapacity commences before the age of majority, his domicile will be determined by law as if he were a child as long as he remains incapacitated.

The Bill now proposes that a mentally incapacitated adult should be domiciled in the country or territory with which he is most closely connected. A mentally incapacitated adult, on recovery of his capacity, should retain the domicile which he last held before his recovery, and he may then acquire a domicile of his choice. The relevant provision contained in the Bill covers not only the mentally incapacitated, but also persons in a comatose, vegetative or semi-vegetative state, and any other person who for one reason or another is not able to form the required intention.

I now turn to the commencement of the Bill. With the reform of the rules for determining domicile under the Bill, it is likely that the existing domicile of some persons, though relatively few, may be affected. It is therefore necessary to consider the transition from the existing rules to the new rules. The Bill proposes that the new legislation should not have retrospective effect. However, for people who may be affected by the new legislation, clause 13(1) of the Bill provides that the domicile of a person on or after the commencement date of the new legislation shall be determined as if the new legislation had always been applicable to such person.

Since there may be people who need to make arrangements as a result of the reform in the law relating to domicile, I propose that the changes in the Bill be brought into force not less than six months from the date of enactment. This, I believe, will allow sufficient time for people affected by the Bill to make any arrangements they consider appropriate.

Madam President, the common law rules relating to the determination of domicile are complex and confusing. I have just mentioned many technical issues. The Bill seeks to improve the complex situation as far as possible. The proposed changes, I believe, are major steps towards modernization of the law.

I commend the Bill to this Council.

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

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

SHENZHEN BAY PORT HONG KONG PORT AREA BILL

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move the Second Reading of the Shenzhen Bay Port Hong Kong Port Area Bill (the Bill).

A new control point will be set up at the Shenzhen Bay Port (SBP) in Shekou, Shenzhen to alleviate the pressure on immigration and customs clearance between the Mainland and Hong Kong and promote economic and trade activities between the two places. Both Hong Kong and Shenzhen are making their best effort to take forward the relevant works at the SBP to tie in with the objective of commissioning the control point at the SBP in mid-2007.

Our consensus with the Mainland is to implement the co-location arrangement at the SBP. At this new control point there will be a mainland port area and a Hong Kong port area (HKPA), but immigration and customs clearance will be conducted by Shenzhen and Hong Kong respectively according to their own laws and regulations, and there will be no overlapping of jurisdiction at the SBP.

To implement the co-location arrangement, the Standing Committee of the National People's Congress (NPCSC) decided on 31 October 2006 that the Hong Kong Special Administrative Region (SAR) is authorized to exercise jurisdiction over the HKPA at SBP according to the laws of the SAR from the day on which the SBP commences operation. On 30 December 2006, the State Council made stipulations on the area and the land use period of the HKPA at SBP. Consequentially, it is necessary for us to introduce a new piece of legislation to provide a legal basis for setting up the HKPA at SBP.

After the enactment of the Bill in the Legislative Council, we can:

- (a) declare an area in the SBP in the Mainland as the HKPA at SBP;
- (b) apply the laws of Hong Kong in the HKPA at SBP and provide for the Court's jurisdiction in this connection;
- (c) extend the territorial limits of certain pre-existing rights and obligations to include the HKPA at SBP; and
- (d) assist in the construction of future documents and court orders.

Having considered the progress of the works, and the actual need for transport and facilitation of immigration and customs clearance between the Mainland and Hong Kong, the Guangdong and Hong Kong sides agreed at the ninth meeting of the Hong Kong Guangdong Co-operation Joint Conference in August 2006 to work towards commissioning the SBP before 1 July 2007. Both Hong Kong and Shenzhen are striving to meet this target according to schedule, and members of the general public are also hoping for the early commissioning of the new port to facilitate the flow of people and vehicles between the two sides. Therefore, we hope that the enactment of legislation can be completed as soon as possible.

Once the HKPA commences operation after the enactment of the Bill, all laws of Hong Kong will apply in the HKPA by virtue of the Bill. In essence, the jurisdiction of Hong Kong is extended without changing the physical boundary of Hong Kong.

The boundary of the HKPA is specifically set out in Schedule 1 to the Bill. It covers the facilities and buildings within the HKPA that are above and below the ground, on and above the bridge surface or within the bridge deck, as well as any air space reasonably necessary for the operation, repair and maintenance of the facilities and buildings. In the NPCSC's decision, it is mentioned that the HKPA shall be administered as a closed area. As in the case of other land boundary control points in Hong Kong, the HKPA at SBP is a closed area as defined under the Public Order Ordinance.

During the drafting of the Bill, one of our considerations is whether the territorial limits of rights and obligations that pre-exist before the HKPA comes into being should be extended to include the new HKPA. The Bill deals with certain pre-existing rights or obligations arising from the exercise or performance of statutory powers or duties, and extends such territorial limits of rights and obligations to include the HKPA, in order to ensure effective law enforcement or continuity of certain essential services in the HKPA. For example, a qualified doctor or other recognized professionals will be qualified to practise in the HKPA, and a driving licence issued by the Transport Department will cover the HKPA. Pre-existing rights or obligations arising from documents of a private nature (such as wills and contracts), will not be affected. It will be up to the parties concerned to vary the documents to cover the HKPA as they see fit.

The Bill also deals with certain pre-existing rights and obligations arising from court orders (such as prohibition orders, warrants for the arrest of a person,

certain detention orders, certain injunction orders, and so on). If such a right or obligation has a territorial limit confined to or including Hong Kong, then its territorial limit is extended to include the HKPA under the Bill.

As regards future documents and court orders made on or after the HKPA has come into being, we propose to make provisions to assist in the construction of references to Hong Kong in such documents and court orders. If a reference to "Hong Kong" appears in a future document and court order to describe the territorial limit of a right or obligation, then, in the absence of any contrary intention, the territorial limit is to be construed as including the HKPA. Hence, if, after the HKPA comes into being, a government department or private company issues a permit expressed to be covering Hong Kong, then, by virtue of clause 12, the territorial limit of the rights and obligations arising from the permit is to be construed as including the HKPA in the absence of any contrary intention.

An enactment that is applied in the HKPA by virtue of clause 5 takes effect in relation to the HKPA on the day on which clause 5 comes into operation (that is, the day on which the HKPA comes into being). In this connection, we cannot exercise any power under the Bill in preparation for the commissioning of the HKPA before the HKPA comes into being. This is why it is necessary to draft clause 15 which enables such powers to be exercised in preparation for the commissioning of the HKPA before the HKPA comes into being, but such exercise of power is not effective before the HKPA comes into being. In other words, subsidiary legislation can be made before the commissioning of the HKPA under clause 15. For example, we can designate certain places in the HKPA as detention places under the Immigration Ordinance (Chapter 115 of the Laws of Hong Kong) and the Immigration Service Ordinance (Chapter 331 of the Laws of Hong Kong). The relevant subsidiary legislation or documents can only come into effect on or after the day on which the HKPA comes into being.

Given a tight timetable for the enactment of the Bill and for the subsequent work involved, we hope to have the support of Members, so that concerted effort can be made to complete the scrutiny of the Bill early, thereby giving effect to the new "co-location" arrangement at the SBP. This arrangement will provide greater convenience to visitors and shorten the time spent on customs clearance. Moreover, immigration and customs officers in Hong Kong and the Mainland can work in a connected clearance area at the same control point. This will be conducive to their communication and co-ordination at the control point, which

will, in turn, help enhance the overall efficiency of immigration and customs clearance.

With these remarks, Madam President, I hope that Members will support and endorse the Bill.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Shenzhen Bay Port Hong Kong Port Area Bill be read the Second time.

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

MOTIONS

PRESIDENT (in Cantonese): Motions. Proposed resolution under the Import and Export Ordinance to approve the Import and Export (Registration) (Amendment) Regulation 2007.

PROPOSED RESOLUTION UNDER THE IMPORT AND EXPORT ORDINANCE

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Cantonese): Madam President, I move that the motion as set out under my name on the Agenda be passed.

The Financial Secretary announced in his Budget speech in February 2006 that the Government would consider providing a concession in trade declaration charges for gold with a view to supporting the development of Hong Kong as a logistics hub and gold trading centre, alongside with the proposal of the Hong Kong Airport Authority (HKAA) to establish a gold depository at the Hong Kong International Airport. In this connection, we propose that an exemption be given to the declaration charge on the declarations of imports, exports and re-exports of gold bars.

Under the Import and Export (Registration) Regulations (the Regulations), importers or exporters are generally required to lodge with the Commissioner of Customs and Excise a declaration of imported, exported and re-exported articles including gold and pay a declaration charge on lodgement of such declarations.

We propose to amend regulation 8 of the Regulations to exempt any person who lodges an import, export or re-export declaration relating to gold bars within the meaning of the Hong Kong Imports and Exports Classification List (Harmonized System) from the payment of the declaration charge under the same regulation. The specification for the eligible gold bars will be made accordingly in the above Classification List, which details the commodity classification systems for traders to complete trade declarations and is updated by the Commissioner of Customs and Excise whenever necessary by notices published in the Gazette.

The proposed exemption will enhance Hong Kong's competitiveness in the international gold market by reducing the relevant transaction costs and thereby put us on a par with other major gold trading centres such as the United Kingdom.

As the internationally acceptable trading standard for gold bars is currently 999.0 fineness or above, we propose that the gold bars eligible for the exemption should conform to this standard. Moreover, to enable us to quickly respond to possible changes in the trading standards for gold bars in the future, we do not propose to stipulate in the Regulations a definition or specification for the gold bars.

We estimate that the proposed exemption will have a revenue implication for the Government of about \$5.1 million per year. However, the proposal will facilitate Hong Kong's further development as a leading gold trading centre and logistics hub and bring significant benefits to Hong Kong.

The Government has discussed the proposal with the industry including the Chinese Gold and Silver Exchange Society, the HKAA and the Legislative Council Panel on Commerce and Industry. The proposal has their support.

Madam President, I beg to move that the motion be passed and hope that it has Members' support. Thank you.

The Secretary for Commerce, Industry and Technology moved the following motion:

"RESOLVED that the Import and Export (Registration) (Amendment) Regulation 2007, made by the Chief Executive in Council on 16 January 2007, be approved."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for Commerce, Industry and Technology be passed.

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

(No Member indicated a wish to speak)

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 of the Members present. I declare the motion passed.

PRESIDENT (in Cantonese): Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Construction Workers Registration Ordinance (Amendment of Schedule 1) Notice 2007.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS
(in Cantonese): President, I move that the resolution contained in the Agenda be passed.

The purpose of the resolution is to amend the Construction Workers Registration Ordinance (Amendment of Schedule 1) Notice 2007 laid on the table of the Legislative Council at the meeting of 10 January 2007.

The above notice serves to make amendments to Schedule 1 — Designated Trades to the Construction Workers Registration Ordinance (Cap. 583) by amending the "Description of work" or "Other qualifications" for seven existing designated trades and adding a new designated trade.

Having considered the comments of the Legal Service Division of the Legislative Council on the Notice, we propose to amend the "Description of work" for the four truck driver trades, that is, sections 2(5) to 2(8) in the Notice to specify, for avoidance of doubt, that the work is for the purpose of carrying out construction work.

I move that the resolution be passed. Thank you, President.

The Secretary for the Environment, Transport and Works moved the following motion:

"RESOLVED that the Construction Workers Registration Ordinance (Amendment of Schedule 1) Notice 2007, published in the Gazette as Legal Notice No. 3 of 2007 and laid on the table of the Legislative Council on 10 January 2007, be amended —

- (a) in section 2(5), in column 2 of the new item 52A of Part 1 of Schedule 1, by repealing "To drive, within, into or out of construction sites, articulated vehicles which —" and substituting "To drive, within, into or out of construction sites, for the purpose of carrying out construction work, articulated vehicles which —";
- (b) in section 2(6), in the new column 2 of item 53 of Part 1 of Schedule 1, by repealing "To drive, within, into or out of construction sites, heavy goods vehicles which —" and substituting "To drive, within, into or out of construction sites, for the purpose of carrying out construction work, heavy goods vehicles which —";
- (c) in section 2(7), in the new column 2 of item 54 of Part 1 of Schedule 1, by repealing "To drive, within, into or out of construction sites, medium goods vehicles which —" and substituting "To drive, within, into or out of construction sites, for the purpose of carrying out construction work, medium goods vehicles which —";

- (d) in section 2(8), in the new column 2 of item 55 of Part 1 of Schedule 1, by repealing "To drive, within, into or out of construction sites, special purpose vehicles which —" and substituting "To drive, within, into or out of construction sites, for the purpose of carrying out construction work, special purpose vehicles which —"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by the Secretary for the Environment, Transport and Works be passed.

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

MR KWONG CHI-KIN (in Cantonese): Madam President, there is a Subcommittee under the Legislative Council to scrutinize these two Notices. As the Chairman of the Subcommittee, I shall speak briefly on the two Notices.

The Subcommittee convened two meetings. Besides conducting negotiations with the authorities, it also invited representatives of relevant trade unions to attend the meetings. Representatives of four trade unions attended a meeting, and one other trade union made a written submission.

In regard to consultation, the Administration has explained that before submitting the two Notices, the relevant trade unions were already consulted on the various proposals contained in the Notices, and that relevant workers' unions were also consulted through the various committees of the Construction Workers Registration Authority (CWRA). All relevant trade unions do not oppose the proposed subsidiary legislation.

In regard to the subsidiary legislation on the registration of drivers mentioned in the Notice, members are concerned as to whether the registration procedures are too complicated and whether the registration requirements are reasonable. The authorities have told members that the possession of a relevant driving licence issued by the Transport Department will enable a driver to meet the registration requirements. The registration procedures are very simple. An applicant only needs to pay a registration fee of HK\$50, and the validity of registration is three years. A driver may register for several trades at the same time without having to pay any additional fees.

The amendments to the "Description of Work" for the three truck driver trades are meant to stipulate the types of vehicle bodies covered so as to clearly define the scope of construction workers covered by these trades for the purpose of the Construction Workers Registration Ordinance. The authorities have informed members that the names of the specified types of vehicle bodies are the same as those used by the Transport Department and other relevant legislation. In response to the Subcommittee's request, the authorities have provided photographs of 16 types of vehicle body covered by the Notices.

As for the registration requirements for the "Structural Welder" trade, the authorities have informed members that in setting the registration requirements in the Notice, the primary concern is to facilitate as much as possible the registration of the workers concerned. According to the specified requirements, a worker can already qualify for registration if he has obtained a certificate issued by a recognized welder test organization, testifying that he has passed a welder test of any structural steel welding. Since it is the established practice in the construction industry to require a person to be tested for his welding skill before he is employed to be a structural steel welder, any competent worker should have met the requirements specified in the Notice.

As for the amendments to the registration requirements for other trades, the Subcommittee does not have any special views after listening to the explanation of the authorities.

The Subcommittee generally supports the subsidiary legislation contained in the Notices, and it agrees to the Government's proposed amendments for the four driver trades mentioned in the first Notice. The passage of the Notice and the amendments can clearly specify that ordinary truck drivers do not need to register as construction workers and only drivers of large and special trucks must do so.

Madam President, we know that a number of trade unions are dissatisfied with many aspects of the registration arrangements for construction workers that have been put in practice. They have pointed out that the definitions of trades and the relevant qualifications fail to take account of the actual situation. Many experienced workers can only register as "registered skilled workers (provisional)" because they cannot meet the qualifications specified by the Ordinance (the skill tests, for example). Besides, the authorities have been very

slow and inflexible in assessing non-specified qualifications. The Administration claims that there are various mechanisms in the Ordinance to cater for the various needs of workers and the CWRA has been actively pursuing various measures to assist workers in obtaining registration, but the Subcommittee still urges the Administration and the CWRA to actively address the problems of the existing registration system and to join hands with the industries in identifying improvement measures. In case any inadequacies of the Ordinance are identified, the authorities should promptly discuss with the Legislative Council to work out possible amendments.

The Subcommittee also emphasizes that before the full implementation of the Ordinance, that is, the provisions relating to prohibition against unregistered workers carrying out on construction sites construction work and prohibition against the employment of unregistered workers carrying out on construction sites construction work are brought into operation, the Government must report to the relevant panels (for example, the Panel on Manpower) on the progress of registration and other related matters and hold discussions on the arrangements for implementation of the abovesaid provisions. Since after the full implementation of the Ordinance, unregistered construction workers shall be prohibited from working on construction sites, the Government must proceed very cautiously lest the "rice-bowls" of existing workers may be broken.

Madam President, the Subcommittee supports the Amendment Notice, the Commencement Notice and the amendments proposed by the Government.

Thank you, Madam President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for the Environment, Transport and Works to reply.

(The Secretary for the Environment, Transport and Works shook her head to indicate that she did not need to reply)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for the Environment, Transport and Works be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

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

First motion: Expeditiously implementing the construction of cross-boundary transport infrastructures between Hong Kong and the Mainland.

EXPEDITIOUSLY IMPLEMENTING THE CONSTRUCTION OF CROSS-BOUNDARY TRANSPORT INFRASTRUCTURES BETWEEN HONG KONG AND THE MAINLAND

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

Madam President, the Chief Executive unveiled the Action Agenda on "China's 11th Five Year Plan and the Development of Hong Kong" early last month and launched a massive propaganda campaign to demonstrate that Hong Kong will fully tie in with the 11th Five-Year Plan (FYP) on all fronts. Although we believe this Action Agenda serves as an instrument to facilitate the Chief Executive to run for a second term, in my view, whether this Action Agenda is a belated initiative is not important. It is most imperative that we have to put them into action as quickly as possible.

It has come to our attention that after the 11th FYP was unveiled by the Central Authorities last year, infrastructure projects of all kinds and scales are being carried out in different provinces and municipalities on the Mainland. Over the past few years, Hong Kong's neighbouring regions such as Guangdong Province, Shenzhen, Zhuhai or even Macao have all undergone a major facelift. However, Hong Kong appears to have been going nowhere since the reunification. Compared to the Mainland, Hong Kong consistently lags behind in all aspects.

Madam President, ancient Rome was very prosperous both economically and politically. I believe we have all heard the saying "All roads lead to Rome". As far as a powerful country is concerned, a well-developed transport network is of the utmost importance. This being the case, for Hong Kong to keep developing our economy, maintaining our competitive edge and utilizing our transshipment capability, we must first establish good cross-boundary transport infrastructure and facilities for managing cross-boundary goods and traffic flows.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) believes three cross-boundary transport infrastructure projects are urgently needed at present.

First of all, I would like to talk about the Guangzhou-Shenzhen-Hong Kong Express Rail Link. This rail link is a strategic railway system connecting Hong Kong with the Mainland for establishing a closer connection between Hong Kong and mainland provinces and municipalities in the future. The Mainland is taking this rail link very seriously. The Guangdong Provincial Government started taking this project forward in top gear since 2005. The newly built Guangzhou Station and Shenzhen Station will be completed and ready for use in three or four year's time. Meanwhile, permission was given for Shenzhen to build a station at Futian, which is a move to compete with Hong Kong for passengers.

In the case of Hong Kong, it is as if we have got the deer but do not know what to do with the antler. Just because the Kowloon-Canton Railway Corporation (KCRC) and its cost-effectiveness issue, we have already spent a whole year debating whether the Shared Corridor Option or the Dedicated Corridor Option is preferable, and it was not until last Saturday that we learnt from KCRC Chairman Michael TIEN that the Government preferred the Dedicated Corridor Option.

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

Honourable colleagues, this is how our Government manages to miss important opportunities frequently. The Government is always wavering. At times it is worried about building a white elephant, and at other times it uses consultancy reports as the "shield". As a result, Hong Kong has missed many invaluable opportunities.

Having said that, it is "better late than never". We can focus on maximizing the opportunities offered to us by this rail link. To start with, we have to build the Hong Kong station right away. With regard to tying-in with the mainland section for synchronized commissioning of the rail link, the DAB believes this could be done by carrying out an advance project for the construction of the Chau Tau Station.

Second, in order to attract visitors and goods from the Mainland, we should develop Chau Tau Station into an expo centre for global merchandise where the curtain never falls. In this regard, reference can be made to the successful experience of Yiwu in Zhejiang Province. In addition to giving support to the Hong Kong Convention and Exhibition Centre, this rail could enhance our cost-effectiveness by enabling us to work more closely with the Mainland.

Another infrastructure project that has to be carried out right away is the Eastern Corridor. Strategically located within the Frontier Closed Area at Heung Yuen Wai of Ta Kwu Ling, this will be Hong Kong's fifth boundary crossing. The Administration can also take this opportunity to give a boost to the development of the Ta Kwu Ling area. Through Liantang in Shenzhen, it offers direct connection to various highways such as Shenzhen-Weizhou Highway, Shenzhen-Shantau Highway and Shenzhen-Yantian Highway, and so on. Furthermore, it could connect to major container hubs such as Pinghu. Meanwhile, goods can be transported to cities in Eastern Guangdong direct, including rapidly developing cities such as Shantau, Weizhou, Heyuan and Meizhou. This network could further extend to cover the provinces of Fujian, Jiangxi and Hunan. With this, Hong Kong and Shenzhen will be able to "connect to the West and expand to the East". The opening up of the "Eastern Vein" connecting Hong Kong with Shenzhen and Guangzhou will facilitate the development of the transshipment business of Hong Kong.

As a matter of fact, the DAB made this suggestion to both the Governments of Hong Kong and Shenzhen more than four years ago, and the Shenzhen Government responded very favourably. Over the past Sunday, I made a site visit with some media friends. We noticed that the land formation works at Liantang had been completed, and everything was all set. Satirically, on the Hong Kong side, Heung Yuen Wai remains a piece of unused land full of weed. According to the Government, it has simply completed the first round of consultation at the present stage, with only initial planning carried out. It will take two more years. Compared with the active response of Shenzhen, Hong Kong is literally being outrun. This causes us to worry that when Hong Kong should finally decide to give it the greenlight, the State may have already promulgated the 12th Five Year Plan. By that time, Shenzhen may have started developing other control points. "Time does not wait for people". In order to seize the opportunities presented by the development of the country, the Government must expedite in full speed the planning process as well as the implementation process. In this regard, this cross-boundary control point must be made operational as quickly as possible.

In fact, New Territories East has got innate advantages in terms of the availability of facilities. The site chosen, which covers approximately 300 hectares of land, is mostly agricultural land instead of land designated for conservation purposes, and it has good potential for development. There should be no problem using this piece of land for the provision of facilities for a cross-boundary control point. Furthermore, more and more ancillary facilities will be completed gradually. For example, Phase II of the Tolo Highway Extension Project will commence next year and is expected to complete by 2010. It is believed that with certain adjustments in some facilities on the part of the Administration, these facilities will be capable of coping with the pressure brought about by the cross-boundary traffic in the future.

The third cross-boundary infrastructure project that has to be carried out right away in our opinion is the much talked about Hong Kong-Zhuhai-Macao Bridge (HZMB). This bridge has been the subject of discussion for many years now. I remember that when Secretary Dr Sarah LIAO first took up her post, she started handling this matter. However, whether or not this bridge is to be built has remained a subject of debate to date. It was not until news had been released on the Mainland that we realized under the co-ordination of the Central Authorities, things had got speeded up with respect to the building of the bridge. It is now anticipated that the construction works will begin next year.

Members may remember that it was Hong Kong who first actively promoted the idea of building this bridge. Unfortunately, we have not been able to move ahead with the discussions or the implementation of the construction of the bridge, whether or not it was due to the "one country, two systems" of Hong Kong is unbeknownst to us. As a result, the people of Hong Kong have not been kept abreast of the latest news and development of the matter. Although this may not help press ahead with the construction of the bridge, I wish to remind the Government that the construction of the bridge is instrumental to enterprises and foreign capital in their consideration as to whether or not they will come to invest in Hong Kong. If Hong Kong should remain uncommitted in whether or not to go ahead with major infrastructure projects, how could we possibly attract enterprises to Hong Kong? I hope the Government will think about this very carefully.

The Government has frequently been accused of lacking vision and initiative, and that it is hesitant and irresolute. This will certainly hinder economic development. Sometimes, innovative policy may open up infinite opportunities for Hong Kong. I proposed in my motion the resumption of ferry services between Shatin and Eastern Guangdong. Although this particular ferry service was terminated in the '80s due to low patronage, more than a decade has passed, and Shenzhen is now actively developing Yantian and three other cities in Eastern Guangdong. Given the rapid development of economy and tourism industry in these regions, the Government may as well consider the resumption of this ferry service. Not only will this facilitate the people of Hong Kong to get to yet another holiday resort, it will also facilitate the joint development of the recreational resort in the area of Mirs Bay. In fact, this is not a new idea at all. Shenzhen already came up with this idea a few years ago, only that Hong Kong has never got that innovative idea.

Deputy President, just now I have raised a number of issues with respect to cross-boundary infrastructure. However, "even beautiful flowers need the embellishment of green leaves", as the saying goes. In this regard, ancillary facilities to infrastructure are equally important. With the commissioning of the Hong Kong-Shenzhen Western Corridor in the middle of this year, the Government has yet fully addressed public concerns about the influx of cross-boundary vehicles. Although the Government insists that there is, at present, no pressing need to provide additional facilities, as we all know, it takes at least two to three years to build a road or a bridge. Besides, consultation and site examination, and so on, would take another two to three years. If decisions

for carrying out these projects should be made only when the facilities are badly needed, it may not be able to provide a timely solution to the problem. This piecemeal policy no longer suits the modern times. The Government should expeditiously launch the construction of the Tuen Mun Western Bypass, the Tuen Mun-Chek Lap Kok Link and the easterly link road connecting Deep Bay Link with Route 3. At the same time, the Government should no longer judge the overall demand for infrastructure purely from a regional perspective. Instead, it should look at it from the perspective of Hong Kong's strategy for economic development. With regard to Route 3, the capacity of which has not been fully utilized yet, the Government may consider different ways to increase its traffic flow, including the options of buying it out or extending its franchise period.

Lastly, I very much hope to remind the Government once again, that we must not play the hare as in the story "The Hare and the Tortoise". Our competitors are the many mainland provinces and municipalities, and a number of them have already caught up with us. If we should remain irresolute instead of pressing ahead in top gear, the people of Hong Kong will suffer. Deputy President and Honourable colleagues, when today's meeting is concluded, we will celebrate the Chinese New Year. I wish Hong Kong and the Mainland will "get fully connected in great prosperity" as quickly as possible. I so submit.

Mr CHEUNG Hok-ming moved the following motion: (Translation)

"That, as the Government has announced its Action Agenda to tie in with the National Eleventh Five-Year Plan and fully affirmed the importance of cross-boundary co-operation between Hong Kong and the Mainland, this Council urges the Government to expedite the construction of various cross-boundary transport infrastructures between Hong Kong and the Mainland, such as the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Liantang Eastern Corridor and Hong Kong-Zhuhai-Macao Bridge, and to resume the ferry services between Shatin and Eastern Guangdong, etc; at the same time, the Government should expeditiously review and expedite the construction of ancillary facilities for cross-boundary transport infrastructures within Hong Kong's territory, such as the Tuen Mun Western Bypass, Tuen Mun-Chek Lap Kok Link, Tuen Mun Eastern Bypass and the easterly link road connecting Deep Bay Link with Route 3, and take proactive measures to optimize the use of Route 3, etc to comprehensively enhance the integration with the Mainland's transport infrastructures, so as to promote sustainable and steady development of Hong Kong's economy."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr CHEUNG Hok-ming, be passed.

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

I now call upon Mr Albert HO to speak first, to be followed by Mr Andrew CHENG and Mr WONG Kwok-hing, but no amendments are to be moved at this stage.

MR ALBERT HO (in Cantonese): Deputy President, with the imminent commissioning of the Hong Kong-Shenzhen Western Corridor (HK-SWC), the traffic problem of New Territories West has once again become a major public concern. I believe Members here share the worry as well. If the Government does not come up with a long-term solution to address the issue of additional traffic flow introduced by the HK-SWC, there will be rampant traffic jams in New Territories West, no matter how much we hate to see it happening.

As a matter of fact, when this Council debated the motion "Expediently improving the traffic arrangements in the western and northwestern parts of the New Territories" in March last year, the Democratic Party already argued that the Government must implement the construction of the Northern Section of Route 10, which will be the most effective measure to address the issue of potential traffic congestion on Tuen Mun Road subsequent to the commissioning of the HK-SWC. We have always insisted that the only way to thoroughly address the traffic congestion problem in New Territories West is building Route 10 or buying out Route 3 together with the Tai Lam Tunnel. Other Members of the Democratic Party will explain in greater details our proposal on buying out Route 3, and I will focus on discussing the proposal on building the Northern Section of Route 10 and widening Tuen Man Road.

Deputy President, given that when the Hong Kong-Zhuhai-Macao Bridge (HZMB) project will begin is not confirmed yet, we expect that in the next five to 10 years, the majority of vehicles will keep using the traffic network of New Territories West for commuting between Kwai Chung Container Terminals and other major land crossings, including the Lok Ma Chau crossing and the

HK-SWC to be commissioned in future. The Government anticipates that subsequent to the commissioning of the HK-SWC and the Deep Bay Link, the volume-to-capacity (v/c) ratio of vehicular traffic at the Sham Tseng Section of Tuen Mun Road during the busiest hours will increase to approximately 1.19 from 1.1 in 2002, whereas vehicular traffic at the Town Centre Section of Tuen Mun Road will increase 10% to 15%. Furthermore, we must not forget that Government estimates on the volume of vehicular traffic always vary greatly with the actual situation. Therefore, we are worried that the traffic congestion problem on Tuen Mun Road in future will be more serious than the Government's estimation.

A number of debates have been held on the under-utilization of Route 3, which is largely attributed to the relatively high tolls of the Tai Lam Tunnel. Since permission has been given to build the HK-SWC, the Democratic Party has been supporting the construction of the Northern Section of Route 10. We hope that Members who cast their votes against this proposal in the past will reconsider it again this time, otherwise, Members will have to bear the responsibility too if the residents of New Territories West have to suffer from the bad consequence of long-term traffic congestion in the future.

Deputy President, the Northern Section of Route 10 being conceived extends from So Kwun Wat to Yuen Long Highway. The project involves the construction of a 4.5 km long dual three-lane carriageway from So Kwun Wat to the section of Yuen Long Highway in the vicinity of Lam Tei, which comprises a 4 km long Lam Tei Tunnel, a toll plaza located at the quarry at Lam Tei and an interchange to connect to other major transport networks. It is anticipated that with the completion of the project, the Northern Section of Route 10 will become the fourth road link connecting the North to the South in addition to Route 3, Tuen Mun Road and Tolo Highway.

Given the rapid development of cross-boundary transport, we stress that there is an increasingly pressing need for building Route 10. Subsequent to the completion of the HK-SWC and the Deep Bay Link, the daily volume of traffic of the four cross-boundary crossings will be approximately 65 000 vehicles. By 2010-2011, this number will further increase to 83 000. Facing this immense pressure in cross-boundary traffic, it is believed that the problem can be resolved only by building a greater number of infrastructure projects as well as major trunk roads.

Deputy President, the Democratic Party adopts an open attitude with respect to the construction of Route 10 and other options for alleviating the problem of traffic congestion in the western part of the New Territories. It is, however, our belief that priority should be given to the construction of the Northern Section of Route 10. Moreover, according to papers submitted by the Government to the Legislative Council Panel on Transport, the Government is planning to build a link to connect Lantau and Tuen Mun, whose priority is lower than that of Route 10. This has something to do with the traffic needs arising from the link and the further development of Lantau in future. The fact is that this link does not serve the important function Route 10 does, such as connecting the Northwestern New Territories with the urban areas and the container terminals, and the ability of alleviating the traffic pressure on Tuen Mun Road and Route 3 over the long run. This being the case, we insist that priority should be given to the Route 10 project.

While the proposals for the construction of Route 10 or buying out Route 3 are being debated, the Democratic Party believes that part of Tuen Mun Road has to be widened into a four-lane carriageway as a short-term remedial measure. As the Government has pointed out in the papers submitted to this Council, technically this is totally feasible. The proposal to widen Tuen Mun Road into a four-lane carriageway has been rejected on the grounds of expenditure and project lead time, and so on. We hope that the Government will reevaluate the actual transport needs of New Territories West from a longer-term perspective and accept the proposal on widening part of Tuen Mun Road into a four-lane carriageway.

I wish to remind Honourable colleagues to duly consider and respect the views of the District Councils, particularly when this matter has been the subject of concern for the Tuen Mun District Council for a number of years now. On the issue of building transport networks to address the traffic problem in the near future, two motions have been passed in the Tuen Mun District Council, including the construction of the Northern Section of Route 10 and the widening of the Expressway Section of Tuen Mun Road into a four-lane carriageway. Other proposals such as the use of Tuen Mun Eastern Bypass as a means of alleviating the traffic condition on the section of Tuen Mun Road from Siu Hong Court to the downtown area have failed to gain the support of the Tuen Mun District Council. Therefore, the Democratic Party has reservation about the Tuen Mun Eastern Bypass proposal as mentioned in the original motion moved

by Mr CHEUNG Hok-ming. I believe that the Tuen Mun District Council is well versed in the traffic condition of the region, and that they have based their reservation or even objection on their understanding of the actual situation of the region. I hope Members will pay attention to this fact. The Democratic Party believes that if the Government should fail to reach an agreement on buying out Route 3, then it should expeditiously go ahead with the construction of the Northern Section of Route 10 and the widening of Tuen Mun Road into a four-lane carriageway. I stress once again that negotiations on buying out Route 3 have been dragging on for quite some time, and no outcome appears to be within sight yet. We cannot just wait indefinitely. As a matter of fact, when the issue of traffic problem is looming lower and lower over our head, I am afraid the Government's bargaining power over the operator of the Tai Lam Tunnel will keep diminishing as well. We cannot expect the consortia to look at the issue from the perspective of fairness and expect them to strike a deal at a price which the Government will find inexpensive. Under the circumstances, if there are no other recourses, what should we do? There is a suggestion to extend the franchise period. However, the construction of the Northern Section of Route 10 remains the only viable solution to the problem in the long run.

Deputy President, last but not least, I would like to point out that in the Action Agenda on "China's 11th Five Year Plan and the Development of Hong Kong" released recently, it was mentioned that consideration could be given to the introduction of mainland drivers to reduce the cost of the logistics industry. We believe that instead of jeopardizing the livelihoods of local workers, the role of the Government is to promote the development of the logistics industry by enhancing the competitive edge of the local logistics industry and expediting the construction of major infrastructure projects with the aim of reducing the travelling time between Hong Kong and the Pearl River Delta Region. We hope Members will support the amendment proposed by me. I so submit. Thank you, Deputy President.

MR ANDREW CHENG (in Cantonese): Deputy President, maybe it is pure coincidence or maybe it is due to the imminent Chief Executive Election, headway has been made recently in a number of cross-boundary infrastructure projects which had been going nowhere for quite a while. For example, a couple of days ago, the Chairman of KCRC, Mr Michael TIEN, and the Chief Executive revealed, respectively, that the Dedicated Corridor Option would be

adopted for the Guangzhou-Shenzhen-Hong Kong Express Link, a project that has been delayed for a very long time. At the same time, the HZMB will be built using the model of having immigration and customs facilities at each of the three different locations. The project will begin once the financial plan is finalized. Meanwhile, studies on the proposal for building the fifth land crossing will be carried out too. I hope the progress in the aforementioned areas is not just a publicity measure adopted by Mr Donald TSANG and the Central Authorities for "canvassing votes", and I certainly do not hope that these undertakings will fail to materialize after the Chief Executive Election.

Deputy President, as a matter of fact, the subject of today's debate has been discussed in this Chamber and in different Legislative Council panels on a number of occasions. Some of the topics such as the HZMB, the Regional Express Rail Link and the ancillary facilities in support of the traffic in New Territories West, and so on, have been under discussion for over a decade since the inception of those ideas, but then until now, they have remained on the drawing board.

The idea of building the HZMB was first proposed in as early as 1983. Twenty-four years have passed, and the building of the bridge still remains at the discussion stage. The commencement date of the construction works is delayed time and again, and the completion date of the bridge lurks is nowhere to be seen. The Democratic Party is very disappointed that the Government has yet come up with a timetable for the HZMB project.

There were reports in September last year that Guangdong Province, which was unhappy with the financing scheme, had decided to build a river crossing connecting Shenzhen with Zhongshan, and the dispute was settled finally only with the help of the Central Government. We hope that the SAR Government will expedite the progress of finalizing the financing scheme, so that the construction works of the HZMB can commence as quickly as possible. As a matter of fact, we do not harbour any fantasy that the project can begin within this year or early the next. That said, we strongly demand that when construction works for the HZMB begins, the Government must set aside some space for the construction of another cross-boundary railway link in future.

Apart from the HZMB, the Guangzhou-Shenzhen-Hong Kong Express Rail Link is another project that has been delayed for a very long time. In as early as the 1990s, studies were carried out on this Regional Express Rail Link.

However, to date, as construction projects are being carried out in different mainland cities, Hong Kong is still arguing about the alignment of the link. The Government keeps wavering on whether the Shared Corridor Option (which means to share it with the West Rail) or the Dedicated Corridor Option should be used. The Democratic Party hopes that the Government will adopt the Dedicated Corridor Option and expeditiously build the Guangzhou-Shenzhen-Hong Kong Express Rail Link. However, we hope that while the Dedicated Corridor Option is used, the Government will not terminate the planning and construction project of the Northern Link.

Deputy President, next I will focus on discussing my amendment. First of all, I would like to illustrate how the traffic in New Territories West will be affected subsequent to the commissioning of the HK-SWC. Our estimate is that during the initial period of the commissioning of the HK-SWC, the daily traffic flow will be 30 000 vehicle trips. By 2016, the daily traffic flow will be as many as 80 000 vehicle trips.

The Democratic Party believes that if the tolls of Route 3 should remain unchanged, it can be anticipated that subsequent to the commissioning of the HK-SWC, motorists using the HK-SWC will continue to use Tuen Mun Road as the major passage to get to the city. Recently, new tolls are levied at Route 3. The tolls permitted by law for different types of trucks using Route 3 for a single journey range from \$90 to \$120 (\$90 for vans, \$100 for medium goods vehicles and \$120 for heavy goods vehicles). Although concessionary tolls are offered by the tunnel operator (\$28, \$35 and \$40 respectively), it is believed that unless it is absolutely necessary, truck drivers will prefer not to pay for the use of Route 3 for making connection to the HK-SWC. If the tunnel operator should restore the normal charges in future, it is believed that even more vehicles will switch to using Tuen Mun Road.

According to papers submitted to the Panel on Transport, Route 3 is operating at a loss on a long-term basis. So far, the recorded losses have reached \$700 million. In spite of the concessions provided by the tunnel operator, the average daily throughput is only 45 000 vehicle trips, which is less than 40% of the designed daily capacity of 118 000. On the contrary, the volume-to-capacity (v/c) ratio of vehicular traffic of Tuen Mun Road has already reached capacity. During busy hours, the traffic flow is already in excess of the original designed capacity (the v/c ratio of 1.1 during the busy hours means that traffic congestion is beginning to take place, which I believe the Deputy

President knows very well too). With the additional vehicles from the HK-SWC in future, it is believed that Tuen Mun Road will be overloaded.

According to the Government, Route 3 coupled with the remaining capacity of Tuen Mun Road shall be able to cope with the demand subsequent to the commissioning of the HK-SWC until 2016. However, that is based on the Government's assumption that motorists are willing to use Route 3 after the completion of the eastern link of Tuen Mun. However, whether they are willing to use Route 3 remains a big question. From the examples of the Tai Lam Tunnel and the Western Harbour Crossing, it is evident that the Government has always come up with wrong estimates on the traffic flow of the major trunk roads.

The Democratic Party believes that the major reason for the under-utilization rate of the Tai Lam Tunnel is the relatively high tolls of Route 3. The most direct way to increase the utilization rate of Route 3 is to lower the tolls for using the Tai Lam Tunnel. There are two ways of toll reduction: first, the Government could buy out the Tai Lam Tunnel; second, extend the franchise period of the tunnel operator. The first option allows the Government to set lower tolls direct, whereas the second option provides an incentive for the tunnel operator to lower the tolls in extending the time-horizon. As a matter of fact, the Democratic Party has always advocated setting up a "Tunnels and Bridges Authority" to address the current problem of uneven traffic flow at different major trunk roads.

I hope that if the Secretary will succeed in getting a second term, she will tackle this issue in the next five years. Otherwise, the problem of uneven traffic flow at various tunnels and Route 3 will certainly cause more and more public grievances.

Apart from reducing the transportation time between the Pearl River Delta Region and Hong Kong, more importantly, the objective of implementing cross-boundary infrastructure projects is to give a boost to the local construction industry. Deputy President, although the unemployment rate has been dropping steadily in recent years, the unemployment rate of the construction industry is still over 9%. To the workers, no training and support are as concrete as a job. Therefore, I hope the Government will finalize the abovementioned infrastructure projects as quickly as possible to address the unemployment problem of local construction workers. With these remarks, Deputy President, I propose the amendment.

MR WONG KWOK-HING (in Cantonese): Deputy President, with the rapid development of the mainland economy and given the status of Hong Kong as a window to the Mainland, the relationship between Hong Kong and the Mainland is now closer than ever. At present, connection between Hong Kong and the Mainland relies mainly on three major land crossings, namely, the Lok Ma Chau crossing, the Sha Tau Kok crossing and the Lo Wu crossing. Lo Wu is also famous as the busiest boundary control point in the world. According to statistics, as many as 167 million passengers pass through these three boundary crossings annually, and the number of cross-boundary vehicle trips is over 15 million too. Yet, the overall cross-boundary transport infrastructure must tie in with the local transport infrastructure in order to achieve the optimal effectiveness. Therefore, I propose in my amendment that apart from developing cross-boundary transport networks, the internal local infrastructure networks must be given due emphasis as well. Route 3 is one of the examples.

Roads allow people to go back and forth to different places. Meanwhile, they are the starting point for the development of communities and cities. Roads are like the vessels and veins of the human body which allow the blood to circulate throughout the body. However, if a section of a blood vessel is clogged or ceases to function properly, that may add to the burden of other vessels and affect the whole body.

The entire Route 3 stretches from Island West to New Territories West, where part of the route is a tolled zone. As one of the 10 airport core projects, the Route 3 project first began in the early 1990s. Apart from tying in with the development of the Hong Kong International Airport, it is designed to connect the north to the south in the western part of the territory to tie in with the development of the Northwestern New Territories and the West Kowloon Reclamation area. The construction of Route 3 (Country Park Section) was begun in 1995 and commissioned in 1998. The project was operated on the conventional build-operate-transfer model. Following the usual practice, the company that built the route is allowed to operate the route for 30 years. Therefore the franchise for operating Route 3 will expire in 2025. However, since there have been major toll hikes for the route operated by the company in recent years, motorists have been forced to use other roads which are either free or cheaper, such as Tuen Mun Road, resulting in the overloading of those roads. According to statistics, the average daily traffic flow at Route 3 is 47 000 vehicle trips at present, whereas the number for Tuen Mun Road is more than 106 000

vehicle trips, which is getting very close to its maximum designed capacity of 118 000 vehicle trips. With the imminent commissioning of the HK-SWC, it is estimated that the number of vehicles passing through this road daily will further increase, which is clearly illustrated in the Northwest New Territories Traffic and Infrastructure Review submitted by the Government to this Council two years ago. Therefore, works have to be carried out to widen Tuen Mun Road to cope with the increased demand.

By comparison, while it is observed that Tuen Mun Road faces the problem of overloading, traffic is sparse at Route 3, resulting in the phenomenon of "a congested road versus an empty road". At present, the tolls for using the Tai Lam Tunnel of Route 3 range from \$17 to \$90, but it is toll-free using Tuen Mun Road, so it is normal that motorists will prefer using the toll-free road. If the company operating the tunnel should attempt to increase revenue by increasing the tolls, it will only force more and more motorists to use the toll-free road. It is precisely due to this imbalanced situation that the Government must rethink the direction of the utilization of trunk links. Buying out Route 3 at a reasonable price is the most effective way to address the current imbalanced situation. Take the government-run Cross-Harbour Tunnel at Hung Hom as an example, the daily traffic flow is at the top end of the designed capacity, and it is more attractive and more competitive than similar tunnels operated by private consortia. If the Government can successfully buy out Route 3 at a reasonable price, it can definitely run the Tai Lam Tunnel more effectively and help alleviate the pressure on Tuen Mun Road.

Deputy President, according to the Northwest New Territories Traffic and Infrastructure Review conducted by the Government, the current population of the Northwestern New Territories is approximately 1.04 million, and it is expected to rise to 1.3 million a decade later. Meanwhile, the daily cross-boundary traffic volume of goods and passengers will also increase from 42 000 to 120 000. Besides, the annual throughput of the cargo terminals will greatly increase from 12.2 million to 25.7 million. Given the drastic increases in population and cross-boundary goods and passenger flows, Route 3 and Tuen Mun Road will become more and more important. For this reason, it is imperative to resolve the imbalanced situation of the two roads early.

On the other hand, as Lantau North continues to develop, it is anticipated that the population of Lantau North and the passenger throughput of the airport

will continue to grow, which may bring forth an increased demand for transportation between Hong Kong and the Mainland. Furthermore, the Hong Kong International Airport has the highest cargo throughput in the world, and it is anticipated that the cargo throughput will continue to grow in the future. In order to keep fully utilizing Hong Kong's status as an entrepot, there is an enormous demand for hardware facilities to support the cross-boundary infrastructure. These construction projects are essential to keeping Hong Kong from lagging behind the Pearl River Delta Region.

Deputy President, the Shenzhen Municipality indicated lately that it would discuss with Hong Kong the feasibility of setting up a fifth boundary crossing at Liantang and Heung Yuen Wai in accordance with the suggestions made in the City Planning Master Plan for the City of Shenzhen 1996-2010. As such, the Hong Kong authorities should formulate a strategy for the overall development of cross-boundary infrastructure expeditiously. At present, Hong Kong relies on three land crossings for connection to the eastern parts of Guangdong such as Shantou, Chaozhou and Fujian through the Shenzhen Municipality, but they are generally more time-consuming. Therefore, if there is a new crossing to directly connect to the expressways in the Mainland, it would be very good news to members of the cross-boundary transportation industry. Furthermore, the HZMB has been under planning for a very long time now, but no decision has yet been made with regard to whether or not the project will be given a go-ahead. Insofar as Guangdong Province and Hong Kong are concerned, the HZMB will greatly enhance the connection between Hong Kong and the western part of Guangdong and it will be conducive to the economic development of both places. It is imperative for the Government to plan ahead, so that we will not lag behind.

Deputy President, yesterday, the social affairs committee of the Hong Kong Federation of Trade Unions met with the Financial Secretary. We anticipate that the Government will report a large amount of surplus in the budget to be unveiled soon, which will give us a very rare opportunity. If the Government can make good use of the huge surplus to buy out Route 3 and the Western Harbour Crossing, it will be able to regain two major transport trunks which are now controlled by private consortia. Once the Government is in control of these two major trunks, the authorities can adjust the traffic flow by means of toll reduction or toll exemption. This move can alleviate traffic congestion, lessen the burden of the public in terms of traffic expenses, and greatly enhance the vitality of the Hong Kong economy. With these triple benefits, what is keeping the Government from realizing it?

Therefore, with the amendment I seek to propose today, I am urging the Secretary to carefully consider our proposals, which not only help address the traffic congestion problem at Tuen Mun Road and the Cross-Harbour Tunnel with immediate effect, but are also conducive to the long-term development of Hong Kong. I hope the Government will seriously consider and accept our proposals. Thank you, Deputy President.

MR RONNY TONG (in Cantonese): Deputy President, as far as major transport infrastructure is concerned, there are two areas which we find hard to understand. First, why is it that comprehensive planning always seems to be missing prior to the implementation of a major infrastructure, so much so that given the outdated, short-sighted planning, new facilities will reach capacity very soon, resulting in the need for even more major infrastructure to support the original infrastructure and a wastage of public coffers due to inadequate planning? Second, we do not understand why, in the course of planning for major infrastructure projects, environmental impact assessment and assessment of the impact on local residents are not properly carried out to minimize the impact.

I think the Guangzhou-Shenzhen-Hong Kong Express Rail Link serves as the best example. Basically, the Civic Party supports the building of this rail link, but we find it most incomprehensible that in spite of the calls made by different parties and groupings in this Council for a dedicated railway to be built, the Government and the East Rail have chosen to ignore the unanimous voice of this Council. Instead, they have chosen to commission a consultancy to study a Shared Corridor Option under which it will share the railway with the West Rail and a Dedicated Corridor Option. Since the Legislative Council has reached a unanimous view, why should it be necessary to spend a huge amount of consultation fees to study how to share the rail with the West Rail? The East Rail case is a good example indeed. We can see that every day special arrangements have to be made to the schedule of the East Rail trains to accommodate the 18 cross-boundary trains. In order to give priority to the through trains, the East Rail not only has to adjust the departure schedules of its trains, trains passing through intermediate stations have to make way as well, resulting in delays which could last as long as 10 minutes. Compared to the total journey time of the East Rail, which is just 42 minutes, the delay takes up considerable time and causes a considerable degree of inconvenience to the passengers. Furthermore, the East Rail has to serve the huge population living in widely scattered areas in New Territories East, and it is unable to serve both

local and cross-boundary passengers at the same time. As a result, it fails to address the needs of both types of passengers. The transport network in New Territories West is hardly comprehensive to begin with; after all these years, there is finally a rail running to the city, but now it appears that the residents have to put up with some inconvenient transport facilities as do people living in New Territories East.

Railways asides, we face the same problems in the building of the HK-SWC. At a meeting of the Legislative Council Panel on Transport held on November 24 last year, a number of Members questioned if the commissioning of the HK-SWC will create enormous additional pressure on the transport network of Tuen Mun and therefore result in serious traffic congestion. The Government responded by saying that Tuen Mun Road could cope with the vehicular flow subsequent to the commissioning of the HK-SWC until 2016, and it thought Members were worrying too much. But we believe Members' worries are justified. Given a large amount of capital is injected into building the new infrastructure, it is only natural that society would expect a certain degree of cost-effectiveness to be achieved, and that more users will be attracted. However, it seems that the Government has never considered the impacts of the infrastructure projects or the solutions from the perspective of road users and local residents. Even if the Government guarantees that the project will not create enormous additional pressure to the residents of Tuen Mun and Tuen Mun Road, if the traffic flow should exceed the original estimate, will the interests of the residents of Tuen Mun be scarified once again? At present, the actual utilization rate of Route 3 has a fairly long way to go before reaching its maximum designed capacity, whereas vehicles in the vicinity of Tuen Mun will not give up using Tuen Mun Road for Route 3. If the traffic flow at Tuen Mun Road should reach capacity prematurely, serious traffic jams will once again be seen on Tuen Mun Road, like the past. The Government is well aware of the planning of the HK-SWC; as such, why corresponding ancillary facilities are not provided concurrently to maximize the effectiveness of the cross-boundary infrastructure projects on the one hand and minimize the inconveniences caused to the public on the other?

The residents are the first to suffer from inadequate planning. Although New Territories North is in the vicinity of the Lok Ma Chau and Man Kam To crossings, it does not mean that large trucks and container trucks should park at the roadside in the area. Since there are not enough car parks for heavy vehicles in New Territories North, drivers can only park their vehicles at the

roadside. Not only does this pose dangers to other road users, it also causes enormous inconvenience to the residents. Given that the Government can foresee the future development of cross-boundary transportation, why supporting facilities are not provided at the planning stage to address these demands? The local residents could not fully utilize this road network either. Subsequent to the commissioning of the HK-SWC, will there be sufficient supporting facilities in the area? If there will be an enormous increase in traffic flow, the residents of Tuen Mun will have no choice but to use Tuen Mun Road, joining other cross-boundary vehicles currently using or will be using Tuen Mun Road. At the same time, Route 3 will continue to be under-utilized. Are these what the Government can foresee as well?

Deputy President, recently, fatal traffic accidents have occurred at Fair View Park and Tai Sang Wai because many container trucks are using the private road of Fair View Park. In fact, problems like this could have been avoided by proper planning. When planning work is conducted for cross-boundary crossings, the types of vehicles which would be using the roads should be taken into account, and necessary arrangements should be made in advance, such as the resumption of land for provision of car parks, review and improvement of existing road networks, and so on. Applications for indiscriminate modification of land use must not be accepted. The Government should not just vet these applications without evaluating how they will affect the transport networks.

Deputy President, nobody will oppose economic development, but in addition to focusing on the availability of room for development, attention must be paid to whether or not the Government has tried to strike a balance, and whether or not the Government has done its job properly by providing sufficient ancillary facilities in addition to devotion of resources to ensure that local residents will not fall victim to newly built infrastructure. Thank you, Deputy President.

MR LAU WONG-FAT (in Cantonese): Deputy President, the Action Agenda on "China's 11th Five Year Plan and the Development of Hong Kong" has fully demonstrated the importance of cross-boundary co-operation between Hong Kong and the Mainland. However, as far as implementing the construction of major cross-boundary transport infrastructure and the provision of comprehensive ancillary facilities are concerned, we are obviously lagging behind the overall trend. In fact, with the exception of the HK-SWC due to be

commissioned in the middle of the year, other projects such as the HZMB, the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Liantang Eastern Corridor are still being studied. The Government should seize the opportunity and work with the Mainland to come up with a concrete timetable for carrying out these projects expeditiously.

While planning is being undertaken for construction of new cross-boundary infrastructure, we must not overlook the importance of ancillary facilities for local road networks to support these projects, otherwise, the introduction of a massive amount of cross-boundary traffic will result in serious traffic congestion in the local networks, causing problems before bringing in any benefits.

For example, with the commissioning of the HK-SWC, it is estimated that traffic congestion will very likely emerge on the roads in Tuen Mun and Yuen Long. According to estimates, the daily traffic flow will reach approximately 31 000 vehicle trips shortly after the HK-SWC and the Deep Bay Link have come into operation. The average daily traffic at Tuen Mun Road, which is currently a toll-free road, has already reached 80% of its maximum designed capacity. Subsequent to the commissioning of the HK-SWC, it is believed that the majority of motorists will choose to use the toll-free Tuen Mun Road, resulting in overloading of Tuen Mun Road and causing traffic congestion on the road networks in Tuen Mun and in Yuen Long, with the down town area of Tuen Mun being the bottleneck area. There are suggestions for toll reduction by means of the Government buying out Route 3 or extending the franchise period. These may alleviate the problem of traffic congestion in the short run, but the long-term measures for addressing the problems remain the construction of the Tuen Mun Eastern and Western Bypass for traffic diversion.

On the other hand, the HZMB under planning will give a boost to the development of the Logistics Park in Lantau North, whereas the HK-SWC and the Deep Bay Link will greatly enhance cross-boundary traffic between New Territories West and the Mainland. However, although these two new cross-boundary crossings will give an economic impetus to Hong Kong, the Lung Kwu Chau Channel, which separates Lantau Island and Tuen Mun, poses an obstacle to the effective flow of goods and passengers and prevents the two crossings from achieving a synergy effect. Therefore, the authorities must undertake planning and build the Tuen Mun-Chek Lap Kok Link, lest it will be caught in a mess and a fiasco.

In fact, Tuen Mun and Lantau can serve as logistics hubs which provide direct access to goods shipped through the HK-SWC and the HZMB. They can also connect to the river trade terminal at Tuen Mun and the planned Logistics Park in Lantau North, so that the airports of the Pearl River Delta and the port of Hong Kong can be connected by land, sea and air. The logistics industry of Hong Kong will be made more efficient and more competitive to further consolidate the status of Hong Kong as a logistics centre.

Deputy President, given the rapid economic development of the Mainland, the Hong Kong Government must adopt a two-pronged approach to properly and expeditiously implement the construction of cross-boundary infrastructure by working closely with the Mainland on the one hand and perfecting our local transport networks on the other. In so doing, we can create a win-win situation that is mutually beneficial to both parties and make greater contribution to the overall development of Hong Kong and the Mainland.

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

MR WONG TING-KWONG (in Cantonese): Deputy President, a couple of days ago, that is, on the third of February, Executive Vice-Governor of Guangdong Province TANG Bingquan met with Hong Kong delegates of the Political Consultative Conference Committee in Guangzhou. During the meeting, Mr TANG gave a briefing on the transport infrastructure across the boundary. He mentioned five projects. The first one was the HK-SWC, which was anticipated to commission on the first of July as part of the celebration ceremony marking the 10th anniversary of Hong Kong's reunification with the Motherland. In this regard, the Shenzhen authorities are working hard on the construction works and they are ready to complete and take over the project by early June. A lead time of one month will be given for tests.

The second one was the HZMB, a project that has attracted a lot of attention in Hong Kong. According to Mr TANG, the most important issue about the HZMB was the financial arrangement. A breakthrough development had been achieved in this regard, and it was decided that the main bridge, control points and approach bridge would be dealt with separately. The approximately \$30 billion of capital required for the main bridge would be met by means of introduction of foreign capital. The \$10 billion required for the control points would be the responsibility of each of the three places, whereas the \$10 billion

required for the approach bridge would be the respective responsibility of the Governments of Hong Kong, Zhuhai and Macao. With regard to clearance, it was decided that customs and immigration facilities would be set up at each of the three different locations. This being the case, Mr TANG was of the opinion that the earlier the HZMB project was carried out, the better.

The third one was the Regional Express Rail Link. This project commenced on 18 February 2005, and it is a project to enhance, strengthen and expedite the connection with Hong Kong.

The fourth one was the Shenzhen-Hong Kong Eastern Corridor, which is the Liantang Eastern Corridor as we know it. The project is being designed in the Mainland.

The fifth one was the expressway along the coast of Guangzhou and Shenzhen. This is a new expressway in addition to the current expressway connecting Guangzhou with Shenzhen. Construction works for the Dongguan section has begun, and the project is expected to complete by 2011.

Judging from the five infrastructure projects mentioned by Mr TANG, it is evident that Guangdong Province is very concerned about the development of transport infrastructure in Guangdong and Hong Kong. Unfortunately, what we are seeing is a race between the tortoise and the hare. Things are moving very slowly in Hong Kong, and in many cases we have remained wavering, irresolute and incapable of putting our decisions into actions. Therefore, to ensure the sustained economic development of Hong Kong, there is a pressing need for us to implement the transport infrastructure projects in Guangdong and Hong Kong expeditiously. If Hong Kong should maintain its status as the southern gate of China and the logistics centre of Asia, we must be forward-looking in our considerations. Therefore, I hope that through this debate on the motion moved by Mr CHEUNG Hok-ming and the various amendments proposed by different Members, the Government will listen to our views and consider launching these projects as quickly as possible.

Thank you, Deputy President. I so submit.

MRS SELINA CHOW (in Cantonese): Deputy President, Chief Executive Donald TSANG indicated in his election platform that he would expedite the

implementation of the cross-boundary infrastructure projects, which the Liberal Party fully supports. In fact, news has been broken that headway has been made in the construction of the HZMB, the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Liantang Eastern Corridor, which we are happy to hear. At the same time, we are very much worried that the ancillary road networks in Hong Kong would not be able to complement the relevant development on the Mainland.

Let us come back to the HK-SWC. We all hope that it could commence operation on the first of July; if it does, that will instantly give us a road which allows 30 000 vehicle trips to connect to the city through Tuen Mun and Yuen Long in the New Territories. At present, more than 100 000 vehicle trips are passing through Tuen Man Road daily, which represent more than 80% of the designed capacity of the road, so the road is nearing capacity. This being the case, it is necessary for the Government to prepare for the future and come up with a solution, otherwise the already congested Tuen Mun Road will become even more congested, the 450 000 residents will have to suffer from traffic congestion, and professional drivers who always work on the road will be particularly annoyed.

As a matter of fact, Deputy President, as I give my remarks here, I have a feeling that many Members have spoken again and again on the same topic, and I wonder why I should keep speaking here. In retrospect, since 2002, which was the year when Secretary Dr Sarah LIAO first took up her post, I think we have talked about this for an infinite number of times. But then what has been the progress? In a meeting of the Finance Committee held in March 2002, while Members supported the appropriations for the HK-SWC and the Deep Bay Link, they also demanded that studies be conducted for the construction of an Eastern Link. But by March 2003, Secretary Dr Sarah LIAO allowed the proposal of building the new road to be delayed on the grounds that negotiations with the operator of Route 3 for toll reduction were making some headway, and that it was expected the negotiations could conclude within a year.

(THE PRESIDENT resumed the Chair)

Furthermore, by March 2005, Secretary Dr Sarah LIAO said that based on the Northwest New Territories Traffic and Infrastructure Review, it was

estimated that the existing overall road networks in the Northwestern New Territories, including Tuen Mun Road and Route 3, would be able to cope with the traffic flow subsequent to the commissioning of the HK-SWC, the Deep Bay Link and the HZMB until 2016. She also said that once the widening works of the expressway section of Tuen Mun Road from Sam Shing to Tsuen Wan was completed, it would be able to cope with the additional traffic flow in future. Her argument had taken Members by surprise, and I believe nobody agreed with her or accepted her argument.

By October 2005, Secretary Dr LIAO once again revised the estimates made by the Government in January 2002 and came up with a forecast that only one fifth of the cross-boundary vehicles would be using Tuen Mun Road, instead of the previous estimate of one third. But why would fewer vehicles be using Tuen Mun Road? The Government did not offer any explanation at all. That worried us a lot, because if the Government had made some wrong estimates, and if more vehicles would be using Tuen Mun Road than it was anticipated, the result would be catastrophic.

In fact, Members of this Council have been actively proposing some forward-looking solutions for the authorities to consider. We all know that the residents living in New Territories West will suffer most, but they are not the only ones who will suffer. For example, the Liberal Party suggested in as early as 2004 that the Government should negotiate with the operator of Route 3 and consider extending the franchise period of Route 3, or consider buying out Route 3 at a reasonable price. I also moved a motion to this effect in last year's Legislative Council meeting, in which I urged the Government to buy out Route 3 at a reasonable price so that it could formulate toll reduction schemes to attract more traffic flow and to alleviate the increasing traffic congestion in the area. At that time, Members supported the idea of extending the franchise period as a solution to the problem. A consensus was reached and the motion was carried.

However, subsequent to that motion debate, nothing has ever happened. We have not seen any progress made by the Secretary. To date, only a couple of months are left, and I would like to ask the Secretary, "What does she intend to do? What will happen after the first of July?" The Liberal Party opines that the Government should not wait until the traffic has come to a standstill in Tuen Mun and Yuen Long before it comes up with a solution. That would be somehow slow in reaction, and it is like sticking one's head in the sand.

There are four more months to go before the commissioning of the HK-SWC. This Council is once again debating a motion that urges the Government to utilize Route 3, and Members of different parties and groupings have made respective suggestions in their amendments. The Liberal Party has always believed that Route 10 is too long-term a solution to solve our immediate problems, so we have reservations about this amendment. With this exception, we very much support the other amendments. We really hope that the Government will give us a concrete and active response this time to allay our worries. We all know that this will be a nightmare, that is, a nightmare on the first of July. I believe all parties and groupings are afraid that this is not as simple as just a nightmare, but that it will happen in reality. If that should be the case, I am afraid the Government and the Secretary will find it hard to shirk the responsibility. Thank you, President.

MR ANDREW LEUNG (in Cantonese): Madam President, according to the newly publicized Report on Economic Summit on "China's 11th Five Year Plan and the Development of Hong Kong", Hong Kong should further develop its status as an international financial centre, trade centre and shipping centre. To this end, Hong Kong must strengthen its tie with the Mainland and enhance its co-ordination and co-operation with the neighbouring cities for the development of cross-boundary infrastructure to ensure smooth flows of goods and passengers. At present, there are some 70 000 to 80 000 factories financed by Hong Kong capital in the Pearl River Delta (PRD) Region which provide a massive amount of goods for the logistics industry of Hong Kong, and this is a major factor contributing to the success of the local logistics industry. However, in recent years, port facilities have continued to develop in Guangdong Province with ever improving ancillary facilities, but the planning and development of cross-boundary transport infrastructure always stops at the Shenzhen River and is unable to connect to the transport networks in Hong Kong. As a result, our cross-boundary transport networks have failed to catch up with the pace on the Mainland, and we have assumed a very passive role in this respect.

The Federation of Hong Kong Industries (FHKI) and I have always advocated that the SAR Government should take the lead to break away from this passive position. In planning cross-boundary transport infrastructure, not only must we catch up closely with the pace on the Mainland, we must also be forward-looking in examining our needs for cross-boundary transport infrastructure in the next two to three decades. Instead of doing it purely from

the perspective of Hong Kong and request the Mainland to tie in with Hong Kong in the construction of roads and bridges, planning for the development of cross-boundary transport infrastructure must be undertaken from the perspective of the entire region. We must take a proactive approach to engage in discussion with Guangdong with a view to complementing each other's edges. Facilities at the control points must be well co-ordinated. While planning work is undertaken for the construction of railway and road networks, comprehensive planning must be made in advance so that all the projects can complement each other to achieve a win-win situation.

The HK-SWC connecting Hong Kong with the PRD Region and the western part of Guangdong will be commissioned on the first of July. However, as a major connection point, the supporting road facilities in New Territories West have failed to synchronize with the HK-SWC — just now Mrs Selina CHOW has by and large pointed out the problem. We very much hope that the Government will pay attention to the problem of traffic congestion in Tuen Mun, and we hope that it will provide the necessary supporting facilities for our road networks to tie in with the cross-boundary transport infrastructure.

Madam President, I am very pleased to note that the construction of the Liantang crossing is mentioned in today's motion. This is a proposal consistently advocated by the FHKI since 2004. Given the rapid economic development of the Mainland, there has been a drastic increase in the amount of goods shipped by the industries and the logistics industry into Hong Kong from the East. However, the customs and excise facilities at the land crossing in the eastern part is gravely inadequate, making it necessary for trucks to make a "huge detour" to enter from the western part of Hong Kong. This is not only time-consuming, but also highly uneconomical. To tie in with the measure of "East in, East out", Shenzhen has earmarked 13 hectares of land for the development of a land crossing at Liantang. I am very pleased that studies are being undertaken by the SAR Government for the construction of this land crossing in the East, and I hope that the relevant planning work will be undertaken expeditiously on the arrangements for the land crossing. I firmly believe that with the commissioning of the Liantang control point, it can not only alleviate the pressure on clearance at Man Kam To and Sha Tau Kok, but also enable cross-boundary trucks to connect direct to expressways in the fast-developing regions, such as Guangdong East, Guangdong North, Fujian and Jiangxi, and so on. This will enable the local logistics industry to greatly expand their service areas to the eastern part of the PRD Region.

Closer co-ordination between Guangdong and Hong Kong should also be undertaken for cross-boundary cargo train services. The Regional Express Rail Link between Guangzhou and Hong Kong running through a dedicated corridor should be developed on the principle of mutual benefit. Although this is a more expensive option compared to the Shared Corridor Option, it can overcome the problem in the development of the express cargo business due to traffic congestion in the area. In addition, the traffic time between Guangzhou and Hong Kong will be greatly reduced from almost two hours to less than an hour. This can increase the passenger and cargo flows across the boundary, enhance the competitiveness and accelerate the integration of the two regions, and consolidate and expand the economic hinterland of both regions. Furthermore, it can tie in with the development of express rail links on the Mainland and the international trend of using dedicated cargo rails to ensure that Hong Kong will not lag behind the development of Guangdong and other mainland major cities.

To ensure more effective cross-boundary transport, it is necessary to simplify the clearance and inspection procedures. The HK-SWC will be the first land crossing on the Mainland where the model of co-location of immigration and customs facilities is adopted. Members of the industry have been raising their demand to governments across the boundary for the adoption of the model of co-location of immigration and customs facilities for passengers and goods at the busiest control points, and I hope the same model will be adopted at the airport as well. This will allow both passengers and goods from second-tier mainland cities to undergo customs clearance in Hong Kong to shorten the time required for clearance and expand business opportunities. Furthermore, I hope the Government will consider building a commercial heliport using the model of co-location of immigration and customs facilities and provide helicopter services between Hong Kong, Guangdong East and Guangdong West. This will allow businessmen from Hong Kong and overseas to travel between Hong Kong and Guangdong with greater convenience.

Finally, I would like to talk about the issue of the interchange of vehicles across the boundary. At present, unless vehicles have been issued a mainland licence, the majority of vehicles in Hong Kong are not allowed to drive into the Mainland. However, in the United States and European countries, private cars can travel between different countries without the need for applying additional licences. The clearance procedures are very simple too. Given that Hong Kong is part of China, why do the people of Hong Kong need to apply for a mainland licence at all? Why is it that driving through the land crossing across

the boundary is even more difficult than driving through the vast terrain in the United States and European countries? I know that the current infrastructure does not cater for the need of private cars to travel freely across the boundary, but I hope that the Governments will make this their goal as they plan for the transport infrastructure in the foreseeable future to offer greater convenience to the public.

I so submit. Thank you, Madam President.

MS MIRIAM LAU (in Cantonese): Madam President, the interactions between Hong Kong and the Mainland are getting busier and busier, and this can be illustrated by some statistics. As far as cross-boundary traffic is concerned, the average daily traffic passing through the three land crossings was 31 000 vehicle trips in 2001, and the figure rose to 40 000 vehicle trips in 2005, representing an increase of 30%. As regards cross-boundary passengers, the number of passengers passing through the three land crossings and Lo Wu control point was 100 million passenger trips per annum in 2001, and the number increased to 140 million passenger trips in 2005, representing an increase of 40%. I firmly believe that these figures will continue to rise in the days ahead.

Given the rapid increase in the flow of cross-boundary goods and passengers, there is an ever increasing demand from people across the boundary for a seamless link at all control points. However, over the past few years, all we could do was to fully utilize our existing infrastructure and control points or carry out small-scale improvement works. As a result, all control points are fairly crowded even on weekdays, and they are literally jam-packed on holidays. Fortunately, the HK-SWC is due to be commissioned soon, and this could help alleviate the congestion problem at these control points. Meanwhile, with the completion of this new corridor, we believe Hong Kong can connect to the Mainland's expressway networks more effectively. In fact, since the launch of the 11th Five-Year Plan, Guangdong Province has formulated plans for the construction of 12 outbound expressways to better connect the province with its neighbouring regions and to form a transport network for the Pan-Pearl River Delta (PRD) Region.

However, the HK-SWC alone does not make up all the cross-boundary infrastructure. Although news has it that progress is being made on other

projects, such as the HZMB, the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Liantang Eastern Corridor, they are all smokes and no fire and there is no concrete timetable for launching these projects. We must work for the expeditious implementation of these infrastructure projects to strengthen the connection between Hong Kong and the western part of the PRD Region and to entrench Hong Kong's status as the regional shipping centre, logistics centre and air cargo centre.

Furthermore, even if there is a new boundary crossing in the western part of Hong Kong and Shenzhen, there is still a large volume of container truck traffic in the eastern part of Shenzhen, so in the long run, the pressure at the Lok Ma Chau crossing is not eliminated yet. Meanwhile, the problem of serious traffic congestion is plaguing the Shenzhen Municipality as well, because container trucks passing through the down town area of Shenzhen have resulted in constant, grave traffic congestions in the city centre. If early completion of the Liantang/Heung Yuen Wai crossing can be achieved, it can tie in with the "East in, East out; West in, West out" plan devised by the Municipal Government of Shenzhen to reduce the number of cross-boundary vehicles passing through the down town area. Meanwhile, it will also facilitate container trucks in travelling to various places of the PRD Region through the HK-SWC or the Shenzhen Eastern Corridor.

In addition to road construction, the Mainland's railway construction projects will also enter the so-called "golden period". The total length of the railway will greatly increase from 75 000 km in 2005 to 92 000 km by 2010. Train speed will also increase drastically from the standard 80 kph or 100 kph to 200 kph or above. Meanwhile, under the 11th Five-Year Plan, Guangdong Province has formulated plans for the construction of 12 outbound rail links. Under the circumstances, the Guangzhou-Shenzhen-Hong Kong Express Rail Link (and I mean the one using the Dedicated Corridor Option) must tie in with the development of the Mainland's railway projects and work towards an early completion in order to connect to the Mainland's express railway network.

Madam President, the cross-boundary transport infrastructure projects have to tie in with the transport network of the Mainland on the one hand and with the local traffic of Hong Kong on the other. With the commissioning of the HK-SWC in July this year, it is increasingly pressing to resolve the problem of traffic congestion on Tuen Mun Road. In addition to buying out Route 3 or

extension of the franchise period of Route 3 for toll reduction, it is necessary to build an easterly link to connect the Deep Bay Link with Route 3 to attract more vehicles to using Route 3 with a view to diverting the traffic from Tuen Mun Road. However, if the Government insists that the operator of Route 3 must lower the tolls before other options such as the construction of the easterly link connection will be considered, they may never be able to settle the dispute and the situation will get into a deadlock. Therefore, we hope that the Government will discuss in earnest with the operator of Route 3 for a solution acceptable to both parties.

In addition to new control points and new infrastructure, fully utilizing the existing crossings and infrastructure helps increase the flows of passengers and goods as well. The Hong Kong/Guangdong Co-operation Joint Conference held a meeting recently and agreed that the issue of cross-boundary ferry service between SkyPier at the Hong Kong International Airport and cities in the PRD Region should be listed on the agenda. Besides, the Government could actually consider making better use of the SkyPier by providing passenger clearance service to facilitate mainland visitors in visiting the tourist spots on Lantau. That way, mainland visitors will no longer need to make a huge detour to get to Lantau through other control points such as the China Hong Kong City.

The 11th Five-Year Plan will greatly step up the efforts for the development of roads and railways. Hong Kong must step up efforts in the development of cross-boundary infrastructure as well, whether for the avoidance of being marginalized or for more effective integration with the Mainland. Otherwise, if Hong Kong continues to lag behind the Mainland in the development of transport facilities, cross-boundary transport will run into a bottleneck, and Hong Kong will not be able to maintain its status as the "southern gate" for the Mainland.

I so submit, Madam President.

MS AUDREY EU (in Cantonese): President, I am speaking to state clearly the position of the Civic Party on the original motion. President, we totally agree that there should be integration between Hong Kong and the Mainland, and we agree that there should be smooth traffic, but we do not agree that the Government should delay the progress of these works. However, as we see it, the thrust of this motion is to expeditiously review and implement the

construction of cross-boundary transport infrastructure, but certain essential factors for consideration have not been mentioned. We believe Members who support the motion or the amendments today will agree that there are some prerequisite factors that must be considered, and in our opinion this should be clearly stated, so as not to give an impression that as long as it is about cross-boundary transport infrastructure, that must be something good and we must carry them out as quickly as possible. No, this is not what we mean.

Of course, public consultation should always be done, and we should always have feasibility reports. Environmental and conservational factors are very important too. As we understand it, whether they are cross-boundary infrastructure or domestic infrastructure projects, environmental factors will have to be taken into consideration. Infrastructure projects are never carried out purely for the purposes of job creation; there should be sufficient justification for the projects in the first place.

President, why would I be saying this? As we know, recently, Mr Donald TSANG unveiled his election platform for running in the Chief Executive Election, and he has coined a term for his central idea, known as "progressive view of development". If we take a look at his "progressive view of development", we will find that it is all about infrastructure, all kinds of infrastructure.

His "progressive view of development" reminds us of the State President HU Jintao. After he had taken up his post, he promoted a set of ideas for sustainable development based on the principles of people-based and comprehensive consultation for the promotion of economic development and holistic individual development on the Third Plenary Session of the Sixteenth Central Committee of the Communist Party of China. The set of ideas are summed up as "scientific view of development". But what exactly is "scientific view of development"? In December last year, *Guang Ming Daily* had this explanation: "the traditional concept of development is essentially a concept of economic development. It is a 'materialistic' concept of development. Its primary goal is to purely pursue economic growth. Under this concept, social development is interpreted as economic development, whereas economic development is interpreted as economic growth. However, the indiscriminate pursuit of economic growth will cause people to fall into a scenario of 'growth without development', and it may even go so far as to result in 'an inverse relationship between growth and development' a fatal flaw in this traditional concept of development is that it focuses only on how to grow faster, and it has

no concern whatsoever for the goals and values as to 'why development is necessary' and 'what is meant by good development'". This is what is known as the "scientific view of development".

When Mr Donald TSANG talked about his "progressive view of development", I do not know if he has added or taken away some ingredients instead, and that is to say, if he has added the concept of progress or taken away the concept of scientific. Therefore, President, we have to highlight this point in particular. Recently, the Government has released an Action Agenda for Hong Kong to tie in with the National 11th Five-Year Plan, in which a number of measures have been announced. We can see that Hong Kong is heading toward a planned economy in an attempt to develop Hong Kong into a number of different centres, namely, a national financial centre, a shipping and logistics centre, a tourist centre, a shipping hub and various other centres.

Actually, some of these centres are not fully compatible with each other. Much has been said on high added value and creativity, but the land premium is extremely high. If we were to develop into a financial centre and a logistic centre at the same time, we have to lower all kinds of costs, but somehow the reality is running in the opposite direction. It is precisely due to these reasons that we believe we must point them out in this motion debate.

Let us come back to the election platform of Mr Donald TSANG. He talked about a wide range of development projects, and they are primarily about the construction of roads and bridges, land development and a host of conventional infrastructure projects. He did mention heritage conservation, but only as a passing remark, and there is not even a single illustration on any heritage conservation project. As such, we do not know how he will balance between development and conservation. This is why the Civic Party believes elucidation is necessary. Basically we fully support the idea of integration between Hong Kong and the Mainland, that we should have smooth traffic, and that we should develop the economy; but we must not forget that we must find an equilibrium point. As we have noticed in many instances, these so-called equilibrium points are rarely mentioned at all. Moreover, as far as transport development is concerned, comprehensive matching facilities are not in place, as many Members have pointed out too. All in all, these projects will be carried out quick, quick, quick, whereas the matching facilities are either overlooked or insufficient. As a result, many citizens, particularly the residents living in New Territories West, are filled with grievances.

This being the case, President, we have reservations about some of the contents. We support the original motion. With regard to the amendments, basically we are supportive, but we have some reservations about some of the details. As such, the Civic Party will abstain from voting on some of the amendments when they are put to the vote. President, it does not mean that we do not have any position with regard to these issues, only that it is difficult to explain in detail the views of the Civic Party within seven minutes in a speech, or to make it clear in a voting where the option is either for or against the question, particularly when it comes to considerations in relation to conservation, development and environmental affairs.

With these remarks, President, I have explained how we will cast our votes. Thank you.

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

MR ABRAHAM SHEK: Madam President, Hong Kong is blessed with our strategically advantageous location and highly connected global networks, and therefore, we are the transport hub for southern China. But because of the slow pace of our Government's investment in cross-boundary transportation infrastructure in recent years, the surging volume of cross-boundary traffic in the gigantic Pearl River Delta (PRD) Region has substantially surpassed the capacity of our local transportation networks. The shortfall in cross-boundary transportation capacity can restrain growth momentum in local logistics, trading and tourism industries.

It is frustrating to see the deadlock and delays which plague the construction of the super bridge linking Hong Kong, Macao and Zhuhai. I strongly believe that expediting the building of this bridge is of paramount importance, as it would offer a high-volume land transport link connecting the eastern and western PRD Region, hence facilitating both traffic and cargo flows between our city and the PRD's west bank.

The transport network in Hong Kong's Northwest New Territories serves as the extended backbone of the PRD's road link to spur cross-border development in the logistics and tourism industries. The opening of the Shenzhen-Hong Kong Western Corridor only means that our already

over-burdened transportation networks in the western and northwestern New Territories will be further strained beyond capacity.

Currently, the Route 3 toll road connecting to Lok Ma Chau, Sha Tau Kok and Man Kam To in the north, and the Kwai Chung container terminals and Chek Lap Kok Airport in the south, is under-utilized. I strongly urge our Government to work with Route 3's franchisee to maximize the utilization of this ample expressway to cater to soaring cross-boundary traffic after the launch of the Western Corridor. This would alleviate traffic jams on feeder roads, particularly the toll-free Tuen Mun Road. I believe the proposal to extend the franchise of Route 3 for specified periods, in exchange for toll concessions provided to motorists, is commercially viable and worth exploring. The move to reduce toll charges by extending the franchise can spur cross-boundary cargo flow. Most importantly, our transport officials, along with the franchisee of Route 3, can explore possible options, such as building an eastbound link extending from the Deep Bay Link to the expressway, to optimize the road's utilization.

Madam President, I am strongly opposed to the Honourable WONG Kwok-hing's amendment urging the Government to buy back the franchise of Route 3, which operates under a "build, operate and transfer" (BOT) contract. The BOT model has the advantage of using private sector investment and management to develop transport projects without the need to go through tedious budgetary process. I caution that the proposed buy-out option would significantly undermine private investment in transportation infrastructure projects. Under no circumstances should the Government deviate from the long-standing and cherished principle of "small government, big market," and use interventionist tactics on private investment projects. Our transport officials should respect the contractual promise of granting the operating consortium a 30-year franchise to run the expressway, in return for bearing the full construction costs and underwriting its financial risks.

Also, I am strongly opposed to the Honourable Albert HO's amendment urging the Government to construct Route 10. It is a wastage of our social resources to spend billions of dollars on the already abandoned Route 10 project when there is ample capacity available on Route 3. The Route 10 project should not proceed until we have a clearer picture of the future of economic and logistics development between Hong Kong and the Mainland.

Madam President, the development of the region's water and rail linkages is just as important as building roads. It is encouraging to hear that the Airport Authority is investing \$1 billion to expand the SkyPier cross-boundary ferry terminal, which will boost sea transport links to the PRD cities.

Also, the Government has yet to decide on the format of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. It is predicted that after the national high-speed rail networks are completed in the 2010s, many mainland cities will operate long-haul through-trains to Hong Kong. It is widely expected that 10 mainland cities will operate such trains by 2020, and that the number of such cities will increase to 15 in 2030. I strongly urge our Government to expedite the integration of rail networks between Hong Kong and the major mainland cities to provide more point-to-point through-train services.

Our Government should study the establishment of a high-level cross-bureaux co-ordination mechanism for formulating a comprehensive development strategy for cross-boundary transport infrastructure to meet the needs of regional development. It is only through investing substantially in our cross-boundary transport infrastructure and enhancing transportation networks' capacity can Hong Kong sustain its economic growth. Thank you.

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

DR RAYMOND HO (in Cantonese): Madam President, over the past decade, I have, on many different occasions, urged the Government to expedite the implementation of projects on cross-boundary transport infrastructure between Hong Kong and the Mainland to respond to the need of economic development. However, in many cases as far as these projects are concerned, there have been "all thunder but no rain". Projects are often delayed and wanting finalization. In fact, it is not that the Government is not aware of the problem. As demonstrated in the Action Agenda contained in the Report on Economic Summit on "China's 11th Five Year Plan and the Development of Hong Kong", the importance of cross-boundary co-operation between Hong Kong and the Mainland has been fully affirmed.

The implementation of infrastructure projects in Hong Kong involves a number of Policy Bureaux, including the Environment, Transport and Works

Bureau and the Housing, Planning and Lands Bureau. As such, much co-ordination is needed, to the effect that the progress of projects is delayed. In many instances, when a project proposed by a certain government department has to be examined internally within the Government, very often, it is not easy to have the support of other departments. In many cases, those departments will raise a large number of questions and require a great deal of clarifications from the proponent department. Given this time-consuming process, very often it takes a very long time to launch a project. The Government has not been able to shorten the excessive lead time for implementing infrastructure projects. Take last year as an example, the general expenditure on public works was \$26.5 billion, falling short of the government estimate of \$29 billion by 12%. At the same time, unemployment in the local construction industry has been standing at a rate that is two times higher than the overall local unemployment rate.

With regard to improvement measures, I have repeatedly suggested that Secretaries of Departments or Bureau Directors should be appointed to co-ordinate major local infrastructure projects with a view to expediting the progress of relevant projects. Recently, this suggestion has finally received response from a candidate running in the Chief Executive Election, who pledged that if he is elected, he will set up a "development bureau" responsible for co-ordinating infrastructure projects and striking a balance between development and environmental protection needs with a view to reducing public disputes.

In fact, the disputes over environmental protection and conservation have resulted in the delay of a number of major infrastructure projects, such as the Central Kowloon Route, the Central-Wan Chai Bypass, the Central and Wan Chai reclamation project and the development project for Southeast Kowloon, and so on. Some projects have been cancelled altogether, such as the development project for the Western District. I believe the proposed "development bureau" will provide a solution to the problem and facilitate better planning and greater efficiency for taking forward major infrastructure projects with particular reference to the implementation of projects on cross-boundary transport infrastructure between Hong Kong and the Mainland.

In recent years, the mainland economy has been developing very rapidly, resulting in increasing frequent interactions with Hong Kong. Under the arrangements of the "Nine plus Two" framework, Hong Kong has to effect close co-ordination with the Mainland on cross-boundary transport infrastructure.

This is necessary in order to address the needs of not just the Pearl River Delta (PRD) Region, but the more extensive Pan-PRD Region. On Hong Kong's part, for example, some of the cross-boundary transport infrastructure projects between Hong Kong and the Mainland have been put on hold for an excessively long time when they should be implemented as quickly as possible. An example is the HZMB. As regards arrangements for control points, reference should be made to the model of co-location of immigration and customs facilities as is carried out at the HK-SWC to look into the feasibility of instituting a clearance system of all three authorities in one place for the convenience of cross-boundary passengers. This is worth considering. On the other hand, the bridge should include a railway, so as to obviate the need to build another over-sea railway bridge in the future, which would otherwise drastically increase the costs and cause enormous impact on the neighbouring environment. It is expected that as a result of the "Nine plus Two" co-development model, both the passenger and goods flows will see rapid growth.

The Guangzhou-Shenzhen-Hong Kong Express Rail Link is another project that should be launched as quickly as possible. With regard to the design of the Hong Kong section of this express rail link, I have always suggested that the Dedicated Corridor Option should be adopted instead of the Shared Corridor Option suggested by the Government. I fail to understand how the Government could come up with a suggestion which completely violated the basic principles of building railways, given the availability of so many experts within the Government. Since express trains in the Mainland can run as fast as 200 kph, if they should run on a shared track for urban trains, the running speed of the express trains will certainly be affected considerably. On the other hand, the railway system on the Mainland now ranks the second in the world in terms of total mileage, and the Guangzhou-Shenzhen-Hong Kong Express Rail Link can connect Hong Kong to the ever expanding express rail network of the Mainland. In fact, the reason for our opposition is very straightforward. It is simply because an express rail connecting cities to cities must never be connected to an urban railway network.

As regards cross-boundary land crossings, the Government should finalize the easterly link as quickly as possible to alleviate the pressures of other land crossings. Furthermore, the Government should enhance the ancillary facilities for the cross-boundary infrastructure in Hong Kong as a supporting measure. Take Route 10 as an example, the Government should revise the proposed

alignment expeditiously, submit it to the Legislative Council for reconsideration, and solicit Members' support for its funding.

Apart from land transport, Hong Kong should fully utilize our advantage as a city by the sea to develop cross-boundary ferry services connecting us to our neighbouring regions, so that passengers will have one more option when choosing their preferred means of transport for travelling between Hong Kong and the Mainland. As far as air transport is concerned, Hong Kong should utilize our competitive edge in our air service facilities by providing conditions and taking measures to maintain the status of Hong Kong as a centre of international and regional aviation as stipulated in Article 128 of the Basic Law. To satisfy the demands for express air service in the neighbouring regions, Hong Kong should take a proactive approach in the development of commuter airline services including helicopter service and finalize plans for the construction of a passenger terminal for helicopter service at the old Kai Tak Airport. As regards the development of regional civil aviation service, the Government must lobby the Central Government for a solution to address the problem of flight path congestion over the PRD Region and build a third runway in the Hong Kong International Airport as quickly as possible.

Madam President, only by expediting the development of cross-boundary infrastructure between Hong Kong and the Mainland can Hong Kong maintain its status as the transportation hub of the region and its competitive edge in regional economic development. Thank you, Madam President. *(The buzzer sounded)*

PRESIDENT (in Cantonese): Dr HO, please be seated.

MR LEUNG KWOK-HUNG (in Cantonese): President, nobody has yet raised any objection to this motion on the expeditious implementation of infrastructure construction. However, I would like to point out why these projects were not implemented expeditiously in the past. In fact, this is a political-economical issue, and it is about who is paying for those infrastructure. If the Government is the one who pays — and we all know that transportation is about flows of passengers and goods, and that is to say, the businessmen will make use of it to develop their business. All the talks on trading and logistics, and so on, are in fact about investment for the development of one's business.

Now who should be paying? In Hong Kong there is a model called BOT, which means building the infrastructure, operating it for some time, and then transferring it back to the Government. This is how the Cross-Harbour Tunnel is operated. If we should adopt this model, a commercial incentive must be offered to make it attractive for people to run this business. This way, the Government is to provide an infrastructure for the consortium to make profits out of it, but there exists a structural contradiction here, and that is, there is no reason to ask any of the consortia to "do the job without getting rewards". As a result, the construction projects have been delayed, or the Government may, if it likes, take up the construction itself.

If the Government takes up the construction, then we have to ask a further question: Why must we spend the money in this area so that goods can be transported effectively? The answer will be: We should do this for the good of Hong Kong. However, this is not an answer to the question, and the question that remains unanswered is: In the past, when budget deficits and economic recession were plaguing the Government, why was it necessary to spend this amount of money? Who should be paying? If the Government is asked to pay, what about our Basic Law, which requires that we adhere to the principle of keeping expenditure within the limits of revenues and maintaining a steady growth? Basically, if we should do that, we will fail to do what the Basic Law requires us to do. These are not things that a government with vision will do. And why? Because it is about politics, and it is about whether or not there will be universal suffrage, pals.

I remember before TUNG Chee-hwa had his sore legs, I heard a joke that actually happened in reality. Somebody told him: Why do we not liberalize the air services and make some money for Hong Kong? To which he mindlessly replied: "I wonder if Mr LI would be interested?" This shows that to a government dominated by commercial interests or elected by small circle elections, the first thing that springs to its mind is: Would there be any rich people interested in doing the job? If somebody is interested and the terms are fixed, let's do it; otherwise, that cannot be done.

Let me give an example. Our container terminals are monopolized, and we all know that they are monopolized by the consortium that sold us the diarrhoea-inducing "oil fish" — the one owned by the richest man in town. Pals, Route 10 is put on hold because of his obstruction. We know that he has got a container terminal on the Mainland too — I visited there under special

permission. Monopolization is a major reason that the transport connection between Hong Kong (the base from which he expands his development) and other regions is being interrupted.

Our aviation industry faces fierce competition, our cargo throughput is diminishing, and what is the reason? The reason is, our competitors are precisely our business partners. Our business partners, for this matter, are the "Nine plus Two" Governments, which I mentioned a number of time already. Now Mr TSANG says he will get the job done. In fact, he would like to get a good job, which I have mentioned a number of times too. He travels between different provinces and municipalities on the Mainland to entertain party secretaries and petty officials simply to ask them: Would it be fine if I do this? Have we ever heard that government officials from Singapore will fly to Malaysia and consult Malaysian Government officials if they should go ahead with certain endeavours? Will they consult Indonesia? Certainly not.

Therefore, as far as our politics is concerned, in addition to the small circle elections resulting from monopolization of capital, which is hampering our overall development, the people of Hong Kong are made to pay for expensive infrastructure from which certain people can get rich, but those are people unwilling to plough back some of their returns into Hong Kong, as they are unwilling to pay more in tax. As a result, there is a bottleneck. Apart from that, another problem is the hand-picking system of politics.

Because of such hand-picking, our Chief Executive has to travel between different provinces and municipalities in the Mainland to solicit support. Why is the HZMB not built yet? Do you think this is just our problem? Somebody even said that if things should go on like this, they will just build a bridge of their own that stretches across the area right in the middle. These are actually political issues. This kind of politics is not the same as politics in the general sense. It is not about how many seats people from the pan-democratic camp or the opposition would like to secure, or who would want to be the Chief Executive, and so on. The distribution of political power is the distribution of economic resources.

Hong Kong has become a special administrative region, and he keeps lobbying on the Mainland to explain what we should and should not do. That was before the 11th Five-Year Plan was unveiled, and what exactly was the planning at that time? When it was made clear that Hong Kong was made part

of the 11th Five-Year Plan, our Hong Kong Deputies to the National People's Congress (NPC) CHAN Wing-kei, that is, the one who said I should not have taken part in the demonstration carrying a pig head who elected him after all? Which "moron" elected him? Nobody knows, but then they are the Hong Kong Deputies to the NPC — people who claim that, in their capacity as Hong Kong Deputies to the NPC, they are responsible for the affairs of the whole country, supervising the NPC of Guangdong Province, and formulating the 11th Five-Year Plan. In that case, what does our Chief Executive do? It is a honorary duty after all.

Therefore, insofar as this problem is concerned, if we have to carry out the infrastructure projects properly, we must tackle it from three aspects. First, we have to break away from the control of the Mainland on our planning, to break away from the economic control imposed on us by the Mainland, we (*the buzzer sounded*)

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

MR TAM YIU-CHUNG (in Cantonese): Given the closer economic relationship between Hong Kong and the Mainland, Hong Kong must more actively promote the development of cross-boundary infrastructure projects. In the Economic Summit on "China's 11th Five Year Plan and the Development of Hong Kong", the Focus Group on Maritime, Logistics and Infrastructure made some strategic proposals, one of them being to optimize cross-boundary transportation networks so as to establish efficient and convenient direct links with neighbouring consolidated transportation hubs, shorten the spatial distance with the Mainland and extend the hinterlands of Hong Kong's airport and port. This proposal is identical to what the DAB has been advocating over the years. We hope that the Government will quicken its pace in implementing the proposal.

Hong Kong must implement the construction of cross-boundary infrastructure as quickly as possible, including the HZMB, Liantang Eastern Corridor, Guangzhou-Shenzhen-Hong Kong Express Rail Link, Lok Ma Chau Spur Line of the East Rail and Northern Link of the West Rail, and so on. However, in the process of building these regional networks, the Government must not overlook how the local road networks can complement these networks.

With the opening of the HK-SWC and the Deep Bay Link in the middle of this year, the traffic flow in New Territories West will increase substantially. The Government always stresses that our existing roads have got sufficient capacity, and there is no need to build new roads until 2016. This shows that the Government has got no sense of crisis. In 2001, the Government was saying that the roads in the region would reach capacity by 2011, but now it has made a 180 degree turn. Still, as we all know, the figures for design capacity is "rigid and inflexible", whereas each road may experience dramatic changes in actual vehicular flow in response to different time slots, travelling directions and charges, and so on. Coupled with the additional restrictions from some bottleneck areas, if the Government does not come up with a contingency plan and improvement measures expeditiously, serious traffic congestion may occur on Tuen Mun Road, causing not only immense inconvenience to the public, but also significant economic losses.

The Tuen Mun Road widening and improvement works being carried out by the Government will only complete in phases in 2009 and 2010 the earliest. In these few years, certain sections of the road will certainly be closed every now and then due to operational reasons. In other words, instead of tying in with the opening of the HK-SWC and the Deep Bay Link, it will further aggravate the traffic congestion problems. On the other hand, although this Council has repeatedly urged the Government to utilize Route 3 fully to divert the vehicular flow, no progress has ever been made in this respect.

The DAB has been striving for improvement measures to be carried out in Tuen Mun and Yuen Long and the implementation of a comprehensive package of measures to improve traffic in the northwestern parts of the New Territories. Specifically, these measures include the construction of the Tuen Mun Western Bypass, Tuen Mun-Chek Lap Kok Link and Tuen Mun Eastern Bypass to provide a cross channel link directly connecting Tuen Mun West with the airport and reduce the number of vehicles that have to pass through the down centre of Tuen Mun. In addition, Route 3 has to be better utilized. By building the easterly link to connect Deep Bay Link with Route 3, more vehicles will be diverted to Route 3, and coupled with the use of proactive financial measures to reduce tolls for using the Tai Lam Tunnel, the pressure on Tuen Mun Road can thus be lessened.

At present, the Government has taken a wait-and-see approach towards these road-building options. The building of roads takes a very long time

though. Therefore, once traffic congestion has occurred on Tuen Mun Road subsequent to the commissioning of the HK-SWC, Route 3 would become the only remaining option. In 2003, I made a suggestion on buying out Route 3, and now the timing is even better for this option. In addition to buying out Route 3, another option for the Government is to reduce the tolls by means of extending the franchise period. Any measures that may help divert the traffic from Tuen Mun to Route 3 should be considered by the Government.

As regards other amendments, they run by and large in a similar direction with the DAB's idea. We all agree that road-building projects should be accelerated to address the traffic problem in New Territories West in the future, and our difference lies in priority. As regards whether or not the Northern Section of Route 10 should be built, the DAB has no objection to this. Basically, the Northern Section of Route 10 runs parallel to the existing Route 3, and given the current utilization rate of Route 3 being at less than 40%, there is ample room for Route 3 to accommodate more vehicles. However, sooner or later Route 3 will reach capacity, and that will be the time when we should consider building the Northern Section of Route 10. Therefore, in terms of priority, our opinion is that priority should be given to buying out Route 3 or reaching an agreement with the operator with a view to diverting the traffic immediately. We also hope that the Government will build the Western Bypass as quickly as possible to connect to the Tuen Mun-Chek Lap Kok Link to foster the regional development as a whole.

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 Mr CHEUNG Hok-ming to speak. You have up to five minutes to speak on the three amendments.

MR CHEUNG HOK-MING (in Cantonese): President, the question of the motion today is "Expediently implement the construction of cross-boundary

transport infrastructures between Hong Kong and the Mainland". On behalf of the DAB, I proposed that the following four cross-boundary infrastructure projects should be carried out expeditiously, namely the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the HZMB, the Eastern Corridor and sea transport between New Territories East and Guangdong East.

Three members have proposed respective amendments today, and their amendments do not contradict with the four suggestions made by me at all. A consensus has also been reached among Members of this Council. The amendments by the three colleagues all deal with the transport connection problem in Hong Kong subsequent to the commissioning of the HK-SWC in the middle of this year, particularly the proposal made by Mr Albert HO on widening Tuen Mun Road. As a matter of fact, appropriations are being sought for carrying out this particular project, and just now Mr TAM Yiu-chung has already stated the position of the DAB. As regards his amendment in relation to Route 10, the DAB adopts an open view on this proposal. In the past, we found that Route 10 and Route 3 were similar in terms of alignment, and both of them were tolled roads. Of course, if other options do not work and if it is found that building Route 10 is necessary, the DAB will support this option. Just now Mr TAM Yiu-chung has stated the long-standing position of the DAB with respect to the construction of Route 10, I do not have any objection to it.

Two other colleagues, namely Mr WONG Kwok-hing and Mr Andrew CHENG, have proposed amendments to my original motion by adding the option of buying out Route 3. I believe they can make up for the inadequacy of my original motion and clarify points I failed to illustrate clearly, so the DAB supports these amendments. Given the fact that there is a unanimous view on expediting the construction of transport infrastructure and traffic connections between Hong Kong and Shenzhen, I wish that by moving this motion, we could clearly state our demands to the Secretary.

Thank you, President.

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS
(in Cantonese): I have to thank Mr CHEUNG Hok-ming for his motion on "Expediently implementing the construction of cross-boundary transport infrastructures between Hong Kong and the Mainland", as well as Mr WONG

Kwok-hing, Mr Andrew CHENG and Mr Albert HO for proposing the amendments.

As mentioned in the motions or amendments of Members, the Government convened the Economic Summit on China's 11th Five Year Plan and the Development of Hong Kong last year to encourage all sectors of the community to explore in joint efforts the opportunities and challenges brought by the National 11th Five-Year Plan (FYP), and the strategies Hong Kong should adopt in the economic development of the State and in the face of the globalization trend. Last month, the four Focus Groups of the Economic Summit submitted the Action Agenda of the relevant areas. The Government attaches paramount importance to the Action Agenda and will follow up the agenda items proactively at the policy level.

On cross-boundary transportation networks, since Hong Kong's reunification with China, we have all along adopted a positive and forward-looking perspective, with a mindset of promoting regional development, in improving the cross-boundary transportation networks to cope with the close liaison and partnership between Hong Kong and the Mainland. At present, we are pressing ahead with a series of cross-boundary infrastructure projects where progress has been made with the co-operation between the Guangdong authorities and Hong Kong. Among these projects, the Hong Kong-Shenzhen Western Corridor (HK-SWC) and the Sheung Shui to Lok Ma Chau Spur Line (the Spur Line) will come into operation soon. We all understand that in the course of developing these projects, differences in opinion would be inevitable in the co-operation between the Guangdong authorities and Hong Kong, but these differences must be ironed out to ensure that every single project would after all achieve complete success.

Take the HK-SWC as an example. The construction of the corridor started at the end of 2002, and the construction works of the main bridge was fully completed in 2006. The connection of the Hong Kong section and the Shenzhen section of the bridge was completed on schedule. At present, we are still working on boundary crossing facilities, which we hope will be completed in the middle of 2007. We also hope that all ancillary facilities will commence operation in the middle of next year, providing the fourth cross-boundary road link connecting Hong Kong and the Mainland. With the opening of the crossing, the maximum capacity of cross-boundary vehicular flow is expected to increase by more than two times.

The construction of the Spur Line has also been completed, pending the opening of the control point at Futian, Shenzhen in the first half of 2007. After the Spur Line is open to traffic, the present crowding at Lo Wu Control Point is expected to be alleviated substantially and the capacity of handling cross-boundary rail passengers will be significantly increased. If Members have seen the railway station at Lok Ma Chau, they will know that the boundary-crossing facilities at the station are really first-class.

Moreover, we are actively promoting the development of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (the Regional Express Rail Link). I appreciate Members' eagerness to see the expeditious implementation of the Regional Express Rail Link. As in the case of all other railways, neither the public nor Members will object to the construction of such railways. They will only demand the early completion of such by the Government. However, since a railway project involves huge investment, it should thus be considered thoroughly. I believe Members also hope that scientific methods are used to examine comprehensively the feasibility of the project, and that the final design arrived at will be in the long-term interest of Hong Kong.

Owing to the rapid development of the inter-city railway systems and the national-wide railway network of the Mainland, many planning parameters used by the Mainland previously have changed. We must understand that the Regional Express Rail Link was originally designed as a direct regional express link connecting Hong Kong and Guangzhou, aiming to provide convenience to businessmen working in Hong Kong and the Mainland with this one-hour train service to Guangzhou. But at this point in time, the thinking is that the express link will serve as a point-to-point network connecting major cities across the country. One of the factors to be considered is surely the positioning of the relevant control points. We have to be practical and understand that the Guangzhou-Hong Kong rail section will certainly be a shared rail-track — I refer to the section extending from Guangzhou to the border of Hong Kong. If Hong Kong is to connect with different provinces and municipalities across the country, we must take into account how much of the overall capacity of the Guangzhou-Hong Kong section will be set aside for Hong Kong's use. Otherwise, despite the construction of a purpose-built express rail, the travelling time between Hong Kong and the Mainland can in no way be shortened. In this respect, we have made detailed planning with the Railway Division and the authorities concerned of Guangdong Province.

At the end of last month, we held a meeting with the relevant departments of the Mainland to gain an understanding of their latest planning parameters and make the latest assessment on capacity projection, forming a foundation for the implementation of the plan.

At the same time, the Kowloon-Canton Railway Corporation (KCRC) has conducted a feasibility study on the project in respect of its engineering and operation. We insist that the implementation of this project should be based on scientific evidence and by means of practical policy measures. Preliminary site investigations are now underway and the study report is expected to be submitted to us in the middle of 2007. After examining the report submitted by the KCRC, we will make a decision on the option to be adopted for the Hong Kong section of the link as soon as possible.

With regard to the Hong Kong-Zhuhai-Macao Bridge (HZMB), today, every Member rising to speak seems to blame Hong Kong for acting slowly, worrying too much and failing to implement the project immediately, for the Guangdong side has kept on issuing messages indicating their desire for the early launch of the project. I believe if Members have really read the relevant reports, they would have known that not every report says so, and I wonder why Members have been selective in making their remarks. The HZMB is in fact initiated by Hong Kong. The whole idea was originated from the point that we noticed at the time the unbalanced development in the eastern and western parts of Guangdong Province, and the need to cope with the State policy of balancing the development of the eastern and western parts of the country as a whole. We perceived that if a land passage connecting Hong Kong and Zhuhai (the western bank of Zhuhai) was built, it would significantly promote development in the western part, for the population as well as the land supply over there are enormous.

Hong Kong has become the convener of the Co-ordination Group of the three places. Since the interest of the three places must be balanced, a lot of time has been spent on discussing the alignment, mode of construction and financing scheme of the HZMB. We surely wish to work to the mutual benefit of all three places, but after all, conflicts of interest do exist among the three places, so in respect of preliminary work, we have been playing an active role in promoting co-operation.

As far as overall planning is concerned, the overall development of the Pearl River Delta (PRD) has to be taken into account. In deciding the

alignment of the HZMB, we cannot just yield to the demand of or offer convenience to any single side. Therefore, the present alignment of the HZMB is the product of debates and feasibility studies.

With regard to construction works, 25 detailed studies, including studies on marine transport, hydrographic condition, water resources and the suitability of adopting the bridge-cum-tunnel design, have been conducted. If a tunnel is to be constructed, which section should be selected for its construction? Certainly, environmental protection is also a cause of concern. The PRD estuary is a sensitive area and the environmental impact caused to the area must be reduced to the minimal. We insist on scientific verification, and the Governments of the three places are geared in the same direction in practice. We hope that after these problems are solved, the HZMB project will be finalized as soon as possible.

Recently, the Central Authorities have initiated the establishment of a task force headed by the Development and Reform Commission and comprised of representatives from the Ministry of Communications, the Hong Kong and Macao Affairs Office of the State Council and the three Governments, to co-ordinate certain major issues relating to the preliminary work of the HZMB project. Meetings have been convened to discuss financing arrangements and boundary crossing facilities. The Governments of the three places are now striving for the early completion of the relevant feasibility studies, so that the finalized report can be submitted to the Central Government for approval.

To race against time, the preliminary work of the North Lantau Highway Connection (NLHC) is being carried out at the same time. We are now evaluating the possible alignment options for the NLHC and assessing the impact of the project, including the traffic and environment aspects. After a decision on the alignment of the NLHC is made, the NLHC project has to go through all the relevant statutory procedures and tie in with the commencement of the HZMB project.

Regarding the development of the cross-boundary control point at Liantang and Heung Yuen Wai, the SAR Government is actively pressing ahead with the preliminary planning studies of the project. In December last year, a joint study with Shenzhen Government was commenced to assess the need for, the functions of and the effectiveness of establishing a new control point. Moreover, in January this year, an internal planning study was commenced to

examine the planning, environmental and engineering issues related to the proposed new control point and its associated road connection within Hong Kong's territory. The two planning studies are expected to be completed by the end of 2007 and early 2008 respectively.

The relevant ancillary facilities within Hong Kong is also a great concern to Members. To cope with the studies and opening of the abovementioned infrastructure, planning is carried out constantly in respect of the construction of the relevant ancillary facilities within Hong Kong's territory, particularly in the Northwest New Territories. Furthermore, timely reviews of the relevant projects are carried out in response to changes in the objective circumstances.

According to the North West New Territories Traffic and Infrastructure Review, the committed road networks decided to be built, together with the necessary traffic improvement measures, should be able to cope with the traffic demand up to 2016, including the traffic generated from the commissioning of the HK-SWC and the HZMB. In this connection, I know all Members who have just spoken consider the arrangement dissatisfactory, for they think that 2016 seems to be too remote and query why such a demand only arises in that year. Actually, this figure is worked out according to certain systematic studies, and it is in no way some arbitrary decision. Whenever I discuss this issue with Members, I wish Members would not forget that the West Rail has been built. At that time, \$46 billion was spent on the construction of the West Rail. However, the current daily patronage of the West Rail is only 200 000 passenger trips, although it has a capacity of 900 000 passenger trips. The West Rail has significantly alleviated the traffic pressure in the district. I know many young people who live in Tuen Mun and work in Central. They told me, "Secretary, we have changed to the West Rail for it is more convenient." This is a live example. Besides, not only one person has told me so. For a journey from Tuen Mun to the hub of Central, such as the Alexandra House, it takes less than 40 minutes. The West Rail, an environmentally-friendly and convenient railway, still has much capacity to accommodate an increase in passengers. More so, with the completion of the Kowloon Southern Link in the near future, access to the urban areas will be even more convenient by that time. At present, a majority of the passengers will switch to the MTR at Nam Cheong interchange for Central. However, to cope with the long-term demand, we have initially planned a number of potential projects on new highways. To ensure the timely provision of new transport infrastructure in 2016, we have commenced further investigations and feasibility studies on the proposed road

projects as necessary. Our target is to get the necessary advance work done at the present stage by all means, so that the relevant construction works can start in time when the relevant development proposals become clearer.

In respect of Tuen Mun Road (TMR), we have planned to carry out the following three projects to further improve the overall operation of TMR:

- (a) to widen the section of TMR at Tsing Tin Interchange from a dual two-lane to dual three-lane carriageway;
- (b) to widen the Town Centre Section of TMR from a dual two-lane to dual three-lane carriageway; and
- (c) to reconstruct and improve the expressway section to meet the prevailing expressway standard, including the provision of a full-width hard shoulder, as far as practicable.

The abovementioned proposals are supported by the Panel on Transport. Thus, subject to the satisfactory completion of the funding application procedures and necessary statutory procedures, we plan to commence the widening works at Tsing Tin Interchange this year, which is expected to be completed by 2009. Next year, the widening works of the Town Centre Section will be commenced and is expected to be completed by 2010. As for the construction works to improve the expressway section, it will commence in phases starting from next year and is expected to be completed in phases by 2012.

With regard to the proposed widening of the expressway section of TMR to a four-lane configuration, a detailed study has been conducted. The study result reveals that due to geographic constraints, there are great difficulties in widening the expressway section to four-lane configuration, especially at Siu Lam, Sham Tseng and Ting Kau Interchange, where the carriageway is very close to residential blocks and other road structures. In addition, if the expressway section of TMR is to be widened to four-lane configuration, the construction time will extend and the construction cost will increase by more than 70%. Besides, the proposal also involves land resumption, thus imposing greater impact on the public. The abovementioned considerations have been submitted to the Panel on Transport.

Concerning the proposed construction of the Easterly Link Road (ELR) connecting Deep Bay Link with Route 3, we have explored with the franchisee of Route 3 the possibility of constructing it in the form of public-private-partnership. Our major principle is that any arrangement would have to be in the overall interest of the community from both the financial and traffic management perspectives. We consider that if the ELR can only reduce travelling time by two to four minutes, fails to achieve significant effect in traffic diversion, and is not cost-effective, it would not warrant the spending of a substantial amount of public money on its construction.

As regards the full utilization of Route 3, we are discussing with the franchisee of Route 3 possible measures to rationalize the utilization of Route 3 and the non-tolled TMR. The options we are examining with the franchisee include an extension of the franchise period in exchange for toll reduction. Moreover, we have all along been encouraging the franchisee of Route 3 to extend its concession to more types of vehicles, for the concession now offered is restricted to certain types of vehicles only. We keep an open-mind to all feasible proposals and will continue to discuss with the franchisee.

In respect of cross-boundary ferry services, in addition to our active promotion of the development of cross-boundary access and railway networks, we have been monitoring the public's demand for cross-boundary ferry services closely.

Owing to the rapid development of land transport, the number of cross-boundary ferry passengers travelling between Hong Kong and the Mainland has reduced from 7.09 million passenger trips in 1996 to 6.48 million passenger trips in 2006, a decrease of 8.6%. We expect that with the completion of new land border control points, there will not be any major increase in the number of cross-boundary ferry passengers.

Some Members proposed the resumption of the cross-boundary ferry services between Sha Tin and the eastern part of Guangdong Province. Before the completion of the Hong Kong-China Ferry Terminal and Hong Kong-Macao Ferry Terminal, ferry services travelling between Da Meisha and Xiao Meisha of Shenzhen had been provided by an operator years ago, but owing to the low patronage, the service was ceased after a very short period of operation.

Besides, I would like to point out that cross-boundary transport infrastructure is planned on a territory-wide instead of a district-level basis. As the existing Hong Kong-Macao Ferry Terminal and Hong Kong-China Ferry Terminal can already handle a capacity of 26 million passenger trips per annum, and the average utilization rate of the two terminals was around 73% for the past five years, the two existing cross-boundary ferry terminals will still have capacity to cope with future growth in passenger demand. We thus consider it unnecessary to commit public funds to building another cross-boundary ferry terminal.

President and all Honourable Members, the Government fully recognizes the importance and urgency to various degree of developing cross-boundary transport infrastructure. We will continue to maintain close liaison with the parties concerned to press ahead proactively various cross-boundary infrastructure projects and the relevant ancillary facilities. We will also explore the need and feasibility for the development of other cross-boundary infrastructure to capitalize on the opportunities brought about by the FYP and to bring into full play Hong Kong's position as a trading and logistics centre on the international and regional front.

Thank you, President.

PRESIDENT (in Cantonese): I now call upon Mr Albert HO to move his amendment to the motion.

MR ALBERT HO (in Cantonese): President, I move that Mr CHEUNG Hok-ming's motion be amended.

Mr Albert HO moved the following amendment: (Translation)

"To delete "such as" after "cross-boundary transport infrastructures within Hong Kong's territory," and substitute with "including: (a) Route 10 (Northern Section),"; to delete "take" after "connecting Deep Bay Link with Route 3, and" and substitute with "taking"; and to delete ", etc" after "optimize the use of Route 3" and substitute with "; and (b) expeditiously completing the extension of Tuen Mun Road and widening part of its expressway section to four-lane carriageway;". "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Albert HO to Mr CHEUNG Hok-ming'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 Abraham SHEK rose to claim a division.

PRESIDENT (in Cantonese): Mr Abraham SHEK 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, Mr SIN Chung-kai, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Mr WONG Ting-kwong, Mr CHIM Pui-chung and Mr KWONG Chi-kin voted for the amendment.

Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU, Mr Abraham SHEK. Mr Tommy CHEUNG and Mr Jeffrey LAM voted against the amendment.

Dr Fernando CHEUNG abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Miss CHOY So-yuk, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Albert CHAN, Mr Frederick FUNG, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr MA Lik and Mr CHEUNG Hok-ming voted for the amendment.

Ms Audrey EU and Mr Alan LEONG abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 19 were present, 10 were in favour of the amendment, eight against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 20 were present, 17 were in favour of the amendment and two 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.

MS MIRIAM LAU (in Cantonese): Madam President, I move that in the event of further divisions being claimed in respect of the motion on "Expediently implementing the construction of cross-boundary transport infrastructures between Hong Kong and the Mainland" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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 who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion on "Expediently implementing the construction of cross-boundary transport infrastructures between Hong Kong and the Mainland" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr Andrew CHENG, as Mr Albert HO'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): Madam President, I move that Mr CHEUNG Hok-ming's motion, as amended by Mr Albert HO, be further amended by my revised amendment.

Madam President, I do not have any additional comments to make.

Mr Andrew CHENG moved the following further amendment to the motion as amended by Mr Albert HO: (Translation)

"To add "and (c) considering buying out Route 3 or extending its franchise period so as to lower its tolls to attract motorists to use it;" after "four-lane carriageway;"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Andrew CHENG's amendment, to Mr CHEUNG Hok-ming's motion as amended by Mr Albert HO, 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)

Ms Miriam LAU rose to claim a division.

PRESIDENT (in Cantonese): Ms Miriam LAU has claimed a division. The division bell will ring for one minute, 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, Mr SIN Chung-kai, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Mr WONG Ting-kwong, Mr CHIM Pui-chung and Mr KWONG Chi-kin voted for the amendment.

Mr Bernard CHAN and Mr Abraham SHEK voted against the amendment.

Ms Margaret NG, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Jeffrey LAM and Dr Fernando CHEUNG abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Miss CHOY So-yuk, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Albert CHAN, Mr Frederick FUNG, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr MA Lik and Mr CHEUNG Hok-ming voted for the amendment.

Ms Audrey EU and Mr Alan LEONG abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 20 were present, 10 were in favour of the amendment, two against it and eight abstained; while among the Members returned by geographical constituencies through direct elections, 21 were present, 18 were in favour of the amendment and two abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, as Mr Albert HO'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 WONG KWOK-HING (in Cantonese): President, I move that Mr CHEUNG Hok-ming's motion as amended by Mr Albert HO, be further amended by my revised amendment.

Honorable Members, I urge for your support for my amendment for it puts forth a means to address the critical issues in times of emergencies. It is useful in the long run as well as now, and at this opportune time of relatively bountiful surplus of the Government, it can resolve the problem of some roads being under-used and some being over-used. Although Mr Abraham SHEK stated just now that he would vote against my amendment, I hope Mr SHEK can weigh his consideration against the entire economy of Hong Kong. My proposal can achieve three things in one stroke, one of which is that it does not violate the spirit of contract as I suggest the Government to buy out Route 3 at a reasonable price through negotiation with the consortium. The proposal has thus taken into account the situation as a whole. I hope Mr SHEK can support my amendment.

Thank you, President.

Mr WONG Kwok-hing moved the following further amendment to the motion as amended by Mr Albert HO: (Translation)

"To add "; the measures to optimize the use of Route 3 should include the Government buying it out to abolish or reduce its tolls, so as to increase the volume of its vehicular flow" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WONG Kwok-hing's amendment to Mr CHEUNG Hok-ming's motion as amended by Mr Albert HO, 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)

Ms Miriam LAU rose to claim a division.

PRESIDENT (in Cantonese): Ms Miriam LAU has claimed a division. The division bell will ring for one minute.

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, Mr SIN Chung-kai, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Mr WONG Ting-kwong, Mr CHIM Pui-chung and Mr KWONG Chi-kin voted for the amendment.

Mr Bernard CHAN and Mr Abraham SHEK voted against the amendment.

Ms Margaret NG, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Jeffrey LAM and Dr Fernando CHEUNG abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Ms Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Albert CHAN, Mr Frederick FUNG, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr MA Lik and Mr CHEUNG Hok-ming voted for the amendment.

Ms Audrey EU and Mr Alan LEONG abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 20 were present, 10 were in favour of the amendment, two against it and eight abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 19 were in favour of the amendment and two abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negated.

PRESIDENT (in Cantonese): Mr CHEUNG Hok-ming, you may now reply and you have three minutes 48 seconds.

MR CHEUNG HOK-MING (in Cantonese): President, 14 Members have spoken on my motion today. Here I wish to express my gratitude to them.

The Secretary spent more than 20 minutes in responding to aspirations voiced out by Members. It is not hard to note that the Secretary in her reply is full of joy about the imminent commissioning of the Hong Kong-Shenzhen Western Corridor and the Sheung Shui to Lok Ma Chau Spur Line. I believe Members here can share her joy. When mentioning the other cross-boundary transport infrastructure projects, however, the Secretary described them as full of difficulties, as if the hurdles could not be overcome. Anyhow, after stating

the difficulties, we as Members, I believe, will seek to face them squarely, just as the Secretary does, and together we will work hard in solving them.

No matter what the outcome of this motion today will be, it is not binding on the Government. However, as a responsible government, should it not listen to our views? The views of Members of the Legislative Council represent the voice of the people. In listening to the views of Members, the Government is, from another perspective, listening to the voice of the people. I hope that this motion can urge the Government to spare more efforts on cross-boundary transport infrastructure so that in the near future we can pursue development with the Mainland hand in hand.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr CHEUNG Hok-ming, as amended by Mr Albert HO, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

Mr Jeffrey LAM rose to claim a division.

PRESIDENT (in Cantonese): Mr Jeffrey LAM has claimed a division. The division bell will ring for one minute.

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, Ms Margaret NG, Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Mr LAU Wong-fat, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung and Mr KWONG Chi-kin voted for the motion as amended.

Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG and Mr Jeffrey LAM abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Ms Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr Alan LEONG and Mr CHEUNG Hok-ming voted for the motion as amended.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 21 were present, 13 were in favour of the motion as amended and eight abstained; while among the Members returned by geographical constituencies through direct elections, 21 were present and 20 were in favour of the motion as amended. 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: Urging the Housing Authority to grant rent remission to public rental housing tenants and expeditiously reduce the rent.

URGING THE HOUSING AUTHORITY TO GRANT RENT REMISSION TO PUBLIC RENTAL HOUSING TENANTS AND EXPEDITIOUSLY REDUCE THE RENT

MR FREDERICK FUNG (in Cantonese): President, the question of the motion moved by me for debate today is "Urging the Housing Authority to grant rent remission to public rental housing tenants and expeditiously reduce the rent". Although the Government introduced an Amendment Bill to the Housing Ordinance into the Legislative Council for First Reading last week, and a Bills Committee will be established as soon as possible, my motion mainly focuses on asking the Housing Authority (HA) for rent reduction and discussion of the percentage of rent reduction for public rental housing (PRH). The subject of this motion is different from that of the rent adjustment mechanism proposed by the Bill.

President, Hong Kong has experienced a severe economic recession since the financial turmoil in 1997. The financial burden of the grassroots is heavy. With the refusal of HA to reduce rent, tenants have been "paying expensive rent" and paying large amounts of money unnecessarily for the past 10 years. In view of this, the Hong Kong Association for Democracy and People's Livelihood (ADPL) urges the HA to reduce rent immediately so as to relieve the hardships of PRH tenants.

Since the completion of the first public housing estate in Hong Kong in the '50s — known as resettlement estates at that time — PRH estates have been providing safe and affordable housing for the grassroots. Until now, among the 7 million people living in Hong Kong, almost one in every three persons is living in PRH estates. Over half of these tenants are paying rents under \$1,500. It is obvious that the majority of the grassroots living in PRH estates have managed to improve their lot as a result of inexpensive rent.

The current benchmark employed by the HA in determining the rent of PRH is the decision reached in the review of domestic rent policy in 1991. To ensure that rent was affordable to tenants, the rent level of newly completed PRH estates was limited by drawing two lines. For tenants whose space allocation was 5.5 sq m per person, the median rent-to-income ratio (MRIR) should not exceed 15%. A more lenient principle was applied in drawing the other line. For tenants allocated with larger units where space allocation was 7 sq m per person, the MRIR should not exceed 18.5%.

It was only when the Housing Ordinance was passed by the Legislative Council in 1997 that the MRIR was not allowed to exceed 10% in rent adjustments of PRH. The financial turmoil in the same year resulted in a substantial drop of the income of tenants. According to the Consultation Paper on Review of Domestic Rent Policy published by the HA last year, during July 1997 and June 1998, the median household income of PRH tenants was \$13,500. However, from July 2004 to June 2005, the figure dropped to only \$10,500.

Data released by the Census and Statistics Department revealed that the unemployment rate had substantially shot up from 2.2% in June 1997 to 8.7% during the SARS outbreak in June 2003 while the number of unemployed persons had risen from 70 000 to 310 000 during the same period. The unemployment situation was more acute in individual industries. The construction industry and other non-skilled, labour-intensive industries were hard hit by unemployment, in particular. Many PRH tenants were workers of these industries. I remember that during those days, unemployed persons came to my office every day. They told me about their jobless situation, and asked me to help them find work, or apply for Comprehensive Social Security Assistance (CSSA) or rent assistance, in order to relieve their hardships.

The grassroots have suffered days and nights in such a destitute situation. Has the HA reduced their rents? The answer is in the negative. Insofar as rent reduction was concerned, the HA was worse than owners of private housing. There were rent reductions for shops in shopping malls as well as domestic units in the private sector. Even shops operating in shopping malls under the administration of the HA were granted rent reduction. Tenants of PRH were the only exception in that they had not enjoyed rent reduction. It is true that during the period, the HA did introduce some rent relief measures, such as freezing PRH rents from 1998. However, a sharp rise was still recorded in the MRIR. In 2004, the MRIR rose to 14.7%. It was obvious that these measures offered too little to be of any help, and in fact, had only minor practical effect. Let us look at the Consumer Price Index (A) of the same period. During the period from July 1997 to June 1998, the CPI (A) stood at 105.5. It fell to 93 during the period from July 2004 to June 2005, a drop of 11.8%. The grassroots were experiencing a deflation that included a drop in wages. Unfortunately, rent reduction was not granted to them. They were only offered a rent freeze. As a matter of fact, as the frozen rent is no reduction at all, it had the effect of increasing rent. Since PRH tenants had to pay a rent kept at the

level of the frozen rent of 1998, one can imagine the heavy burden they had to bear.

Of course, a request for rent reduction should be backed by sufficient grounds. Various groups may have various requests for the rate of reduction. The question remains how much reduction would be considered reasonable. The ADPL and I opine that the HA should adjust PRH rent according to the median household monthly income of PRH households since the income of PRH households can best reflect the affordability of tenants. As I pointed out earlier, the median household income of PRH tenants stood at \$13,500 during the period from July 1997 to June 1998. The figure dropped to \$10,500 during the period from July 2004 to June 2005, a drop of more than 20% to 22.2%. In view of this, the ADPL has proposed a rent reduction of 20%, and in addition, a two-month rent remission. Why should a two-month rent remission be granted? During the past eight years, the HA has implemented a rental freeze only. The amount of a two-month rent remission is equivalent to 16% of the total rent payable for the whole year, and it is also within the range of 15% to 20%. We consider a two-month rent remission a reasonable compensation for the rent the HA should have reduced over the years.

President, some groups have proposed a 15% rent reduction for PRH tenants. According to the Consultation Paper, the income index of PRH households compiled by the HA revealed that the index had stood at 114.2 during the period from July 1997 to June 1998. The figure dropped to 96.8 during the period from July 2004 to June 2005, a drop of 15.2%. In other words, according to the calculation method of the HA or the Housing Department, the rate of drop from 1998 to 2005 was slightly higher than 15%. It is acceptable to us if the HA implements a 15.2% rent reduction. Therefore, I have moved a motion that urges the HA to implement a 15% to 20% rent reduction.

With regard to the 11.6% rent reduction and a rent-free period of one month proposed by the HA, the ADPL considers the percentage lower than the reasonable level. It is also unconvincing if it serves as a starting point. The one-month rent remission is also inadequate. In fact, the rent level of PRH should be pegged to the income of tenants. Since the median household income dropped 20% during the period from 1998 to 2005, the most reasonable practice is to reduce rent by 20%, with the further implementation of a mechanism that will allow PRH rents to be adjusted upwards or downwards.

In addition to rent reduction, the ADPL considers that the HA should offer a rent-free period of two months to PRH tenants. We consider the total amount of rent for two months a reasonable level of relief. Another reason for this proposal is that we wish to achieve a win-win situation for both the tenants and the Government. Before the ruling of the Court of Final Appeal, the HA, and the Secretary in particular, undertook to introduce measures of rent concession. We think the Secretary has all along failed to implement these measures. Although the Secretary indicated that from early last year, adjustment in rent assistance policy had ensured eligibility for rent assistance was lowered to tenants who spent 20% of their income on rent instead of 25%, the number of families benefited by this measure is under 20 000. Compared to the some 650 000 families living in PRH, this number is insignificant. Such a relief measure can be considered as an intangible relief. At the time when tenants learnt that the Secretary would introduce a relief measure, they thought that they would be benefited. In fact, the measure has been ineffective so far. Many tenants have already lost their confidence in the Housing Bureau as well as the officials responsible for the housing policy. A two-month rent remission will be able to achieve the goal of restoring the confidence of tenants.

President, on the whole, the HA is charged with the responsibility of providing affordable housing to the grassroots. PRH rent should be pegged to the income of tenants. During the times of economic downturn, the decision of the HA to freeze PRH rent instead of reducing it betrayed the trust of the tenants. Before the implementation of the mechanism that allows for upward or downward adjustment, the Administration should expeditiously reduce the rent so as to restore the confidence of PRH tenants in the Administration. I urge the HA to expeditiously reduce the rent and grant a two-month rent remission with a view to compensating for the extra amount of rent paid by tenants over the years.

With these remarks, President, I hope Members will support my motion.

Mr Frederick FUNG moved the following motion: (Translation)

"That, as the income of public rental housing (PRH) tenants has dropped as a result of the economic downturn in earlier years, but the Housing Authority (HA) has not reduced the rent of PRH, and during the period from 1998, when rent increases began to be suspended, to 2005, the income index of PRH households has dropped by about 15% while their median household monthly income has fallen by more than 20%, this

Council urges the HA to expeditiously reduce the rent by 15% to 20% in accordance with the level of reduction in the income of PRH tenants, and grant a two-month rent remission to compensate for the extra amount of rent that PRH tenants have paid over the years."

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

PRESIDENT (in Cantonese): Miss CHAN Yuen-han will move an amendment to this motion. The motion and the amendment will now be debated together in a joint debate.

I now call upon Miss CHAN Yuen-han to speak and move her amendment to the motion.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, the public housing policy of Hong Kong has been implemented since 1953 and has a history of over 50 years. During the past 50 years, public rental housing (PRH) has been providing shelters for the grassroots, relieving them of any worries about housing so that they can concentrate on competing in society, working hard for their families, and providing important manpower for the development of Hong Kong. Since PRH caters for the general public of the lower class, the rent has always remained at a low and affordable level, hence, it is also known as "low-cost housing". I can still remember that, about two to three decades ago, people were so excited when they were allocated PRH units, as if they had won the Mark Six lottery. I had experienced this excitement and was extremely happy. Not only did PRH offer affordable rent, it also provided good living environment with good facilities. Families were able to lead a stable life once they were allocated PRH units. With the building of low-cost and well-equipped PRH estates, previous problems of poor living environment brought by cottages, squatter huts, partitioned rooms and caged homes were solved after residents of such places had been offered accommodation in PRH units.

In the nineties, the rent of PRH could no longer remain at a cheap and low level. It was a time when the economy was overheated with high inflation and

hectic property speculation. Under these circumstances, PRH rent was raised years after years, resulting in the heaping of pressure on the grassroots. Increasing rent once in every three years was the required ritual of the Housing Authority (HA) during those days. In view of this, before the reunification, the former Legislative Council passed a private Members' Bill which stipulated in the Housing Ordinance that PRH rent determined should be of such amount that the MRIR should not exceed 10%, thus putting a cap on the increase of PRH rent. Unfortunately, a number of current HA members are complaining that the former Legislative Council had acted rashly. They call the relevant provision a draconian law, a tightening grip. I absolutely disagree to this view. In passing the amendment, Members of the former Legislative Council were abiding by the original intention of the public housing policy in providing low-cost housing to the lower classes and ensuring the rent was affordable to tenants. This is the most important principle, the most basic principle of public housing.

Madam President, after the passage of the relevant bill, Hong Kong was struck by the financial turmoil and the SARS outbreak, resulting in the economy of Hong Kong experiencing a period of recession and continual deflation. Nevertheless, during this difficult period, the HA only implemented the rent freeze without introducing measures of greater relief. On the contrary, rent reductions were found in shopping malls and domestic units in the private sector while PRH was excluded from this benefit. As a result, PRH tenants were burdened by the heavy housing expenses. This period also marked the beginning of the time when PRH rent has exceeded the 10% statutory level of the MRIR. Even if a family member of the lower class suffered a wage cut or even unemployment during this period, he still had to pay a rent of around \$2,000 for his low-cost housing. A family of four with a monthly income of \$8,000 would have spent 20% of their income on rent. You can imagine the destitute situation of those low-income earners with a monthly income of \$4,500. PRH rent had been such a heavy burden for tenants for so long that it became the issue in litigation. It was most regrettable that the grassroots had to take their landlord to Court, and this landlord was none other than the Government.

Madam President, despite the fact that the litigation ended in the Court ruling in favour of the HA, it does not mean that PRH tenants have not overpaid in rent. Frankly speaking, during the years of economic downturn when wages were cut, prices slashed and rents of the private sector reduced, PRH rent was the only item that did not see any reduction. Although the income index of

PRH households has dropped by about 15% while their median household monthly income has fallen by more than 20%, as mentioned by Mr Frederick FUNG in his original motion, the rent records of PRH tenants show that they have paid their rent in "cold cash" every month. And now some officials and members of the HA are claiming that they cannot reduce rent too much since it will have a negative impact on the capital of the HA, in other words, the using of public funds, which in turn, will cause displeasure among the middle class. This is obviously misleading, since PRH tenants are only demanding the HA to return to them the extra amount of rent paid over the past eight years. The middle class should understand — and I believe they will — that during the economic downturn, when rents in the private sector were reduced, PRH rent "stood firm" at the same level. This is the fact, and I believe they will understand the situation. Therefore, the current proposal of rent reduction is only a demand for recovering the difference that should have been adjusted downwards years ago. It is not an unreasonable demand of tenants or political parties seeking to rob the Government of money or public funds.

Madam President, I fully support the original motion and the percentage of rent reduction proposed by Mr Frederick FUNG. Since I object to the bundling approach of the Government that puts amendment of the legislation before rent reduction, I have stipulated in the amendment that the Government should implement rent reduction before the passage of the Housing (Amendment) Bill, so that returning the extra rent paid by tenants during the period of deflation and introducing a new rent adjustment mechanism should be handled separately. Later in the meeting, the Secretary will undoubtedly repeat the reasons for bundling up the two issues which he has reiterated time and again — Secretary Michael SUEN had repeatedly talked about the judgement of the Court and the lack of rationale for rent reduction when he attended the meetings of the Panel on Housing. However, last week when he proposed the Second Reading of the Housing (Amendment) Bill 2007, he said that the existing mechanism was a system that provided for "downward adjustment" of rent only and did not allow for any "upward adjustment" at all. Since this is the case, why does the Government not adhere to the existing mechanism and for once make the decision of "downward adjustment", leaving the arrangement that allows for upward or downward adjustments for discussion later? Personally I do not agree that the existing legislation does not allow this to happen. But since the Secretary said so, let us go head and implement the downward adjustment first. The Government is now deliberately bundling up the two issues together. It is

causing suspicion that this proposal of rent reduction is only the bait that tempts tenants to support the new mechanism so that the restriction on PRH rent increase can be lifted later.

Madam President, my purpose of using so much time to recapitulate the history of PRH and to depict the problems of PRH after the financial turmoil is to reiterate one point, and that is, while Hong Kong hailed as an affluent society, over 30% of its residents are still living in PRH. They rely on PRH to give them shelter. For certain reasons, they are eligible to live in the units provided by the Government for the grassroots. The majority of these tenants are grassroots with little income and low standard of living. To them, clothing, food, housing, and transport are the most basic necessities as well as the major expenses. I have attended many residents' meetings since 1997. Throughout all these years, from the most difficult times to the economic recovery of recent years, I have never heard the grassroots say that they are happy with life. Why? If they are able to share the benefits brought by the economic prosperity of the past three consecutive years, in theory, they should not be so calculating. Unfortunately, they have not shared the economic fruits. Many of them are still paying a monthly rent of around \$2,000.

I have said this many times before. I thought that Choi Hung Estate is an "old" estate with a history of several decades, the residents should have been able to accept the rent level now. However, when I talked to them two years ago, they were still very angry. When I talked to them a year ago, they were just as angry. The new tenants, in particular, were all the more angry that a family of four had to pay a rent of over \$2,000. For these people who are unable to share the fruits of economic prosperity, PRH is not much different from the resettlement estates built by the Government to house the grassroots in the '50s. You can even say that, the present situation is even more difficult for them than the past as they cannot see any prospects.

Given such circumstances, if the Government genuinely tries to do something for the grassroots still in poverty, if it genuinely tries to do something about the existing disparity between the rich and the poor, I sincerely wish that the Government will do a good job in formulating policies that relieve their burden and reduce the disparity in society. Therefore, I urge the Government, starting from this motion, not to bundle up the issues together, but to implement rent reduction first before the amendment of legislation, so that the burden of the

grassroots can be alleviated during the process. This will be a good initiative of the Government. I hope that the Secretary will consider this carefully.

With these remarks, I move the amendment. Thank you, Madam President.

Miss CHAN Yuen-han moved the following amendment: (Translation)

"To add "the Government, before the passage of the Housing (Amendment) Bill 2007, to press" after "this Council urges"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Miss CHAN Yuen-han to Mr Frederick FUNG's motion, be passed.

MR LEE WING-TAT (in Cantonese): President, I speak in support of the original motion and the amendment.

With respect to the issue of rent reduction, I have done some simple calculations here. According to our calculation, from the 1997-1998 financial year to the 2004-2005 financial year, the culminative median household monthly income of PRH households has dropped 22%. Considering from all different aspects, there has been a substantial reduction in their income. Taking into account the deflation which was 14% to 15%, a rent reduction of 11% is therefore inadequate and can only serve as a short-term solution.

Today, I am not going to speak on the issue of rent reduction. Instead, I would like to discuss a major policy. I had already recommended this major policy to Secretary Michael SUEN. Since he did not refute too much during the meal when we discussed the issue, I take that the Secretary considers the policy worth pondering. My view (the view of the Democratic Party as well) is that there is no need to amend the legislation. The most important issue, at the moment, is to assess whether the Housing Authority (HA) will have sufficient revenue to meet its expenditure on rental units. The revenue from PRH rents is approximately \$10 billion to \$12 billion per year, with its expenditure reaching almost the same figure. For the past five years, the revenue from PRH rents only (not including the revenue from the Home Ownership Scheme and The

Link) has been able to meet the expenditure. It seems that there are even surpluses for three years out of these five years.

Why do I say that there is no need to amend the legislation? What is the Government's purpose in proposing to amend the legislation? If its purpose is to increase rental revenue, it will have to face a situation of having to deal with the issue every two or three years. If the Secretary amends the legislation to stipulate two years, it will mean conducting a major debate on rent increase or reduction every two years. The Democratic Party opines that there is no need to amend the legislation due to the following reasons: firstly, the amendment will not have any impact on the middle class and residents of private housing, since the middle class and residents of private housing hate to see taxpayers' money being used to subsidize tenants of PRH under the administration of the HA. My current analysis also shows that there is no need to do that. According to my calculation, even if there is no rent increase in the next 10 years, the HA will have sufficient resources to meet the expenditure. This is also beneficial to the grassroots since rental security will be provided to them. I have raised this question many times. As far as rent is concerned, do tenants want short-term relief or long-term stability? In my view, social policies should be long-term and not short-sighted. If the HA implements an 11% rent reduction now, I am certain that, due to rising inflation, the rent will rise to this level again within four to six years, followed by a cycle of continuous rent increases.

My proposal will be beneficial to the Government as well. Commenting to Secretary Michael SUEN that he was very busy handling various issues, such as trying to find a solution to the Star Ferry incident, as well as dealing with the complaints from the general public that he had not made the best use of the land of the Fairview Park, I had asked him why he still had to propose an amendment to the Ordinance. In my opinion, for the benefits of the middle class, the grassroots and PRH tenants, the decision of not amending the Ordinance will be the best option.

I did not mention that with the extra revenue from The Link REIT and the proceeds from selling the surplus HOS flats, which amount to \$45 billion, the financial position of the HA will be in order within the next 10 to 15 years. Then why does the Government put so much effort in amending the Ordinance? I think the lawsuit is the crux of the issue at the moment. Being already involved in it, the Government has no other option but to go ahead with it. In my opinion, it is not necessary for the Government to consider this issue because

of the lawsuit. Since the Government intends to alleviate PRH tenants of the pressure brought by their rent, it may as well consider adopting rent remission as a solution. Rent remission was implemented by the HA in 1997. In fact, a rent remission will be executed later this month. There is no legislation that forbids the HA from implementing a one-month rent remission in the period of one year. A one-month rent remission per year represents a rent reduction of 8% (or we can say a little over 8%). Indeed, there is no need to make so much effort in amending the legislation. In view of this, I hope that the Secretary will consider whether a large-scale operation in the form of enacting the Housing (Amendment) Bill is necessary.

In respect of this issue, I have to criticize the Government. We have a set of policy proposals for the consideration of the Government. Actually, I agree that insofar as PRH is concerned, two issues remain not handled. Firstly, the amount of expenditure should be reviewed and tightened. The assistant of the Secretary and I had a debate on this in the City Forum. All of us know that the management fee of private housing is approximately \$1 per sq ft. The total figure of management fee, sundry expenses and maintenance fee of PRH amounts to approximately \$3 per sq ft. We all know this simple figure. But why are the management and maintenance fees of PRH so costly? Many pro-democracy Members do not look into this issue at all. But I think we must look into and carefully consider this issue. The HA should save expenses in order to reduce costs with a view to maintaining a steady account in the long run and avoiding frequent requests for capital injection by the Government. I believe it is not necessary to do that at all.

The second option is the sale of PRH units, a practice objected by Secretary Michael SUEN. We all know that the tenants' accounts of the HA — we call them the red accounts as they were often in the red in the past — have been recording surpluses again in recent years. One of the options we have proposed for the consideration of the Government (Mr LEUNG Chun-ying also participated in this study in the '80s) is the sale of some PRH. Those PRH tenants who have bought their own units are happy with the arrangement as they are able to own a unit by paying a mortgage at an amount equivalent to 150% of their monthly rent. It is through this option that the Government will be free from shouldering the expenditure of PRH maintenance and the problems in managing PRH units. Then why should the Government hesitate to do that? As for residents of private housing, they will be free from worries that the Government has to inject funds into the HA again.

To my knowledge, due to the objection from developers, the Government dares not sell PRH units, but I do not understand the rationale at all. So far, I have only heard one scholar object to the sale of PRH units. Other than this scholar, I have not heard of any economists object to the sale. The sale of PRH units will bring benefits to all. It will be beneficial to the tenants who can afford servicing a mortgage. With the number of PRH units under its management reduced and lesser responsibility, the Government will be benefited as well. Other members of the public will also benefit as their constant worries of taxpayers injecting funds into the HA again will be eliminated.

I think the Government has been overwhelmed by panic, like a bird startled by the mere twang of a bow-string. The introduction of "SUEN's Nine Strokes" was aimed at suspending the construction of HOS units. I already objected to this measure then. I opine that the construction of HOS units should continue, but the number of units to be constructed should be reduced to only a few thousands per year. They may serve as a balance in the provision of public housing. I do not think that ruling out the sale of PRH units is appropriate. On the contrary, the sale of PRH units is beneficial to the public, PRH tenants, taxpayers as well as the Government. Hence, I hope that the Government will take this wider option into consideration. If the Government continues to deal with the problem of PRH only, I am certain that the issue of rent will be endless. But if the financial problem is resolved by the sale of a number of PRH units, and the rest of old PRH units are rented to the needy public in poverty, it will be easier for society to address the housing problem of PRH tenants.

Thank you, President.

MR TOMMY CHEUNG (in Cantonese): Madam President, first of all, I would like to declare that I am a member of the Housing Authority (HA). I also endorsed the latest rent adjustment policy of PRH.

Before speaking on the present issue of rent reduction and rent remission of PRH, I would like to talk about some history. In 1997, the Liberal Party opposed the passage of the private Members' Bill on amendments to the Housing Ordinance because the Bill rigidly prescribed that the median rent-to-income ratio (MRIR) of PRH should not exceed 10%. The Bill was passed in haste and confusion, instigating a series of controversy over the PRH rent adjustment mechanism in the later days.

Furthermore, the relevant Ordinance allows for rent increase only without authorizing the HA to reduce rent. As a result, with the economic downturn and deflation following the financial turmoil of 1997 and the outbreak of SARS, downward adjustment of PRH rent was ruled out. This was definitely unfair to PRH tenants.

After a three-year battle of the rent reduction lawsuit, the Court of Final Appeal eventually ruled in favour of the HA in 2005. The ruling has made us fully realize that this is time for a comprehensive reform of the existing PRH rent policy. The introduction of a fair and objective PRH rent adjustment mechanism that takes into account the income as well as the affordability of tenants, and at the same time allows for both upward and downward adjustments is urgently needed.

Consequently, on 19 January this year, the Government gazetted an amendment to the Housing Ordinance in which a mechanism that provides for upward as well as downward adjustments is introduced. A rent reduction of 11.6% for PRH tenants will be implemented as soon as September this year. Discretion will also be exercised by the HA to grant a rent remission for the current month to PRH tenants.

Why does the HA introduce a rent reduction of 11.6%, not 15% to 20% as proposed in today's motion? The reason is that the last rent adjustment was implemented in 1997. The rate of reduction is the result based on comparing the income of tenants in 1997 and their current income, in other words, the current result is "returning to the starting point". However, there were rent increases in 1995 and 1996. If we use the income level of those years as a benchmark for calculation, the rate of reduction will be less than the current proposal, while a rent increase will have to be applied to one third of the tenants. Therefore, the Liberal Party supports the current proposal of reducing rent by 11.6%.

During the SARS outbreak in 2003, I proposed to the HA and Mr Michael SUEN, the then Secretary for Housing, Planning and Lands, to respond to the prevailing economic downturn and grant a one-month rent remission to PRH tenants so as to make allowances for the hardships in their lives. It was unfortunate that the HA was bogged down in the lawsuit of PRH rent at that time and the proposal was put off. The lawsuit has been over for quite some time.

We have also repeatedly brought this up again, and that is, the Liberal Party supports granting a one-month rent remission to PRH tenants.

We object to the implementation of reducing PRH rent by 15% to 20% and granting of a two-month rent remission proposed in the original motion which uses the median household income of 1998 as the reference point. Why should the level of rent be determined with reference to that particular year? I cannot find any justified reasons for that.

Further, we have to ensure that social resources are reasonably allocated. PRH tenants are now spending less than 15% of their income on rent. But tenants living in private housing have to spend as much as 25% to 33% of their income on rent. One can see by comparison that the burden of rent borne by PRH tenants is lighter than that of tenants living in private housing. If we further reduce PRH rent arbitrarily, thereby granting further subsidy to PRH tenants, is this fair to tenants who are not living in PRH?

Moreover, please bear this in mind, a one-month rent remission represents a loss of \$963 million in revenue to the HA. A rent reduction of 11.6% represents an annual loss of \$1.41 billion. Adding the two means an annual loss of \$2.3 billion in the revenue of the HA. If a rent reduction by 15% to 20% and a two-month rent remission are implemented, the loss suffered by the HA will drastically shoot up by over 60% to over 90%, amounting to \$3.83 billion to \$4.44 billion. In order to ensure the sustained development of PRH and effective utilization of public money, we object to spending a considerable sum arbitrarily in the provision of over generous reduction and remission.

With respect to the amendment proposed by Miss CHAN Yuen-han, that the Government should implement the initiative of rent reduction before the passage of the Housing (Amendment) Bill 2007, the Liberal Party has reservation about it. We opine that the issue of PRH rent has dragged on for too long. It will be imprudent if we implement a rent reduction and decide on the rate of reduction that will have long-term effects before the source of the problem is eradicated and the new rent adjustment mechanism is finalized.

On the whole, the PRH policy is a policy related to the people's livelihood, which is important in balancing the overall interests of society. If the rent

reduction is over generous, it may result in the lack of capital for the HA to build PRH units in the future. Consequently, the waiting time for allocation of PRH units will be longer than three years, and the stress of life on the grassroots will not be alleviated, giving rise to various problems concerning the people's livelihood. In view of this, how can the public (the middle class in particular) support this?

The current arrangement of rent reduction and remission proposed by the HA is formulated after extensive consultation and collection of views. According to the findings of a telephone survey conducted by the HA during the consultation on review of domestic rent policy from March to May 2006, about 65% of the respondents considered the existing PRH rent level reasonable. Among the PRH tenants interviewed, 62.8% considered their rent reasonable. The Liberal Party has also conducted an opinion survey, the findings of which will be explained in detail by Mr James TIEN later. According to the findings, if the current proposal of a rent reduction by 11.6% and a one-month rent remission is implemented, it will be supported by a large proportion of PRH tenants and the general public.

Views from PRH tenants and those living in private housing alike indicate that they support the arrangement of rent reduction proposed by the HA. Therefore, the Liberal Party will not support the original motion and the amendment.

Madam President, I so submit.

MR LI KWOK-YING (in Cantonese): President, before I speak any further, I would like to declare that I am a member of the Housing Authority (HA).

President, Hong Kong has experienced years of deflation since 1998 while the income of residents has correspondingly dropped. The HA is charged with the responsibility of alleviating the housing needs in society. But instead of taking into account the financial situation and implementing a rent reduction, the HA has only frozen the PRH rent for several years in a row, resulting in the increasingly heavy burden of rent for PRH tenants and general disappointment among the public.

The Government is aware that the existing PRH domestic rent policy is no longer compatible with the actual situation. In 2001, the HA set up an ad hoc committee with the mission of conducting a comprehensive review of the domestic rent policy. Unfortunately, there were many twists and turns during the process. The work of the committee was even adjourned due to the litigation. Eventually, in November last year, the HA finally endorsed the report of the review on domestic rent and introduced a new rent adjustment mechanism. However, with the Government's refusal to implement rent reduction immediately, the expectation of PRH residents was shattered once again. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has asked the HA to expeditiously reduce rent by 15% and to grant a two-month rent remission, so that PRH tenants may have some breathing space to genuinely enjoy the fruits of economic recovery. I believe nobody will complain that this is an unreasonable request.

The HA has discussed the issue of how to determine the PRH rent for five years before arriving at a conclusion. They have decided to take the variations of PRH household income as the benchmark for future rent increase or reduction. I certainly hope that every tenant will get a pay rise every year. But who can foresee the future? The intention of introducing this new rent adjustment mechanism is to adjust rent according to the prevailing economic situation. It is hoped that rent reduction can be implemented when tenants are experiencing difficult times. With the mechanism that allows for both upward and downward adjustments in place, the spirit of tiding over the hard times with the tenants will be realized.

President, since the HA began to freeze rent in 1998, PRH tenants have been unable to enjoy timely rent reduction and remission during the economic downturn. Hence, before the introduction of the new mechanism, we ask the HA to implement a rent reduction which serves as the first task of the new initiative. With respect to the 11.6% rent reduction proposed by the HA as the starting point of the new PRH rent, the DAB considers this percentage inadequate. According to our estimation, the introduction of an across-the-board rent reduction of 11.6% will incur a revenue loss of \$1.41 billion for the HA annually. A rough estimation indicates that with a 15% rent reduction, the HA has only to pay an extra \$400 million. Meanwhile, it is estimated that the HA will have a cash balance of over \$50 billion this year. Since this is the case, we believe that the HA can afford giving PRH tenants more breathing space.

Regarding the request of the HA to implement a rent reduction upon the passage of the Housing (Amendment) Bill 2007, this is probably due to worries that if the Ordinance is not amended, the method of calculating the rate of reduction may violate the existing Housing Ordinance, hence, leading to another lawsuit. We can understand the worries of the HA. However, the DAB opines that regardless of the time needed to scrutinize the Bill, or the actual date of the implementation of rent reduction, the HA needs only to stipulate in the Bill the commencement of rent reduction as 1 January 2007 (the month when the Bill was introduced) in enacting the Ordinance, and set a retrospective date in the Bill, the extra rent paid by tenants will be returned to them after the Bill has come into effect. This should be a solution beneficial to both parties.

Due to the fact that the HA has not taken into account the affordability of PRH tenants and implemented rent reduction for the past eight years, it is now ready to grant a one-month remission that serves as compensation for PRH tenants. According to this rationale, the initiative of granting a one-month rent remission should also be extended to tenants who are paying 1.5 times or even double the rent since they have also been paying extra rent over the years. I understand that the HA, taking into account the economic downturn, granted a one-month rent remission to tenants in December 2001. But tenants paying 1.5 times or double the rent were not benefited by this remission. I think the nature of the proposed remission is different from that of the previous one, so the two should not be put on a par. Therefore, the DAB is asking the HA to further extend this proposed rent remission to tenants paying 1.5 times or even double the rent.

President, as far as the quagmire of not increasing or reducing PRH rent for the past years is concerned, I think it is an all-loss situation for the Government, the HA and PRH tenants. While tenants cannot accept the initiative of the Government, the HA cannot formulate a long-term financial arrangement, and in turn, PRH tenants cannot benefit from the new rent adjustment mechanism that allows for both upward and downward adjustments. To break the quagmire, it is advisable that the Legislative Council should be audacious and considerate during the scrutiny of the Bill in the future. While the Council should be audacious and proactive in its careful scrutiny of the Bill, it should also take into account the situation of PRH tenants in need. I believe this is the expectation of more than 1 million PRH tenants.

President, I so submit.

MS AUDREY EU (in Cantonese): President, the question we are discussing today involves about 680 000 households, that is, about 3 million PRH residents. There are mainly two issues in question. The first issue is the rate of rent reduction while the second issue is whether we should adopt a bundling-up approach of implementing rent reduction prior to discussion of the mechanism. President, for several reasons, the Civic Party supports the original motion and the amendment.

The first reason has been pointed out in paragraphs 2.2 and 2.4 in the Consultation Paper on Review of Domestic Rent Policy published by the Housing Authority (HA) last year, and that is, "the mission of the Authority is to provide affordable housing to those in genuine need" and "the Authority is committed to keeping rents for public housing at affordable levels". Since the mission of the HA is so clear and distinct, they should have implemented rent reduction several years ago when the price index fell, the median household monthly income dropped and the unemployment rate rose, so as to keep PRH rent at a level affordable to tenants. It was regrettable that the HA did not implement an actual rent reduction at that time to alleviate the rental pressure on tenants, but only froze and waived rent instead. As the median rent-to-income ratio (MRIR) had already reached 14.6% by the third quarter of 2005, it was obvious that the HA had not endeavoured to keep "rents for public housing at affordable levels".

Secondly, during the lawsuit of PRH rent, Secretary Michael SUEN had indicated more than once that regardless of the outcome of the lawsuit, measures to alleviate rental pressure would be introduced. Later the five options of rent reduction were discussed. However, it has been over a year since the conclusion of the lawsuit ended, measures of rent reduction have yet to be implemented.

Thirdly, as pointed out in the motion, during the period from 1998 to 2005, the median household monthly income fell by more than 20%. Despite the fact that the Court of Final Appeal has ruled the HA is not under any statutory duty to review and adjust rent to ensure that the MRIR does not exceed 10%, from the perspectives of alleviating rental pressure on tenants and of HA fulfilling its role, the HA has the need and responsibility to implement rent reduction expeditiously. The HA is empowered to reduce rent, it is only unwilling to do so.

Fourthly, the HA passed the motion of asking the Government to implement rent reduction prior to the review of the mechanism that provides for upward and downward rent adjustments on 26 May last year. But the Secretary remained indifferent to it. If the original motion and the amendment are passed today, I hope that Secretary Michael SUEN will readily accept the good proposals.

Mr Tommy CHEUNG pointed out when he spoke just now that the implementation of rent reduction would be unfair to people living in private housing. However, we should never forget one thing, and that is, even if we are talking about the same percentage, when the income is at a low level, the amount used to pay rent will be unfair to every tenant. Take Kowloon East as an example. The rent level of many estates in Kowloon East (such as Yau Tong Estate, Lam Tin Estate and On Tin Estate) is over \$3,000. Many PRH tenants are complaining to Mr Alan LEONG and others that a family of five with husband and wife earning a monthly income of about \$13,000 to \$14,000 has to pay a rent of over \$2,000, in other words, 16.7% of their total income. As their children are still attending school, the burden is particularly heavy to them.

Subsequent to the publication of the Consultation Paper on Review of Domestic Rent Policy by the HA last year, Secretary Michael SUEN and the Assistant Director have said on different occasions that prior to rent reduction, the Government has to establish a new rent adjustment mechanism that allows for upward and downward adjustments in law first, otherwise there would not be an objective basis on which rent reduction can be implemented. I believe Mr SUEN will refuse the requests of the original motion and the amendment on the same ground later in the meeting. In this way, he is actually using rent reduction as a political bargaining chip to make Members accept the Blue Bill, that is, to accept the removal of the relevant provision on the MRIR cap in the Housing (Amendment) Bill. I know that many Members and deputations have reflected to the Government their wish of implementing rent reduction first followed by establishing the mechanism. But the Government is still handling the issue by the bundling-up approach, thereby indicating to all that whether rent reduction will be implemented depends very much on whether the Blue Bill is passed. One of the important provisions of the Blue Bill is the removal of the 10% cap. Secretary Michael SUEN has told us many times that the income index would be used to determine the rent level. It will not be possible for the Administration to increase rent if there is no salary increase. However, let us

not forget that there are different categories of PRH tenants. For instance, there are families with different number of members, such as one-person family, two-person family or even five-person family whose situation also varies from one to another. Under the circumstance that the poor is getting poorer these days, it is difficult for us to talk about the median of PRH tenants in general or their average affordability. As far as this disadvantaged group is concerned, it is absolutely difficult to talk about this. Therefore, the Civic Party is very much concerned that the removal of the provision on the rent increase cap will cause much anxiety to PRH tenants.

Let us look at the drafting of the Blue Bill. As a matter of fact, the Bill does not stipulate clearly how random surveys on affordability or salary will be conducted. It is written in Page 14 of the Report on the Review of Domestic Rent Policy that "Ideally the proposed income-based rent adjustment mechanism should be implemented by the Authority through administrative means". The Civic Party is concerned that if the rent level is completely determined by administrative means, and the Blue Bill or the future legislation is not written clearly, the future legislation will not be able to provide an adequate and objective basis or sufficient protection. In this way, PRH tenants will not be given adequate protection in law. I believe we can discuss these issues in greater detail during the deliberation of the Bill.

With these remarks, President, I support both the original motion and the amendment.

MR LEUNG YIU-CHUNG (in Cantonese): President, I support the proposals of rent reduction and remission in the original motion and the amendment. I support the original motion and the amendment because they reflect that rent reduction and remission are not pegged to the mechanism to be established in the Housing Ordinance which allows for upward and downward adjustments in the future. It has been clearly stipulated in the original motion and the amendment that the present focus of discussion is on rent reduction and remission. So the reason for my supporting the original motion and the amendment is I genuinely fight for rent reduction and remission. I hope the Government will not assume that after we have accepted its distribution of candies in the form of rent reduction and remission, we may also support the relevant legislation in the future.

President, there is only one reason for my supporting the present proposals of rent reduction and remission once again. It is simply that I think the HA owes this to PRH tenants, so it should compensate by giving PRH tenants rent reduction and remission. With respect to the rate of rent reduction, both the HA and just now the Liberal Party, have proposed 11.6%. I do not intend to dispute this figure. What is the reason for this? Mr Frederick FUNG has explained clearly that a reduction of 11.6% is unfair to tenants, hence, the percentage should not be 11.6%. Instead, the percentage should be the one proposed by Miss CHAN Yuen-han and Mr Frederick FUNG, which is based on calculation and reason.

Why do I believe that the HA has to compensate PRH tenants? In fact, everyone knows that I was the one who started all this in the first place when I proposed an amendment to the Housing Ordinance, which was passed subsequently. The Ordinance expressly sets out that the rent level should be of such amount that the median rent-to-income ratio (MRIR) should not exceed 10%. Nevertheless, the figure rose continuously after that. It was regrettable that the HA at that time did not implement a rent reduction in accordance with the Ordinance so that PRH tenants could be treated fairly.

Just now, some Members (Mr Tommy CHEUNG in particular) said that the mechanism in the past did not allow for rent reduction. It was as if implementing a rent reduction would mean a breach of the law. I consider this view incorrect. It is expressly set out in the Ordinance that in any adjustment of rent the rent adjusted should be of such an amount that the MRIR should not exceed 10%. However, the amount of rent after adjustment can be lower than 10%, in other words, it can be 3%, 4% or 5%. Rent adjustments with the MRIR at such percentages are completely in order.

Mr LI Kwok-ying said just now that he could understand the worries of the Government in that a rent reduction might violate the spirit of the law. But there is no violation at all because the law has never set down anything like that. I hope that the Secretary will clarify this point later in the meeting. In fact, the rate of rent reduction is not limited. Only that the rent after the adjustment should be of an amount that the MRIR would not exceed 10%. Thus, the implementation of rent reduction is in order.

President, when we recap what happened then, I have to say that the HA refused to implement a rent adjustment at that time because it was worried that a rent reduction would mean the rent dropping from the high level of 14.7% to as

low as 10%, incurring a substantial loss to the HA. It did not matter that the HA had that worry or understanding at that time as the ruling of the Court of Final Appeal gave us another interpretation. The ruling confirms that the legislation passed in 1997 only limits the rate of rent increase, but does not limit the rate of reduction. In other words, a reduction from 14.7% to 13.7% is acceptable and in order.

After the Court of Final Appeal had made its ruling, the HA did not have any reasons not to implement a rent reduction. It was regrettable that the HA made another mistake in obstinately refusing to reduce rent, and has so far insisted on doing so. I do not know if the authorities concerned had deliberately planned to repeal the provision in the Ordinance. The implementation of rent reduction at that time would mean that the HA no longer had any bargaining terms during the deliberation of the new legislation. So the Government refused to reduce rent and saved rent reduction for future use. If that was the case, the Government had been shrewd in plotting this all along. But a good Government should not plot like this. But if that was not the case, I cannot think of any other reasons for the Government's refusal to implement a rent reduction in accordance with the ruling of the Court of Final Appeal at that time.

Since there is no other alternative, I agree with the proposal of Mr Frederick FUNG and Miss CHAN Yuen-han, that a rent reduction and a rent remission should be implemented immediately so that PRH tenants can be treated fairly. They have been leading a hard life for years, particularly during the times of economic downturn. Despite the fact that rent was frozen, PRH tenants still had to pay expensive rent and led a hard life. Now is the time they be treated fairly and the pressure of living on them alleviated. This we must do.

The HA has been saying that the mechanism did not allow for rent reduction, and that a new mechanism had to be put in place. What is an acceptable rate of reduction? President, why did I insist on determining the percentage at 10% — in fact, it was not determined by me but by the amendment of Mr CHAN Kam-lam — why should there be a cap? As a matter of fact, in those days, the HA had used a lot of data as its rationale for rent increase — such as the value of land per district, the cost of living index, and so on. According to them, there were a number of criteria which determined rent should be increased. However, similarly, the same set of criteria could be used to determine rent should be reduced. For instance, the cost of living index had dropped to a certain level that rent had to be reduced. Hence, the mechanism allows for rent reduction as well.

The HA has asked if a rent reduction was to be implemented, how it could be implemented, and based on which mechanism it could be implemented. It has said that the mechanism was not available for reduction, and so on. I totally disagree with this. In fact, it is lying with its teeth. Unless the data cited during the implementation of rent increase was arbitrary, if previously a mechanism was available for rent increase, there should be no reasons at all that a mechanism was not available for rent reduction. I really do not understand the rationale. If the HA insists that rent reduction can be possible only when a new mechanism is in place, or when rent is reduced in accordance with the new legislation which sets out the mechanism of both upward and downward adjustments, it is a display of sheer sophistry and administrative hegemony. In other words, it refuses to accept any other views except its own.

The mechanism for rent adjustment has been in place all along. Unfortunately, the Administration has refused to implement adjustments — as a matter of fact, the Secretary had said before that if a rent reduction was implemented, the loss incurred would be substantial. That is why he has not implemented any rent reduction. In other words, it is not that the mechanism for rent reduction is not in place, it is not that rent cannot be reduced, it all comes down to the fact that he does not wish to implement any reduction at all. However, it is unreasonable not to implement a rent reduction, and unfair to PRH tenants as well. Moreover, I fail to see the rationale behind the claim that a rent reduction can only be implemented when the new mechanism is in place. In my opinion, this is distorting the reason and the argument is far-fetched. Therefore, I object to this.

President, I so submit.

MR WONG KWOK-HING (in Cantonese): Madam President, since 1997, the Housing Authority (HA) has frozen the rent for over 10 years, during which Hong Kong experienced economic recession and several years of deflation. However, PRH rent has not been adjusted downwards, instead, it has only been frozen.

New estates have been completed one after another in the past 10 years, with the rent of newly completed estates being higher than that of old estates. For PRH tenants living in some new estates, their median rent-to-income ratio (MRIR) is as high as 16%. The figure far exceeds the 10% MRIR cap, causing a long-standing breach of statutory requirement on PRH rent.

Take Yat Tung Estate in Tung Chung as an example. The total income of a four-person family is approximately \$10,000, while the rent they have to pay is \$2,200, being 22% of their total income. Expensive rent, in addition to costly transportation fees, are attributing to the miserable lives of PRH tenants, which in turn, lead to various serious social problems.

Actually, with the consultation of the review of domestic rent completed by the HA in 2006, and since PRH rent has been, for a long time, exceeding the 10% MRIR level, the implementation of a rent reduction is not only fair and reasonable, but also urgent and pressing. But the Government and the HA have all along refused to implement a rent reduction, not only ignoring the heavy burden borne by PRH tenants, but also contravening the statutory provision.

In introducing the Housing (Amendment) Bill 2007 into the Legislative Council earlier this year, the Government is trying to bundle up the implementation of rent reduction and the introduction of the rent adjustment mechanism. This is aimed at forcing the Legislative Council to accept the new rent adjustment mechanism before agreeing to rent reduction, which will only be implemented upon the passage of the legislation. This arrangement will postpone rent reduction of PRH units indefinitely. I am very dissatisfied with this approach of the Administration. Why does it use this method to coerce Members of the Legislative Council? Why does it shift its responsibility of refusing to grant rent reduction to PRH tenants onto Members of the Council, putting them in a difficult position of being unrighteous? The approach of the Government is unfair. Since PRH rent has exceeded the affordability of tenants for a long time, I once again urge the Government to reduce rent in accordance with the legislation first, to be followed by detailed discussion and examination of legislative amendment. This arrangement will be harmless to the Government but beneficial to the public, and will be conducive to the harmony and stability of society as a whole. So why does the Government refuse to do that?

Madam President, PRH is important to Hong Kong not only in providing a shelter to members of the lower classes, the inexpensive rent of PRH is also an important element that contributes to social wage as a whole. We all know that the Government introduced low-cost housing in the past with the aim of offering low rent to tenants, thereby providing relatively low-cost labour to give impetus to the overall economic development. For all these years, the Government has not only relied on the policy of high land price, but also depended on land sale,

high land price and high rental value for continuous contribution to the Treasury. If low-cost housing had not been available, the high land price and land rent of Hong Kong would have caused enormous increases in the wage cost of workers.

Currently, there are hundreds and thousands of people earning a monthly income lower than \$5,000 in Hong Kong. Come to think carefully about it. The amount of \$5,000 is not enough to pay rent, not to mention feed a family. The low-cost housing is effective here. The fact that an employer is able to use several thousand dollars to employ a worker can be attributed to low-cost housing. Low rent is now a part of social wage, as it subsidizes the income of the grassroots. It is only when PRH rent is kept at a low level that the livelihood of the grassroots can be secured and the smooth operation of society as a whole assured.

Madam President, as a matter of fact, PRH tenants have paid extra rent to the HA over the years. Since extra rent was collected through the old mechanism, it is only right that a rent reduction is implemented through the old mechanism. With respect to the bill, we object to the removal of the requirement for keeping rent at the 10% MRIR level as this is an important element to ensure that rent can be kept at a reasonable level. Even with the introduction of a new mechanism by the Administration, this provision should not be removed.

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

Deputy President, 10 years after the reunification, "wage earners" are generally suffering from layoff and wage cut. The Government must expeditiously put in place initiatives for rent reduction with a view to alleviating the burden of PRH tenants.

With these remarks, I support both the original motion and the amendment. However, I think it will be extremely difficult for today's motion to be passed. The atmosphere in the corridor is strained as many of the "paparazzi" of the Government are trying to "secure votes". Is it necessary to spend so much public money on a motion concerning the livelihood of the people? Is it necessary to use so much manpower to "secure votes" (*the buzzer sounded*).....

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

MR WONG KWOK-HING (in Cantonese): How unfortunate.

MR LEE CHEUK-YAN (in Cantonese): Deputy President, I am very pleased to see that you are sitting here in the Chamber because I would like to raise a matter with the House Committee for discussion and it is related to today's question. But still, I will formally raise the matter with the House.

Deputy President, the Government is actually fostering an undesirable trend of playing the "bundling" game and turning members of the public into hostages. This has happened to two pieces of legislation before. You, Deputy President, were Chairman of the Bills Committee studying one of the pieces, which was related to the two railway corporations. It was clearly set out in the legislation that fare reduction was possible only after the passage of the legislation. In other words, so long as the legislation was not passed, the MTR Corporation Limited and Kowloon-Canton Railway Corporation would not reduce their fares.

One day, *Ming Pao* suddenly carried a report that, according to sources well placed, the public suffered a loss of \$5 million or so daily. Hence, the Legislative Council was put into a difficult position and the public were turned into hostages. Likewise, Secretary Michael SUEN is resorting to tricky manipulation of power. Why are you bundling up rent reduction with this bill for no reason at all? Similarly, you are holding PRH tenants as hostages and using rent reduction as a threat as you have once indicated that no rent reduction will be effected if the bill is not passed by this Council. Such an approach is identical to the one employed for dealing with the legislation relating to the two railway corporations.

Deputy President, this is why I wonder if the Government is fond of power manipulation because, besides the legislation relating to public housing, two pieces of legislation have also resorted to holding Members of this Council to ransom. It has also been indicated that, if this piece of legislation is not passed, no rent reduction will be effected within the portfolio of Secretary Michael SUEN. I find the entire undesirable trend extremely unreasonable. In my opinion, this matter should be raised in the House Committee for discussion.

How can we allow the Government to attach a prerequisite each time when a bill is tabled to this Council — with respect to any matter conducive to the well-being of the public — such that legislative amendment will be bundled up together? This is grossly unreasonable.

Deputy President, the request for rent reduction is not proposed today. Secretary Michael SUEN, you actually owe the PRH tenants a rent reduction for years. Why? Actually, Members should all understand that back in the year 1998, after the financial turmoil, Hong Kong's unemployment rate was very high — I have to remind the Secretary and the public that the highest unemployment rate was 8.3% back then, and wages also fell sharply by 30% to 40%. With the unemployment rate standing at more than 8%, coupled with the impact caused by SARS, deflation stood between 5% and 6%. Is it fair that the HA has never reduced rent?

Actually, we should not wait until today to discuss the issue being discussed now. Instead, this should be done after 1998 when the people of Hong Kong were badly hit by deflation, unemployment and sharp falls in wages. The HA and the Government back then should have already done so. This is why the Secretary has owed the tenants a rent reduction for years.

The Secretary might probably ask if only rent increase, but not rent reduction, is allowed by law. This issue was also mentioned by some colleagues earlier. However, if Members refer to the ruling made by the Court of Final Appeal, they will find that it is very clearly stated that, among other things, rent reduction is absolutely permissible under existing legislation. Therefore, rent reduction is not prohibited by the law. Secretary Michael SUEN, no word on rent reduction has been spoken by you until now. Actually, you have paid no regard to a motion calling for rent reduction which was previously passed in this Council. Today, deflation has already turned into inflation, and yet you have still taken no action.

Now, we are merely asking you to do what you ought to by repaying the debt owed to PRH tenants. Given that you did not do so back then, why are you still refusing to do so now? Now the Secretary has even chosen to bundle up the two issues. Hence, we have to express our great dissatisfaction. We also feel that the Government has to do justice to PRH tenants. Members should bear in mind that PRH tenants involve 680 000 households. Nearly half of the

population of Hong Kong are PRH tenants. The Government did not give them any assistance when they suffered badly from deflation and high unemployment.

Deputy President, what is laid before us today is the legislation on which a Bills Committee will be established this Friday to scrutinize the bill. It is stated therein that rent will be reduced by 11.6% on condition that the bill has to be passed. Should the bill be passed, however, the restriction that the amount of rent cannot exceed 10% of PRH tenants' MRIR will then be scrapped, meaning that the cap will then be removed. In other words, the legislation itself does not take into account the affordability of PRH tenants. The 10% restriction was actually imposed owing to consideration of tenants' affordability. The logic was that the rent would not be increased if it was so high that it was beyond the tenants' affordability. At present, the ratio has reached more than 14%, that is to say, the amount of rent represents more than 14% of PRH tenants' median household income. This is actually far beyond 10%. However, the Government has all along refused to reduce rent and ease the burden on the public. Not only has the Government refused to reduce rent, it has even chosen to bundle up the two issues and scrap this provision altogether with a view to establishing an automatic rent increase mechanism in the future.

The Secretary will probably say later that this is extremely fair, for the rent will be determined on the basis of the tenants' income by comparing the income of the tenants this year with that of the previous two years to ascertain the rate of increase before determining the level of rent. He will certainly say that it is fair for the Government to do so but then he will absolutely have given no consideration to the present legislation specifying the 10% restriction. This means that the rent will be automatically increased in the future. In that case, PRH tenants will enjoy a rent reduction in the short run, but bear with rent increases in the long run. Furthermore, the rent will continue to increase automatically without any control at all. This gives me an impression that Secretary Michael SUEN is treating the tenants to oil fish. While the fish might taste very delicious, the tenants might develop diarrhea after eating it. The Secretary might now offer the tenants a rent reduction of 11.6% to probably give them an impression that the offer is attractive. After several years, however, they will develop diarrhoea, and their money will keep going to the Secretary (*the buzzer sounded*).....

DEPUTY PRESIDENT (in Cantonese): Mr LEE Cheuk-yan, your speaking time is up.

MR LEE CHEUK-YAN (in Cantonese): So we hope the Secretary will take this oil fish back.

MR JAMES TIEN (in Cantonese): Deputy President, Mr Tommy CHEUNG has, on our behalf, expressed the views of the Liberal Party on today's subject of granting rent reduction or rent remission to PRH tenants. Deputy President, insofar as this issue is concerned, we think that the Government should consult the tenants or examine public opinion. This is the only point I would like to add.

During the period between 31 January and 4 February (that is, between last Wednesday and Sunday), the Liberal Party successfully interviewed by telephone 1 277 local residents aged above 18, with nearly 46% of them being PRH tenants. The first question they were asked was very simple: Is a rent reduction of 11.6% acceptable? Of all the local residents interviewed by us or the 1 277 respondents, 69% considered it acceptable. 72%, an even higher percentage, of the PRH households considered the 11.6% rent reduction acceptable. Only 14% of all households in Hong Kong and 13% of the PRH tenants considered the reduction unacceptable.

The second question we asked was: Is a one-month rent remission acceptable? Of all the replies given by local households, 76% considered it acceptable. We were also greatly surprised to find that up to 86% of all the replies by PRH households indicated that the remission was acceptable. Only 17% of all households and 9% of the PRH households considered the remission unacceptable.

The last question we asked concerned the implementation of a rent adjustment mechanism according to the income of households and their affordability. It was considered acceptable by 70% of all the households and 60%, a lower percentage, of the PRH households, and considered unacceptable by 22% of all the households and 30% of the PRH households.

The Liberal Party considers that the public survey has two main features: First, the number of people accepting the HA's proposal is more than those opposing it. Second, the percentage of PRH tenants accepting the HA's proposal is higher than the overall percentage. In our opinion, even the PRH tenants, who are affected most, consider the proposal reasonable and acceptable. We can see that the public opinion is very clear, that most people agree with the

Government. At present, the median rent to income ratio of PRH households is 14.8%, while the rent to income ratio of private housing tenants reaches 25% or 31%. After this rent reduction, 70% of the PRH tenants pay a monthly rent of only \$1,500 or below. A further rent reduction or remission will therefore be unfair to non-PRH tenants. PRH tenants might probably have noticed this too. This explains why the findings of the public survey show that PRH tenants consider the proposal acceptable.

The Liberal Party has acquired the data quoted earlier through interviewing the public, and we do heed public opinion. We will therefore support the Government's course of action. Hence, we will vote against the original motion and the amendment. Thank you.

MR RONNY TONG (in Cantonese): Deputy President, the investment return of the Exchange Fund in 2006 was over \$100 billion. Many people think that its Chief Executive, Mr Joseph YAM, has great flair in financial management and investment. However, I believe that the Housing Authority (HA) is the one with the greatest financial flair.

I remember that two years ago, the HA was moaning about being poor as a church mouse and listed its assets in the stock market on the cheap to realize \$30 billion. Only two years down the line, the HA has changed from claiming to be nearly broke to having an estimated cash balance of as much as \$52 billion by the end of this financial year in March. In 2010-2011, the balance will even be as high as \$69.9 billion. Not only does the HA have great financial flair, its flair in feigning to be poor is even more supreme!

The HA is feigning to be poor, but the 680 000 PRH tenants throughout Hong Kong are genuinely poor. Just as Mr Frederick FUNG pointed out in the wording of his motion, from 1998 to 2005, the income index of PRH households had dropped by about 15% while their median household monthly income had dropped by more than 20%. However, the HA has steadfastly refused to reduce the rent for many years and was even prepared to go so far as to fight a battle with PRH residents in Court.

Eventually, after a great deal of frustration, the HA is finally willing to offer rent remission for one month. As regards rent reduction, the Government has asked the Legislative Council to support the amendments to the Housing

Ordinance and unfetter it from the cap relating to the median rent-to-income ratio before it will reduce the rent by 11.6%. Such a course of action is tantamount to holding the Legislative Council to ransom and is really unacceptable.

If the HA offers rent remission for one month, it will only have to forego \$900 million and it will only forego \$1.4 billion each year if the rent is reduced by 11.6%. Given that the HA holds over \$50 billion in cash, it is financially more than capable of granting tenants a greater rate of remission rent.

However, not only has the HA not striven to relieve the burden borne by its tenants, instead, it is using the cash in its hand to speculate on stocks and even proudly declared that its future investment strategy will be even more aggressive and will change from using time deposits and bonds as its mainstay to investing a quarter of its capital in stock markets worldwide, in the hope of getting an annual investment return of 6%, which is on a par with that of the Hong Kong Monetary Authority. May I ask since when the function of the HA has changed from being a public organization that meets the need of the lower class for housing to a speculator pursuing investment return?

What is even more outrageous is that the HA even continues to feign being poor by maintaining that the surplus Home Ownership Scheme flats will all be sold out three years later and that in each of the three financial years after 2008, a deficit of \$2 billion on average would be recorded in its operation in respect of PRH. For this reason, it has refused to offer a greater rent remission, whereas it just skimmed over the fact that it possesses tens of billions of dollars in cash. A maxim of a late President of the United States, Abraham LINCOLN, is that "you can deceive some of the people all the time, and all the people some of the time, but you cannot deceive all the people all the time". Does the HA think that it is capable of deceiving all Hong Kong people all the time?

As regards the rent adjustment mechanism, the Civic Party believes that the requirement under the existing mechanism that the rent level cannot exceed 10% of the median household monthly income of tenants indeed seems to lack flexibility, however, the new mechanism must comply with some principles, including:

- (1) the new mechanism must be able to reflect accurately the affordability of tenants rather than being a pretext for the HA to increase rent;

- (2) the income index that reflects the affordability of tenants must be reasonable and the method of calculation must be highly transparent; and
- (3) consideration should be given to the introduction of a grading system designed to determine the level of rent according to the actual affordability of individual tenants, so that low-income tenants will not have to bear an even heavier burden because of rent increases and there will not be any stigmatization effect.

Finally, the Civic Party believes that the cap on rent under the mechanism must be retained and the actual level is of course open to discussion. For example, it can be prescribed that the rent cannot exceed a certain percentage of the median household monthly income of tenants, so as to set a barrier to prevent the HA from increasing rent rampantly. Each time when the HA reviews the PRH rent, the new rent level can be adjusted according to the mechanism if it is below the ceiling. However, if the new rent level exceeds the ceiling, tenants only have to pay the ceiling rent. It is only with this kind of protection that tenants will have peace of mind and will not have to worry about rent increases.

Deputy President, the Lunar New Year is coming. Chinese people love to talk about "have a comfortable abode and working happily". Deputy President, this saying is very meaningful, as it is necessary to be able to have a comfortable abode before one can work happily. At this time when the Government is droning about and floating all sorts of grand plans to develop the economy, it should not forget that the housing needs of the people, particularly the housing needs of the lower class, is a fundamental responsibility of a government. I take this opportunity to wish all Hong Kong people that they will have not only a comfortable abode but also a happy job in the new year.

Thank you, Deputy President.

DR FERNANDO CHEUNG (in Cantonese): The controversy over the rental policy for PRH has raged on for many years and the other day, the Government finally tabled the relevant amendment bill to the Legislative Council for First Reading. In fact, various political parties and civil groups still hold many different views on the proposals relating to the rental policy for PRH of the Housing Authority (HA). The HA, thinking that it is wielding the imperial sword of "an across-the-board reduction of 11.6% in rent and a one-month rent

remission", believes that the amendment bill will be passed smoothly and this is just the same as haggling with the public and the Legislative Council while holding the excess rent that it has collected.

As early as the second quarter of 2000, the rent already exceeded the 10% MRIR for PRH tenants. By the second quarter of 2006, this figure has risen to 14.8%. Therefore, the ground for rent reduction has in fact existed long ago. Besides, whether the rent should be reduced has nothing to do with the issue of whether the mechanism for determining rent should be formulated anew. Therefore, this motion moved by Mr Frederick FUNG today is a timely reminder to the HA that this measure of reducing rent and granting rent remission is not a favour that it bestows on PRH tenants, but only a reasonable request made by PRH tenants.

Before discussing the rental policy for PRH, we should understand the role played by PRH in society. PRH has all along been an important social policy. In the late 1950s, the measures relating to PRH complemented the development of light industries at that time by providing a great deal of stable and cheap labour, thus enabling the economy to take off rapidly. Later on, with the implementation of the high land price policy by the Government, soaring property prices made it very difficult for the public to buy their own homes, so PRH helped preserve the purchasing power and quality of life of grass-roots families and the economy was able to maintain its robust growth. Many people in the middle class nowadays were PRH residents when they were small. This shows that PRH has promoted social mobility and performed the function of stabilizing society.

In recent years, the trend of impoverishment among PRH tenants is increasingly obvious and the number of households receiving CSSA and rent assistance now accounts for 22% of all tenants. This reflects that the economic restructuring in the 1990s has made the lives of many workers at the grass-roots level very difficult, whereas elderly people have sunken into poverty due to a lack of retirement protection. PRH, as the last safety net for the poor, has safeguarded their basic right to housing, so social stability can still be maintained despite the disparity of wealth in society.

However, in 1988, the HA became self-financing and the era of the Government subsidizing PRH in fact came to an end then. The only remaining responsibility of the Government towards PRH lies in the provision of land. After nearly 20 years of change, the role of PRH in providing inexpensive

housing to grass-roots families has begun to change. At present, the rent paid by many PRH tenants is no longer cheap; not only can the rent collected by the HA from PRH tenants meet the expenses incurred by repairs, maintenance and management, the surplus in the business accounts of the Rental Housing operation of the HA also reached \$467 million in 2005-2006. Furthermore, the HA is a mammoth in possession of a total surplus of \$50 billion. The financial position of the HA is sound and robust, but the Government has still made use of the Housing Ordinance to introduce a mechanism that will make it easy to increase rent, so both of them have completely abandoned their initial mission in providing PRH.

In the past, it has all along been highly effective to use the median household monthly income of PRH tenants as the tool to assess tenants' affordability and this has helped maintain the rent at a relatively stable level. However, under the new mechanism, the rent can fluctuate freely after reference is made to the changes in the income of PRH tenants, so when there is a disparity of income among households, the level of rent will fluctuate greatly. For households whose income is lower than the overall income of all households, if the HA removes the ceiling of rent increase, the rent will become far beyond the affordability of these low-income tenants.

Although the Court of Final Appeal eventually ruled that the present requirement in the Housing Ordinance that the rent cannot exceed the 10% MRIR is only applicable to rent increases but not to rent reductions or rent freezes, the Ordinance in fact only limits the rate of rent increase but do not impose any requirement on the HA to reduce rent when appropriate. Even Secretary Michael SUEN, who is present today, has also expressed his agreement that the ruling of the Court of Final Appeal did not pose any obstacle to reducing the rent.

At present, the threshold for eligibility to the Rent Assistance Scheme is a household income equivalent to the MRIR of 20%, however, the HA has gone so far as to say that this percentage can also be used for the rent ceiling under the new mechanism. However, eligibility for the Rent Assistance Scheme is in fact based on compassionate grounds and after a tenant has applied for assistance for three years in a row, the Housing Department can request him to move to a unit charging cheaper rent, so this is obviously a transitional arrangement, whereas the rent-to-income ratio is a statutory ceiling for rent and a condition that the HA must take into consideration when determining rent. They are two completely

different matters. However, the HA has gone so far as to use this to confuse people about the ceiling for rent, so it seems the facts have somewhat been distorted.

The rent of PRH has to do with the interest of 645 000 PRH tenants throughout Hong Kong. At present, since various parties still hold different views on the new mechanism, I believe we can continue to discuss it, however, there is no obstacle now that prevents the HA from reducing the rent. Therefore, we believe that before a broad-based consensus can be reached on this new mechanism, the Government should still implement the measure of rent reduction and rent remission to compensate PRH tenants for the excess rent that they have paid over the years.

Deputy President, I so submit.

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

MR JAMES TO (in Cantonese): Deputy President, I will speak very briefly. Reducing the rent is to rectify the wrongs done. It goes back to the original starting point and returns the overcharged rents. Any attempt to remain adamant and refuse to reduce the rent, or to use the enactment of new legislation as a prerequisite for rent reduction, or to reduce rent by a rate which cannot reflect sufficiently the changes taken place over the past few years, is an act of a rascal. If the Government should do this, it is shameless.

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): If no other Member wishes to speak, Mr Frederick FUNG, you may now speak on Miss CHAN Yuen-han's amendment. Your speaking time is five minutes.

MR FREDERICK FUNG (in Cantonese): Deputy President, I support Miss CHAN Yuen-han's amendment mainly because of several reasons.

First, the Hong Kong Housing Authority (HA) has not reduced rent over these years. The reason for not doing so, according to my understanding, particularly from my conversation with officials of the Housing Department (HD) over these years — I am referring to the time before the ruling of the Court of Final Appeal (CFA) — is that they said to me, "Frederick, the rent cannot be reduced. Any reduction, once made, will be up to the 10% cap because the rent adjustment cannot exceed the 10% MRIR. Reducing the rent to up to the 10% cap will be a large amount of money. We cannot afford it."

(THE PRESIDENT resumed the Chair)

However, the Judge of the CFA has now made it very clear that the provision on the 10% MRIR cap in the Ordinance only regulates rent increases, it does not provide for rent reduction. It thus has no bearing on how much rent the Government reduces, no matter it is \$1 or \$1,000. In times when the Government increases the rent, however, as the 10% MRIR cap now prevails, the rent increase cannot exceed 10%. This is my understanding of the CFA's ruling. Nevertheless, before the CFA's ruling was made, in my discussion with other HD officials, they had said that they could not lower the rent because any rent reduction would be a grave matter. This is the first point. I thus hold that without this legal restraint, the HD will no longer have such a restriction on rent reduction. Hence, whether the Ordinance is amended, and when or whether we will pass the amendment bill tabled by the Government are utterly irrelevant to rent reduction or remission.

The outstanding problem is thus the reason why the Government is, to date, still unwilling to reduce rent. I reckon there are a few possibilities, one of which is, as I have mentioned just now, that it thought it could not reduce rent, but in fact, it could.

The second possibility is financial reason. As Members may well know that the HA, since a few years ago, has been repining at its poor state of finance, and to such an extent that before the initial public offering of The Link REIT, it even said that it was on the brink of bankruptcy. Of course, I will not deny that it is a fact, but another fact right now is that, to date, the HA already has more than \$50 billion in surplus, and it even claimed that the surplus would reach nearly \$70 billion in a few years' time. In other words, the HA predicts an upward trend in its finance.

Expressing it in money terms, even if we reduce the rent by 15%, as mentioned just now, we are just talking about \$3-odd billion; while a one-month rent remission will cost \$900 million and a two-month rent remission will cost \$1.8 billion — not to mention that this \$1.8 billion is only one-off, the 15% rent reduction is conversely of a longer term; but even for the long term, this will only cost \$3-odd billion. Compared with the over \$50 billion surplus of the HA now, which may reach \$70 billion in a few years' time, this is as little as a chick compared to the cow-sized surplus. Hence, the HA's finance should also not be a problem.

In brief, I hope that Miss CHAN Yuen-han's amendment can win Honourable Members' support because her amendment — please do not be misled by the HD, the HA or the Government (including the Secretary himself) into believing that the amendment bill must be passed before rent can be reduced and *vice versa*. In fact, the rent can be reduced as long as the Government is willing to do so.

There then remains the third reason, which may well be whether the Government is willing to do so or not. Willingness is an issue very political in nature. It is up to the Government's political wits and determination to deal with this political issue.

The Secretary openly stated before the CFA's ruling that he would implement some relief measures to alleviate the pressure of PRH tenants in relation to rent. I have, however, pursued this with the Secretary as well as other Members, but the Secretary stated that the lowering of the rent-to-income ratio threshold from 25% to 20% of the Rent Assistance Scheme (RAS) last year was already a relief measure. May I ask the Liberal Party to conduct a survey on whether this is a measure to alleviate the pressure of PRH tenants in relation to rent, and how many people are aware that this is for alleviating such pressure? In our opinion, we beg to differ because only some 20 000 PRH tenants are eligible according to the requirement and have the ability to apply, while the overwhelming majority of them cannot do so. Hence, in respect of the relaxation on the RAS, there is a great gap between what the Secretary has said and what the public has envisioned from what he said. It is too great a gap indeed.

I hope what is left to decide politically is whether or not a two-month rent remission and a 15% rent reduction can be granted. The proposal of a rent

reduction by 15% to 20% is in fact well founded, for all of the figures were provided by the HD and the HA. I thus hope Honourable Members can support Miss CHAN Yuen-han's amendment.

Thank you, Madam President.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I would like to thank Mr Frederick FUNG and 12 other Honourable Members for their speeches and giving us valuable opinions on this issue of granting rent remission and reduction to PRH tenants. In particular, I would like to extend my thanks to Mr James TIEN, Chairman of the Liberal Party, for providing us with the findings of the latest opinion survey. If everyone is attaching so much significance to public opinions, then this survey must have given us a very solid reference in our consideration of today's motion.

Mr Frederick FUNG requested the Housing Authority (HA) to expeditiously grant rent reduction and remission to compensate for the extra amount of rent that PRH tenants had paid at a time when the economic prospects were uncertain. I must point out that the Court of Final Appeal (CFA) has already explicitly ruled that, under the Housing Ordinance, the HA does not have any statutory responsibility to regularly review and adjust PRH rents to ensure that the MRIR does not exceed 10%. Therefore, the issue of PRH tenants having paid extra rent in the past few years absolutely does not exist. The CFA has made it very explicit in its ruling that the 10% ceiling of MRIR was applicable only when the HA introduced rent increases, and it was not applicable to any decision on rent reduction. Therefore, the existing legislation only imposes restrictions on rent increases, but it is unable to provide the HA with any objective and feasible mechanism, nor can it determine the timing when a rent reduction has to be introduced or the level of reduction.

In spite of this, the HA still introduced a series of measures to assist the tenants to overcome their financial difficulties in the past several years. Such measures include freezing the rent in 1998 and 1999, waiving the rent for the month of December 2001 and reimbursing the amounts involved in the four rates waivers implemented by the Government between 1998 and 2003. Besides, the HA twice relaxed the eligibility criteria substantially for applications under the Rent Assistance Scheme in 2002 and 2005, thus enabling households whose rents exceed 20% of their income to apply for rent reduction by 25% or 50%. If tenants have long-term financial difficulties, they may also apply for

Comprehensive Social Security Assistance (CSSA). In such cases, the rents will be paid by the Government. At present, the Rent Assistance Scheme and the CSSA Scheme have already provided a very effective additional safety net for about 22% of all PRH tenants.

The ruling of the CFA had highlighted the serious inadequacy of the MRIR in adjusting PRH rents. In this connection, the HA had established in 2001 an ad hoc committee to conduct a comprehensive review of the PRH rent policy. In more than five years, the ad hoc committee had explored all issues related to PRH rents in an in-depth manner and consulted people from all walks of life in society. The ad hoc committee had put forward a most significant proposal in advocating the introduction of a rent adjustment mechanism which allows both upward and downward adjustments to better reflect the affordability of PRH tenants. Under this mechanism, the HA will be able to determine the rent adjustment level according to the changes in the family incomes of PRH tenants. In other words, the HA may introduce rent increases only when the overall family income of PRH tenants has increased, and the rent increase level will be in line with that of increase in the tenants' income. On the contrary, when the overall income of PRH tenants drops, the HA will also need to reduce the PRH rents according to the level of reduction in their income.

In order to implement the new rent adjustment mechanism which adopts the income of PRH tenants as its foundation, I already tabled the Housing (Amendment) Bill 2007 to the Legislative Council last month, so as to delete the provision specifying the ceiling of the MRIR, and to propose introducing new provisions to strictly regulate the operation of the new mechanism.

In his motion, Mr Frederick FUNG also "urges the HA to expeditiously reduce the rent by 15% to 20% in accordance with the level of reduction in the income of PRH tenants, and grant a two-month rent remission." In fact, the HA has agreed that by the time the new rent adjustment mechanism is implemented, it will adjust PRH rents to a suitable level that is acceptable to the public, so as to enable the new mechanism to operate fairly and effectively from a reasonable starting point. The crux of the problem is: How can we work out a new rent starting point at a suitable level that is acceptable to the public? Mr FUNG proposes to adopt the level of reduction in the MRIR during the period from 1998 when rent increases began to be suspended, to 2005, as the level for the PRH rent reduction? With regard to this calculation formula, I really cannot agree to it.

The operating expenditure of PRH exceeds \$12 billion annually, and is the largest expenditure item on all the accounts of the HA. All along, the recurrent expenditure of housing estates is mainly met by the collection of rents from public housing. Section 4(4) of the Housing Ordinance specifies that the HA has the statutory responsibility to ensure that the revenue generated from the estates should be adequate for meeting their recurrent expenditure. Each percentage point of rent reduction will result in a reduction of the HA's rental income by about \$120 million. Therefore, in determining the new rent starting point, we should not act recklessly and hastily. On the contrary, we must work out the calculations with reference to the principles of objectivity and sufficient justifications.

The HA thinks that the income index of PRH households, which shall be used for adjusting rents under the new mechanism, should be adopted as the basis for working out the new rent level. This will ensure the continuity and uniformity of the overall rent adjustment mechanism. The HA disagrees with the adoption of the median PRH household monthly income as the basis of calculation mainly because the change in value of such a median monthly income within a specified period of time will, similar to the case of MRIR, often be subject to the influence of many external factors, thus failing to faithfully reflect the actual changes in their income during that period of time. For example, even if the income of individual households remains unchanged, the median monthly income may still drop only because of the increased number of small families moving into public housing. On the contrary, through excluding the impact of the changes in the population distribution of the tenants, we can adopt the income index to work out, by way of some statistical methods, the changes in the "pure incomes" of PRH tenants as a whole during a specified period of time, thereby providing a more objective and accurate index for gauging the changes in the incomes or affordability of PRH tenants.

With regard to which year or which specific period should be chosen as the "benchmark year", the HA has considered the following different proposals. At present, the rents of PRH flats have not been adjusted since three specific years, namely, 1995, 1996 and 1997, each of which accounts for about one-third of all PRH flats. In theory, a most reasonable and objective approach is to introduce different rent adjustment levels to individual PRH units in accordance with the changes in the income index of PRH households since the three specific years. However, based on this proposal, then PRH flats with the last rent adjustment in 1995 should be subject to a rent increase of 2.8%, whereas those

with the last rent adjustments in 1996 and 1997 should see their rents reduced by 5.2% and 11.6% respectively.

Eventually, the HA has decided to adopt a more lenient calculation approach, that is, based on the level of change in income index since 1997, the rents of all PRH flats are uniformly reduced by 11.6%, which will then serve as the starting point for the operation of the new rent adjustment mechanism. In adopting 1997 as the "benchmark year", we have also taken into consideration the rents of newly completed estates, which are determined at the "frozen" level in 1997. The 11.6% rent reduction will also apply to new housing estates that will be gradually completed.

Mr FUNG proposes to adopt the change in the income of PRH households between 1998 and 2005 as the calculation reference for adjusting PRH rents. We think this is unreasonable.

Regarding the timing for implementing the new rent starting point, as I said in moving the Second Reading of the Housing (Amendment) Bill 2007, the HA will immediately reduce the rents by 11.6% once the Bill is enacted after the three Readings by the Legislative Council. We think that it is safer for us to implement the new rent adjustment mechanism and the new rent starting point at the same time. If we act according to Miss CHAN Yuen-han's amendment, that is, the HA should hastily implement rent reduction arrangements before the HA is able to confirm that the existing Housing Ordinance can be suitably amended to enable effective implementation of the new rent adjustment mechanism, then it will not only affect the long-term financial conditions of the HA, but even affect the sustainable development of the overall public housing programme.

Regarding tenants' request for the early implementation of the short-term rent remission measure before the actual implementation of the new mechanism and the new rent level, the HA has already responded to it proactively. The HA has decided that, with the exception of tenants paying extra rents, all PRH tenants are not required to pay the rent for the month of February 2007. The one-month rent remission will cost about \$1 billion in rental revenue to the HA. If the rent remission period is extended to two months, the HA will have to shoulder a loss of nearly \$2 billion in rental revenue. In fact, the public has generally accepted the one-month remission arrangement, as indicated in the public opinion survey we have heard just now.

The Government tabled the Housing (Amendment) Bill 2007 to the Legislative Council last month. We shall discuss the new rent adjustment mechanism and the Bill in even greater detail with Members in the Bills Committee. We hope the Amendment Bill can be passed in the Legislative Council as soon as possible, so as to enable the implementation of the new rent adjustment mechanism and the 11.6% rent reduction, thereby achieving a win-win situation.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Miss CHAN Yuen-han to Mr Frederick FUNG's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Miss CHAN Yuen-han rose to claim a division.

PRESIDENT (in Cantonese): Miss CHAN Yuen-han has claimed a division. The division bell will ring for three minutes, after which the division will begin.

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

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

Functional Constituencies:

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr WONG Kwok-hing, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Dr Raymond HO, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Dr Joseph LEE, Mr Daniel LAM, Mr Jeffrey LAM, Mr CHIM Pui-chung and Prof Patrick LAU voted against the amendment.

Geographical Constituencies:

Mr Albert HO, Mr Martin LEE, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Kong-wah, Ms Emily LAU, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr CHEUNG Hok-ming, Mr Ronny TONG and Mr Albert CHENG voted for the amendment.

Mr James TIEN voted against the amendment.

Mr Fred LI abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 25 were present, nine were in favour of the amendment and 16 against it; while among the Members returned by geographical constituencies through direct elections, 21 were present, 18 were in favour of the amendment, one against it and one 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 negated.

PRESIDENT (in Cantonese): Mr Frederick FUNG, you may now reply and you have six minutes six seconds.

MR FREDERICK FUNG (in Cantonese): President, after listening to the speech made by the Secretary, I think there are mainly three points which I am at

variance with the Secretary. First, the Secretary concurs very much with the opinion poll cited by Mr James TIEN. I have not yet had a chance to learn about the details of that opinion poll. I do not know if it was conducted in a scientific manner or just one which views were sought from a group of people. It is because they would vary in representativeness. A scientific opinion poll is normally carried out by a third party and there is no indication of any political stand or attitude in it. If the Liberal Party has its own stand and it conducts its own opinion poll, then we would not know if the questions asked in the poll would have any inclination or if they are inclined towards anything. It follows that the representativeness of opinion polls is a subject worth our discussion. Of course, I am not going to talk about that particular opinion poll today, so I am not going to consider that particular opinion poll as an index of any great significance, unless.....

MR JAMES TIEN (in Cantonese): President, I request that a clarification be made on the point made earlier by Mr Frederick FUNG about me.....

PRESIDENT (in Cantonese): Do you wish to ask Mr Frederick FUNG to clarify his remarks or do you wish to clarify the remarks you made earlier? If it is the latter, I would ask you to speak later.

MR JAMES TIEN (in Cantonese): Yes. I wish to clarify the remarks I have made.

PRESIDENT (in Cantonese): All right. I will ask you to speak later.

MR JAMES TIEN (in Cantonese): Fine.

PRESIDENT (in Cantonese): Mr Frederick FUNG, please continue.

MR FREDERICK FUNG (in Cantonese): Therefore, before we are certain about the scientific nature of that opinion poll, we can only consider it as reference material and a not very significant reference as well.

The second question is: Should there be a rent remission of one month or two months? The Secretary says that this is not a requirement in law because rent remission is already a great grace granted by the authorities and there is no requirement in law that rent must be remitted. He also says that since the Government has already proposed a one-month remission, so why there is still a demand for a two-month remission of rent. According to our estimates, a two-month remission would incur a loss in the region of \$1.8 billion to the HA and the sum as worked out by the Director is \$2 billion. When I spoke earlier, I often said that it was sensible. It remains of course, that it is a matter for the Secretary or the Government to consider if this is something which should be heeded and taken on board.

As we look back over the past eight years, that is, the seven or eight years from 1998 to 2005 that we have always been talking about, rents for private-sector commercial buildings were indeed reduced and rents for private-sector residential buildings had been reduced on two or three occasions. In other words, during this eight-year period, there was a reduction in rents almost every time when a contract had expired. Even commercial tenants of the public housing estates had their rents reduced twice during that period. The only exception is PRH tenants and there was not even once when their rents were adjusted. If leases cover two or three-year periods, then there had been at least two occasions which rents were adjusted. If rents are reduced upon each occasion when the lease expires, a rent remission for two months would be like reducing the rent twice. This can be considered sensible. In addition, if calculations are done according to my data, there was a reduction of some 15% to 20% in both the income index of PRH households and their median household monthly income. This is roughly the equivalent of rents for two months. So a two-month rent remission is reasonable. The conclusion has been drawn on these figures and logical deduction. I therefore think that the figures are reasonable.

The third greatest point of variance and it is actually also the most important one is that which year should be taken as the starting point for rent remission. This is the greatest difference. The Government says that the year 1997 should be taken as the starting point because the rent of PRH during these few years was adjusted upwards or downwards on three or four separate occasions. One was one-third in 1995. The other was one-third in 1996 and there was also one-third in 1997. The last occasion was in 1997. When it came to 1998, there was the issue of whether or not rent dated back to 1995

should be adjusted for an increase. The decision reached at that time was that rent was to be frozen. The Secretary has said that the year 1997 should be taken because on that occasion in 1997, there was an increase in the rent of PRH.

Then why do I say that the year 1998 should be taken as the starting point for rent reduction? This is because the authorities have not increased the rent since 1998. Why was the rent not increased? This is of course due to reasons that appeared in 1998 that led the authorities to think that even if rent could be increased and would be increased at that time, there should not be any increase in rent. There are just a few reasons for that. There are just two reasons as a general rule. One of them is the economic factor. At that time, the authorities began to see that the economic outlook was not that good and people's income was falling, so more pressure would result if rent was increased. Therefore, the HA thought that even if rent could be increased and should be increased at that time, a decision was made not to do so.

The second possibility may be the political factor. At that time, Hong Kong was caught in the financial turmoil and so many sectors in Hong Kong had been badly hit and if rent was to increase, would this be a move that is politically speaking not sensible, appropriate or wise? Therefore, the authorities did not raise the rent of PRH.

So I will take the year in which no increase was made in rent as the starting point because the authorities decided not to increase the rent in that year. The authorities thought that no increase in rent should be made for it would reduce the level of income of PRH tenants. If they make \$5,000, an increase in rent by \$1 would mean \$1 taken from their income. If rent is increased by \$100, there would be \$100 less in the disposable income of \$5,000. When no adjustment is made to the rent for that particular year, in other words, the rent for that year, that is, the old rent, would be pegged with the income of the PRH tenants in 1998. In the opinion of the authorities, it was acceptable and so no adjustment was made and the rent was not increased. Since no increase in rent was made in that year and as the law we have now requires that rent is to be determined according to the level of income of PRH tenants, if the income of PRH tenants was pegged with the rent in that year and no adjustment was made, the authorities should use that particular year as the starting point and work out the level of reduction in rent up to 2005. This therefore accounts for the difference between me and the Secretary. He says that it should be 11.8% and we say that it should be 15% or 20%. We still think that it would be reasonable to use 1998 as the starting point. These three points are what we think the greatest

difference between us and what is said in the speech made by the Secretary earlier.

I also hope that Honourable colleagues can think about what I have just said, that is, we are not doing this to please the PRH tenants and we are not saying that a reduction in rent of a greater rate than that proposed by the Government should be made before it can be called reasonable. Likewise, we are not calling for a two-month rent remission because we want to demand more from the Government now that it says that a rent remission of one month would be granted. More so we are not trying to please anyone. No, not at all. Members have listened to the speech which I have just given as well as those delivered by other Honourable colleagues, they will find that all of these speeches are based on facts. Not only are the facts and figures given, but that the year to be adopted as the starting point is also given. For these considerations, I hope Members can support my motion. Thank you, President.

PRESIDENT (in Cantonese): Mr James TIEN, please clarify the part of your speech which you think has been misunderstood by Mr FUNG.

MR JAMES TIEN (in Cantonese): Yes. Thank you, President.

Just now Mr Frederick FUNG criticized the opinion poll conducted by the Liberal Party as firstly, unscientific; and secondly, he considered that the results were predetermined by the view held by the Liberal Party.

President, let me repeat the questions because Mr Frederick FUNG was not in the Chamber when I spoke earlier. Our first question was.....

MR FREDERICK FUNG (in Cantonese): President, I was in the Chamber throughout his delivery.

MR JAMES TIEN (in Cantonese): "Can you accept a rental reduction of 11.6%?". It was just this simple. The second question was: "Can you accept a one-month rent remission?", and there was neither a preamble nor a postscript. I wonder if these can be considered as leading questions or unscientific. Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Frederick FUNG 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 Frederick FUNG rose to claim a division.

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

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

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

Functional Constituencies:

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr WONG Kwok-hing, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the motion.

Dr Raymond HO, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Dr Joseph LEE, Mr Daniel LAM, Mr Jeffrey LAM, Mr Andrew LEUNG and Prof Patrick LAU voted against the motion.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Kong-wah, Ms Emily LAU, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LEE Kwok-ying, Mr LEUNG Kwok-hung, Mr CHEUNG Hok-ming, Mr Ronny TONG and Mr Albert CHENG voted for the motion.

Mr James TIEN voted against the motion.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 25 were present, nine were in favour of the motion and 16 against it; while among the Members returned by geographical constituencies through direct elections, 23 were present, 21 were in favour of the motion and one against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was negatived.

NEXT MEETING

PRESIDENT (in Cantonese): Members, you have very little time of your own amidst your busy work schedule normally, but as the Chinese New Year holiday is approaching, I hope you can, during this holiday, spend more time with your family and friends and do one or two things that you always wish to do but have not the time to do. *(Laughter)*

I now adjourn the Council until 11.00 am on Wednesday, 28 February 2007.

(Members tapped on the bench to express appreciation)

Adjourned accordingly at twenty-three minutes past Six o'clock.

Appendix I

WRITTEN ANSWER

Written answer by the Secretary for Education and Manpower to Ms Margaret NG's supplementary question to Question 2

As regards teacher training programmes related to law and order, legal education is highly important to our next generation. Through delivering the curriculum and subjects of different key learning areas, primary and secondary students of Hong Kong will learn some basic knowledge about law and order and be given opportunity to develop their values and attitudes in this aspect. For this reason, relevant legal knowledge and teaching points are included in our training programmes for teachers of various subjects. Furthermore, we also organize regular seminars related to law and order for teachers, such as the seminars on intellectual property.

In the drive for legal education, the leading role played by school principals cannot be neglected. Therefore, in the induction programme organized each year by the Education and Manpower Bureau for newly appointed principals, topics on law and order are also included. In this year's programme, the topics covered Education Ordinance and Education Regulations, the Code of Aid, Equal Opportunities in Education, honest and clean school governance, employment ordinance, and so on.

To help schools in promoting legal education on students, the Bureau also produced some relevant teaching materials for use by teachers, such as the Education Television programmes "守規則" and "好市民".