

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 4 July 2007

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE SIN CHUNG-KAI, S.B.S., J.P.

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

THE HONOURABLE WONG YUNG-KAN, S.B.S., 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, J.P.

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE CHOY SO-YUK, J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

THE HONOURABLE TOMMY CHEUNG YU-YAN, S.B.S., 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 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.

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

THE HONOURABLE ALBERT JINGHAN CHENG, J.P.

THE HONOURABLE KWONG CHI-KIN

THE HONOURABLE TAM HEUNG-MAN

MEMBERS ABSENT:

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

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

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

THE HONOURABLE CHIM PUI-CHUNG

PUBLIC OFFICERS ATTENDING:

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

THE CHIEF SECRETARY FOR ADMINISTRATION

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

SECRETARY FOR SECURITY

DR THE HONOURABLE YORK CHOW YAT-NGOK, S.B.S., J.P.

SECRETARY FOR FOOD AND HEALTH

THE HONOURABLE DENISE YUE CHUNG-YEE, G.B.S., J.P.

SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.S., J.P.

SECRETARY FOR LABOUR AND WELFARE

PROF THE HONOURABLE CEAJER CHAN KA-KEUNG, S.B.S., J.P.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE MRS CARRIE LAM CHENG YUET-NGOR, J.P.
SECRETARY FOR DEVELOPMENT

THE HONOURABLE EDWARD YAU TANG-WAH, J.P.
SECRETARY FOR THE ENVIRONMENT

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

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>
Waste Disposal (Charges for Disposal of Chemical Waste) (Amendment) Regulation 2007	133/2007
Interpretation and General Clauses Ordinance (Replacement of Schedule 6) Order 2007	134/2007
Designation of Museum (Fireboat Alexander Grantham Exhibition Gallery) Order	135/2007
Official Languages (Alteration of Text under Section 4D) (Miscellaneous) Order 2007	136/2007
Closed Area (Hong Kong Section of the Shenzhen Bay Bridge and Deep Bay Link Portion) Order (Commencement) Notice	137/2007
Shenzhen Bay Port Hong Kong Port Area Ordinance (Commencement) Notice	138/2007
International Organizations (Privileges and Immunities) (United Nations and Associated Personnel) Order (Commencement) Notice	139/2007
Fugitive Offenders (Safety of United Nations and Associated Personnel) Order (Commencement) Notice	140/2007

Other Papers

- No. 99 — Independent Commission Against Corruption
Hong Kong Special Administrative Region
Annual Report 2006

- No. 100 — Independent Commission Against Corruption
Complaints Committee
Annual Report 2006
- No. 101 — Sir Robert Black Trust Fund
Annual Report for the year from 1 April 2006 to
31 March 2007
- No. 102 — The Nineteenth Annual Report of The Ombudsman,
Hong Kong (June 2007)

Report of the Panel on Home Affairs 2006-2007

Report of the Panel on Financial Affairs 2006-2007

Report of the Panel on Welfare Services 2006-2007

Report of the Panel on Health Services 2006-2007

Report of the Panel on Environmental Affairs 2006-2007

ADDRESS

PRESIDENT (in Cantonese): Addresses. Mr CHAN Kam-lam will address the Council on the Independent Commission Against Corruption Annual Report 2006.

Independent Commission Against Corruption Hong Kong Special Administrative Region Annual Report 2006

MR CHAN KAM-LAM (in Cantonese): Madam President, as a member of the Advisory Committee on Corruption, I have the honour to table the Independent Commission Against Corruption Hong Kong Special Administrative Region Annual Report 2006 to Members here in this Council today.

Last year, the Independent Commission Against Corruption (ICAC) continued to adopt its three-pronged strategy of law enforcement, prevention and

community education to combat corruption, and the results yielded in many scopes are said to be satisfactory.

On law enforcement, corruption situation in Hong Kong remained under tight control. In 2006, a total of 3 339 corruption reports were received, which represented a decrease of 9% against 2005 and a drop for the fifth consecutive year. The number of pursuable reports stood at 2 658, accounting for 80% of the total number of cases reported in the year, a decrease of 9.7% from 2 946 reports in 2005. Among which, the percentage of non-anonymous corruption reports steadied at a high 73%, which exceeded the 68% in 1997, indicating that the public has trust and confidence on the ICAC, parades no tolerance towards corruption and is supportive of the work of the ICAC.

The ICAC continued to persevere to round up corrupt elements without fear or favour. Let me cite an example that can authenticate the commitment of the ICAC to the anti-corruption cause and justice. For the past 30 years, the ICAC has been incessantly pursuing a retired policeman suspected of possessing assets disproportionate to his total official emoluments, and \$140 million worth of assets was eventually recovered during the year. Last year, a total of 341 persons were prosecuted in 200 cases by the ICAC and the overall case-based conviction rate attained a record high at 88%. These efforts have sent a powerful deterrent signal to those contemplating corruption and worked out thoroughly the pledge of the ICAC in making corruption a high-risk crime.

Corruption prevention, which originates from good management, is gaining currency in the community. During the year, the ICAC continued to help various government departments and public bodies to reinforce their governance and reduce their exposure to corruption risks by providing anti-corruption recommendations. The ICAC had also completed a total of 96 corruption prevention reviews of public administration in various aspects, covering areas on environmental protection, public works, public housing, education, public procurement and law enforcement, and so on.

To address the concern of the public over the possible abuse of unskilled workers by government contractors under outsourcing contracts, the ICAC had rendered advice to the departments concerned on effective ways to prevent such exploitations. The ICAC has proactively provided anti-corruption recommendations to the Government on a number of Public Private Partnership schemes in the provision of large-scale public facilities to ensure that all the

procedures were consistent with the fair and impartial principle. The ICAC has worked closely with bureaux and departments concerned ensuring that, in taking forward new initiatives of the Government, the related procedures and practices would not give rise to opportunities for corruption and abuse.

Moreover, the ICAC provides free, confidential and tailor-made advice on corruption prevention to private sector organizations at their requests. During the year, the ICAC provided consultative services to private sector organizations concerned for a total of 366 times. It also promulgated the Best Practice Module on Travel Agent Operation for the tourism industry with a view to reducing the opportunities for corruption and malpractice in the industry.

On community education, the ICAC made continued efforts to consolidate the culture of probity among different strata of society. A host of preventive education programmes were also mounted during the year for selected targets in the public and the business sectors. The ICAC maintained co-operation with the bureaux concerned and organized integrity programmes for the departments of these bureaux, including the promulgation of an Integrity Management Manual for reference of staff members, and the organization of a series of training workshops for managerial and professional staff. For the private sector, the ICAC launched a two-year Professional Ethics Programme for Estate Agents in 2006 in collaboration with the Estate Agents Authority and six key trade associations.

Furthermore, in response to the new opportunities brought about by CEPA for the professional services of Hong Kong in the mainland market, the ICAC stepped up its efforts in the promotion of cross-boundary ethical management among professionals. During the year, the ICAC conducted seminars for chartered secretaries and accountants in succession, and the seminar concerned was accredited as a core subject in the continuing professional development programme for chartered secretaries. In July last year, the ICAC launched the Ethical Leadership for the New Generation Training Programme for about 1 500 students from tertiary education institutions in Hong Kong, Macao, the Mainland and overseas, equipping them with knowledge and skills to become ethical leaders through a series of activities such as workshops, a training day camp and a case study competition.

This is exactly the 10th anniversary of Hong Kong reunification. The ICAC has not only triumphed over countless challenges over the past decade, but

has also gone from strength to strength in maintaining Hong Kong's reputation as a corruption-free city. In the face of rapid technological advances and trade globalization, the ICAC has been actively promoting a partnership approach in the world arena on issues such as extradition, investigation and training, aiming to join hands with various countries in fighting corruptions restricted by no boundary.

Madam President, on behalf of the Commissioner of the ICAC, I wish to take this opportunity of tabling this Report to the Council to thank this Council and the public for their support to the ICAC, to express my gratitude to members of the various advisory committees of the ICAC for their valuable contribution over the past year, and to salute the unrelentingly dedicated staff of the ICAC.

Thank you, Madam President.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG will address the Council on the Independent Commission Against Corruption Complaints Committee Annual Report 2006.

Independent Commission Against Corruption Complaints Committee Annual Report 2006

MR TOMMY CHEUNG: Madam President, as a member of the Independent Commission Against Corruption Complaints Committee (the Committee), I hereby table the Independent Commission Against Corruption Complaints Committee Annual Report 2006 on behalf of the Committee.

This is the twelfth report published by the Committee which provides an account of the work of the Committee for the year 2006. The Committee's major responsibility is to monitor, and where it considers appropriate to review, the handling by the Independent Commission Against Corruption (ICAC) of non-criminal complaints by anyone against the ICAC and its officers. To enhance public understanding of the complaint handling mechanism, the report explains in detail the function and mode of operation of the Committee.

In the year 2006, the Committee held three meetings to consider the papers and investigation reports on the complaints received. The Committee formed

its independent view on the investigation findings. Through examination of the issues brought up in the complaints, both the ICAC and the Committee have carefully scrutinized the relevant ICAC's internal procedures, guidelines and practices to see whether they need to be updated, clarified or formalized, with a view to making improvements.

The publication of annual report enables the Committee to brief the public on its work on a regular basis. It can also enhance the accountability and transparency of the Committee's work. Should Members have any comments on it, they are welcome to forward their views to the Secretary of the Committee. The support of this Council and members of the public to the work of the Committee is very much appreciated.

Thank you, Madam President.

PRESIDENT (in Cantonese): Miss CHOY So-yuk will address the Council on the Report of the Panel on Home Affairs 2006-2007.

Report of the Panel on Home Affairs 2006-2007

MISS CHOY SO-YUK (in Cantonese): President, in my capacity as Chairman of the Panel on Home Affairs, I present a Report on the work of the Panel in the 2006-2007 Session and would like to highlight several major deliberations of the Panel.

The widespread controversies over the reprovisioning arrangements for Star Ferry Pier and Queen's Pier aroused public concern about the importance of built heritage conservation. The Panel requested the Administration to report on the latest progress of the built heritage conservation policy review. Members were informed that the Administration could only announce the relevant improvement measures in the latter half of 2007.

Members were dissatisfied with the progress of the policy review and the delay of the authorities in providing concrete proposals in preserving built heritage. The Panel expressed concern that, before the formulation of an integrated policy on built heritage conservation, buildings or sites with unique heritage value which had not been declared as monuments, might be damaged in

the process of redevelopment works. The Panel decided to set up a Subcommittee on Heritage Conservation to review the planning for redevelopment or preservation projects relating to buildings or sites with unique heritage value.

Some members expressed strong dissatisfaction at the decision of the Secretary for Home Affairs of not declaring Queen's Pier as a statutory monument. The Panel held a special meeting to request the Secretary to give explanation in person. According to the Secretary, Queen's Pier did not possess the requisite historical, archeological or palaeontological value for it to be declared a monument under the Antiquities and Monuments Ordinance.

Some members considered that given the historical value of Queen's Pier and the strong wish for its preservation expressed by some quarters of the public, the community as a whole should be given more time in considering such a controversial issue. Some members also urged the Administration to preserve Queen's Pier by *in situ* reprovioning. This issue would be followed up by the Subcommittee on Heritage Conservation.

The International Olympic Committee accepted the proposal of the Beijing Organizing Committee for the Games of XXIX Olympiad to co-host with the Hong Kong Special Administrative Region (SAR) the 2008 Olympics and Paralympic Equestrian Events in Hong Kong. The Administration briefed the Panel on the progress regarding the planning and organization of the Events.

A majority of members welcomed the opportunity for Hong Kong to co-host the Events. However, members expressed concern about the security, quarantine and traffic arrangements during the Events. The Administration assured members that adequate security and quarantine measures would be put in place and the relevant District Councils would be consulted to ensure that the Events would be a success, with inconvenience caused to residents in the districts minimized.

On the long term development of sports, the Panel was of the view that, while increasing investment in sports venues, the Administration should enhance support for elite athletes. Members proposed a number of suggestions to the Administration, including the provision of university places to elite athletes by public funding or sponsorship, inviting corporations to provide professional training to young athletes and offer employment opportunities to retired elite

athletes, and setting up a trust fund to provide grants to elite athletes who had achieved excellent results in international competitions.

As regards promoting public participation in sports, some members expressed concern about the inadequate supply of community sports venues during peak periods. They also urged the Administration to step up its efforts in cultivating the interest of the younger generation in sport and facilitate schools in utilizing public sports facilities.

In addition to monitoring the submission of reports to the United Nations under various international human treaties by the SAR Government, the Panel had been actively following up with the Administration the establishment of a high-level human rights institution in Hong Kong. The Panel decided to set up a Subcommittee on Human Rights Protection Mechanisms to examine the existing human rights mechanisms and the possible means of enhancing the effectiveness of the existing institutional framework, including the setting up of a statutory Hong Kong Human Rights Commission.

Finally, I wish to take this opportunity to thank all members of the Panel and the Secretariat for their support to the work of the Panel on Home Affairs over the past year.

President, I so submit.

PRESIDENT (in Cantonese): Mr CHAN Kam-lam will address the Council on the Report of the Panel on Financial Affairs 2006-2007.

Report of the Panel on Financial Affairs 2006-2007

MR CHAN KAM-LAM (in Cantonese): President, in my capacity as Chairman of the Panel on Financial Affairs, I present a Report on the work of the Panel in this year and would like to highlight several key areas of our work.

The Panel paid close attention to the overall economic situation in Hong Kong and was pleased to note the sustained growth in Hong Kong's economy and the drop in unemployment rate. However, members were concerned about the high unemployment rate in the construction sector. They had thus urged the

Government to streamline its internal procedures to expedite the implementation of capital works projects so as to create more employment opportunities. Members noted that the number of households with monthly household income below \$4,000 had risen to more than 170 000 over the past year, and considered that the Administration should address the poverty problem expeditiously. The Panel expressed grave concern about the depreciation of the Hong Kong dollar along with the US dollar, as well as the inflation brought about by the gradual appreciation of the renminbi (RMB).

On the monetary development in the territory, the Panel welcomed the gradual expansion of the Qualified Domestic Institutional Investors Scheme and noted that Hong Kong had established itself as a premier capital formation centre for mainland enterprises. However, the Panel urged the Hong Kong Monetary Authority (HKMA) and the Administration to keep in view the possible impact of the Mainland's overheated economy on Hong Kong's economy. The Panel also exchanged views with the authorities on the question of establishing a stable exchange rate between the Hong Kong dollar and the RMB. Moreover, the Panel would continue to monitor the management of the Exchange Fund, as well as the new income-sharing arrangement between the Fiscal Reserves and the Exchange Fund.

On the existing regulatory framework on listed companies, some members expressed grave concern about whether the regulators had over-relied on the secrecy provision under section 378 of the Securities and Futures Ordinance in declining to disclose information in the public interest. In consideration of members' concern, the Securities and Futures Commission undertook to disclose as much information as possible within the parameters as set out in the Ordinance. The Panel also gave views on the Administration's proposal to give statutory backing to major listing requirements for the consideration of the authorities.

The Panel had met with the Administration and deputations to discuss the review on the minimum and maximum relevant income levels. Taking into consideration the financial burden that might be added to employers, some members disagreed with the proposal to increase the maximum relevant income level from \$20,000 to \$30,000 a month. As for recommendation to maintain the existing minimum relevant income level at \$5,000 a month, members held different views. The Panel also pointed out that the authorities should consider whether the existing adjustment mechanism for MPF contributions should be reviewed. The Administration said that recommendations of the Mandatory

Provident Fund Schemes Authority and views of members and deputations, as well as other relevant factors would be considered thoroughly before the implementation of the relevant amendment proposal.

With regard to currency issues, the Panel followed up with the Administration and the HKMA the surfacing of counterfeit HSBC \$1,000 notes in March 2007. Moreover, the Panel discussed with the Administration, the HKMA, the Octopus Cards Ltd (OCL) and the EPS Company (Hong Kong) Limited the failure of some Octopus cardholders to add value to their Octopus Cards via the EPS add-value terminals at Mass Transit Railway stations. Members put forward a number of suggestions, including requesting the OCL to encourage the use of automatic add-value service and Personalized Octopus Card in which the identity of the cardholder was ascertainable, and so on. The OCL agreed to implement various improvement measures where practicable and provide the report of an independent review to the Panel for reference.

In view of the closure of quite a number of branches by many banks in recent years, the Panel discussed various concerns in this respect with the Hong Kong Association of Banks, the Consumer Council and the Administration. Though it was the commercial decision of individual banks to decide on the number and location of their branches, members hoped that banks would shoulder their corporate social responsibility to ensure the availability of basic banking services for disadvantaged social groups and elderly persons. Members put forth a number of suggestions for the consideration of different parties, including the setting up of more automatic teller machines at government premises or premises managed by the Housing Authority, The Link Management Limited and the Hospital Authority, exploring the feasibility of delivering counter service through post offices, and granting fees exemption for payroll accounts of low-income earners. Furthermore, on reports of remittance agents and money changers that banks refused to provide account services for them, the Panel had discussed the issue with stakeholders and had requested the Administration and the HKMA to follow up the issue and provide a report to the Panel.

President, other areas of work of the Panel in this Session have been detailed in the Report. I so submit, thank you.

PRESIDENT (in Cantonese): Miss CHAN Yuen-han will address the Council on the Report of the Panel on Welfare Services 2006-2007.

Report of the Panel on Welfare Services 2006-2007

MISS CHAN YUEN-HAN (in Cantonese): Madam President, in my capacity as Chairman of the Panel on Welfare Services, I present a Report on the work of the Panel in the 2006-2007 Session and would like to highlight several major areas of work of the Panel.

Members expressed grave concern about the disregarded earnings arrangements under the Comprehensive Social Security Assistance (CSSA) Scheme. To provide a greater incentive for CSSA recipients to work and leave the CSSA net eventually, members strongly requested the Administration to consider seriously further relaxing the disregarded earnings arrangements, particularly raising the maximum level of disregarded earnings from \$2,500 to \$3,500 and the no-deduction limit for disregarded earnings from \$600 to \$1,000.

Moreover, members reckoned that the standard payment rates of CSSA were determined basing on the results of the review of the CSSA Scheme conducted 10 years ago, and the basic needs items referred to in the review were outdated. Members urged the Administration to conduct a comprehensive review of the CSSA Scheme without delay.

The Panel had held three meetings with the Administration to discuss issues relating to the system of processing applications for Disability Allowance under the Social Security Allowance (SSA) Scheme. Members considered that the authorities should not reduce the Higher Disability Allowance to Normal Disability Allowance for children receiving care in government or subvented boarding schools and recipients who were admitted to public hospitals.

Members were also concerned about the withholding of Disability Allowance payments when appeals were lodged to the Medical Assessment Board. If the processing time of an appeal was unduly long, it would cause undue financial hardship on the recipients and their families. A motion was passed by members to urge the Government to set performance indicators for the appeal mechanism and conduct an independent and transparent review on the mechanism.

The Panel noted that the Administration started to examine the feasibility of the establishment of a Family Commission at the end of last year. The report on the study was expected to be completed before mid 2007 and a final decision

would be made by the Third Term Government, the Government of this current term. Since the study failed to be completed on schedule, members urged the Administration to revert to the Panel as early as possible.

In respect of services for the elderly, the Panel had passed a motion urging the Administration to formulate a five-year plan on services for the elderly expeditiously to meet the current and future needs particularly in the face of the problem of ageing population.

Members expressed grave concern about the lack of a comprehensive child protection policy. The Panel also passed a motion urging the Administration to expand the scope of the child fatality review mechanism to cover fatality and injury cases arising from unnatural causes and to set up a statutory Commission on Children expeditiously.

The Panel discussed the implications of the 2006 Starting Salaries Survey findings on the subvented welfare sector. Members asked the Administration whether a mechanism would be put in place to ensure that non-governmental organizations on lump sum grant provision would adjust upwards the starting salaries of their staff to bring these in line with the adjusted salary pay scales in the civil service.

Members were of the view that grave concern expressed by the staff side of non-governmental organizations concerning the results of the Starting Salaries Survey was rooted in the implementation of the lump sum grant subvention system. Members thus urged the Administration to conduct a comprehensive review of the system.

The Subcommittee on Strategy and Measures to Tackle Family Violence was formed under the Panel. The issues discussed included the development of a district welfare co-ordination mechanism in Kwun Tong and the outcome of the review of the District Coordinating Committee/Local Committee mechanism; the progress of the implementation of District Liaison Groups; housing assistance for victims of domestic violence, and risk assessment tools for spouse battering and child abuse in Hong Kong.

Meanwhile, the Subcommittee on Review of the Comprehensive Social Security Assistance Scheme was also formed under the Panel. The issues discussed included: (i) the levels of CSSA standard payment rates; (ii) difficulties faced by CSSA applicants arising from the seven-year and the

one-year-continuous-residence requirement; (iii) provision of special grant to cover costs of dental treatment; and (iv) medical needs of elderly CSSA recipients.

Madam President, over the past year, the Panel had to deal with a great many issues and more often than not, meetings overran. Finally, on behalf of my colleagues of the Panel, I have to thank the Legislative Council Secretariat and staff members. Thank you, Honourable Members. Thank you, Madam President.

PRESIDENT (in Cantonese): Dr Joseph LEE will address the Council on the Report of the Panel on Health Services 2006-2007.

Report of the Panel on Health Services 2006-2007

DR JOSEPH LEE (in Cantonese): Madam President, in my capacity as Chairman of the Panel on Health Services, I present a Report on the work of the Panel in the 2006-2007 Session and would like to highlight several key areas of work of the Panel.

The Panel held two meetings with the Administration to discuss issues related to the registration of Chinese medicine practitioners (CMPs). In order to assist listed CMPs to obtain registration status, on the principle that professional standard of CMPs would not be lowered, the Chinese Medicine Practitioners Board implemented new arrangements for the Chinese Medicine Practitioners Licensing Examination (the Licensing Examination) for the obtaining of registration status in 2007. These new arrangements included allowing the candidates to retain a pass in Paper 1 or Paper 2 of the written examination taken in or after 2007 for three years and to choose to re-sit the other paper; simplifying the question form of the written examination into single-choice question, and regrouping the 20 subjects of the written examination into 13 subjects.

Some members considered that the mere revision of the format and arrangement of the Licensing Examination would not help listed CMPs to become registered CMPs. The Administration agreed to continue to explore viable means to assist listed CMPs who wished to become registered CMPs to

obtain the registration status, such as considering the inclusion of the frequent mistakes made by candidates in the training course on examination skills organized by the Department of Health.

To resolve the disputes about the eligibility of students enrolled in part-time undergraduate degree courses in Chinese medicine offered by local universities in or before 2002 for undertaking the Licensing Examination, members requested the Administration to expeditiously convene a meeting between the Chinese Medicine Council of Hong Kong and the relevant institutions, and to invite the Panel to attend the meeting.

In view of increasing complaints against the practice of health maintenance organizations, the Panel held a meeting in June 2007 to listen to the views of the medical sector, dental sector and the Consumer Council on the Administration's proposal of requiring group practices employing front-line medical practitioners to appoint an eligible medical professional as the medical director of the group. Most members and deputations of the medical sector considered that the authorities should introduce a licensing system expeditiously. One deputation from a group practice considered it more effective to rely on market force to make health maintenance organizations practice in a responsible and ethical manner. The Consumer Council did not refute the medical director concept, but considered that the appointment of medical director should be made mandatory. In view of the conflict of roles of the medical director, the Consumer Council considered it necessary to put in place a licensing system in the long run.

The Administration considered that the medical director concept was an effective first step to better safeguard patients' interests, as the medical directors, being medical practitioners themselves, would also be subject to the regulation by the Medical Council. The Administration had not ruled out the option of enacting legislation to regulate health maintenance organizations. However, given the myriad relationship among different parties involved in the delivery of healthcare services provided by health maintenance organizations, more time was needed to find out which party in the chain should be held accountable and which aspect of the whole operation should be regulated before determining how they should be regulated. Most members maintained the view that health maintenance organizations should be regulated through a licensing system. The Panel requested the Administration to provide a timetable on regulating health maintenance organizations to the Panel.

To address the increasing use of obstetric services by Mainland women which exerted heavy pressure on the obstetric services in public hospitals and deprived local expectant mothers of their access to such services, the Hospital Authority (HA) introduced an Obstetric Package Charge for Non-eligible Persons (NEPs) on 1 September 2005, charging a rate of \$20,000 for a stay of three days and two nights in all public hospitals. To better channel the demand of Mainland women for obstetric services to the private sector, the NEP Obstetric Package Charge was revised to \$39,000 for persons with a booking and \$48,000 for those without one on 1 February 2007. The HA also put into operation a central booking system for obstetric services in all public hospitals on the same date to enable it to better assess the demand for obstetric services and plan service expansion.

Some members were of the view that the HA should adopt a two-tier structure for the NEP Obstetric Package Charge by applying its revised rate of \$39,000 or \$48,000 to NEPs with no marital ties in Hong Kong while allowing NEPs whose spouses were Hong Kong residents to pay the old rate of \$20,000. The reasons were as follows: First, the rate of \$20,000 was set on a cost recovery basis. Second, NEPs whose spouses were Hong Kong residents were in effect members of Hong Kong families. Although these NEPs had yet to become residents of Hong Kong under the One-Way Permit Scheme, many held Two-Way Permits and stayed in Hong Kong throughout the year except for days when they had to return to the Mainland to renew their visit endorsement. These members pointed out that many NEP pregnant women whose spouses were Hong Kong residents were forced to give birth in the Mainland due to lack of financial means, which was detrimental to family unity and social integration.

The Panel passed a motion urging the Administration to allow NEPs whose spouses were Hong Kong residents to pay the old rate of \$20,000. Members also requested the Administration to provide a written response to the motion by early June 2007, which to date was still outstanding. The Panel is also lining up a joint meeting with the Panel on Welfare Services to discuss with the Administration the eligibility for subsidized public benefits of NEPs whose spouses are Hong Kong residents and those who are not.

I wish to take this opportunity to thank the Secretariat for the hard work over the past year, which has facilitated the smooth operation of the Panel. Thank you, Madam President.

PRESIDENT (in Cantonese): Ms Audrey EU will address the Council on the Report of the Panel on Environmental Affairs 2006-2007.

Report of the Panel on Environmental Affairs 2006-2007

MS AUDREY EU (in Cantonese): President, in my capacity as Chairman of the Panel on Environmental Affairs, I present a Report on the work of the Panel in the 2006-2007 Session and would like to brief the Council on several key areas of work set out in the Report.

Air quality in Hong Kong has always been a grave concern to the Panel. Given the severity of air pollution, the Panel supported the Administration in reviewing Hong Kong's Air Quality Objectives and developing a long-term air quality management strategy. It also urged the authorities to expedite the review as far as practicable to enable the early introduction of the new Air Quality Objectives.

Since power plants and vehicles were the two major emission sources in Hong Kong, the Panel supported the authorities in imposing emission caps on power plants in the renewal of the Specified Process Licence and linking their permitted rate of return to their achievement of the emission caps. To reduce vehicular emissions, the Panel supported the Administration's proposal to make it mandatory for long idling pre-Euro heavy diesel vehicles to be retrofitted with emission reduction devices. Members did not object to the authorities' suggestion of providing tax concessions to promote the use of environment friendly cars and a one-off grant to encourage early replacement of pre-Euro and Euro I diesel commercial vehicles with Euro IV vehicles. However, members were of the view that the authorities had to consider adopting disincentives, such as higher licence fees, a ban on pre-Euro and Euro I vehicles, and so on, to deter the continual use of polluting vehicles, and thereby tackling the problem of air pollution.

To improve regional air quality, the SAR Government and the Guangdong Provincial Government promulgated the Emissions Trading Pilot Scheme for Thermal Power Plants in the Pearl River Delta (PRD) Region. The Panel supported the scheme in principle, but was concerned about the more relaxed emission caps set by the Guangdong Provincial Government, which would make power plants in Guangdong to meet the caps easier and sell their emission credits

to those in Hong Kong to make profit. On the other hand, given the voluntary nature of the pilot scheme, power companies would unlikely be willing to buy emission credits, thus the target of reducing emission might not be achieved.

On waste management, the Panel noted that since the implementation of the charging scheme for the disposal of construction waste in December 2005, the quantity of construction waste disposed of at the three landfills was reduced by 40%, but the number of compliant cases on fly-tipping activities increased correspondingly. In this connection, the Panel supported the pilot construction waste fly-tipping spotter scheme to be launched by the authorities, but stressed that the relevant reporting procedures should be simplified lest these might discourage spotters from reporting such illegal activities.

On the management of municipal solid waste, the authorities proposed to introduce a producer responsibility scheme on plastic shopping bags to deter indiscriminate use of plastic shopping bags, it was expected that the number of plastic shopping bags distributed by the relevant retailers under the scheme would be reduced by 50%. The Panel supported the relevant proposal in principle, but noted that there were divergent views in the community. To gauge public views on the proposal, the Panel had invited deputations to attend the Panel meeting on 16 July to discuss the relevant issues.

On sewage treatment, the authorities proposed to strengthen the application of the "polluter pays" principle in the provision of sewage services and to increase the sewage charges gradually so as to raise the cost recovery rate from the present 54% to 80% in 10 years' time. The Panel raised query on the propriety of setting fee increments for the next 10 years, and that the proposed arrangement lacked the required flexibility to cope with changes.

As for other areas of work of the Panel, they have been set out in the report submitted. President, I wish to take this opportunity to express my gratitude to all members of the Panel and the Secretariat for their support over the past year. Thank you, President.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Chronic Diseases

1. **DR PHILIP WONG** (in Cantonese): *President, will the Government inform this Council:*

- (a) *in the past five years, of the median incidence age of psychiatric illnesses as well as the respective median and average ages of incidence and ages at death of patients of malignant neoplasm diseases and various chronic diseases (such as cardiovascular disease, diabetes mellitus, nephrosis and liver disease); and how such figures compare with the relevant figures 10 years ago;*
- (b) *whether it has examined the relationship between the trend of persons suffering from chronic diseases at a younger age and the environment as well as people's living habits; if it has, of the results; if it has not, how the Government assesses the causes leading to such a phenomenon; and*
- (c) *whether it has assessed how the above phenomenon has affected Hong Kong's productivity and medical expenditure, and what measures the Government have taken to ameliorate the situation?*

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

- (a) According to the death register book, there is an upward trend in the median and mean ages of death for patients of cardiovascular disease, diabetes mellitus, malignant neoplasm diseases, kidney disease, liver disease and stroke between 2001 and 2005 as compared with the relevant figures 10 years ago. Relevant figures are listed in Annex 1. We do not maintain statistics on the median and mean ages of incidence for patients suffering from these diseases, nor the data on the median incidence ages of psychiatric illnesses.
- (b) To gain a better understanding of the health profile of the population in Hong Kong, the Department of Health (DH) has, through different channels, collated data on chronic diseases, including

mortality rate, incidence rate, age profile and risk factors of the diseases.

As it is shown in the studies by the public health and medical sectors, chronic diseases are closely associated with behavioural risk factors such as smoking, alcoholism, unhealthy diet, lack of exercise and obesity. While there is no downward trend in the ages at death of patients suffering from common chronic diseases in Hong Kong, some behavioural risk factors are commonly found in younger age groups according to the research conducted by the DH. The relevant figures are detailed in Annex 2.

Besides, according to the statistics collected among students of Primary One to Form Seven in day schools by the Student Health Service of the DH, there has been an upward trend of obesity among school children over the past 10 years. Detailed statistics are set out in Annex 3. Since obesity would lead to other complications and chronic illnesses, the Student Health Service has started to test the sugar level in urine for obese school children since the 2004-2005 school year. School children who are tested positive will be referred to the paediatrics under the Hospital Authority (HA) for thorough follow-up and checking to ascertain whether they have diabetes mellitus. Statistics show that there is no upward trend in diabetes mellitus among primary and secondary school students. In addition, the detection rate of hypertension has also remained at a low level over the past 10 years.

- (c) At present, there is no concrete evidence indicating the trend of persons suffering from chronic diseases at a younger age in Hong Kong. However, it is our policy to identify the trend in chronic diseases at an early stage and to take various preventive measures to enable early detection and treatment. At this stage, we have not conducted any comprehensive quantitative study to assess how the trend of persons suffering from chronic diseases at a younger age has affected Hong Kong's productivity and medical expenditure. The Government plans to conduct studies on individual chronic diseases with a rising morbidity rate, for example, diabetes mellitus, so as to assess the burden that these diseases would impose on Hong

Kong's overall economy and the pressure to be added to the public health care system by the provision of relevant treatment, with the ultimate objective of achieving more effective prevention of diseases and reduction of their morbidity rates.

To strengthen the prevention of chronic diseases, the DH has proactively launched a number of major territory-wide health promotion and publicity campaigns in recent years, which are in line with the "Global Strategy on Diet, Physical Activity and Health" advocated by the World Health Organization. The aim is to create an environment that facilitates and encourages people to develop healthy eating habits and do an adequate amount of exercises.

On the promotion of healthy diet, the DH has rolled out the "EatSmart@school.hk" Campaign in collaboration with the Hong Kong Association for the Study of Obesity, Hong Kong College of Cardiology, Hong Kong Nutrition Association and relevant professional bodies in all primary schools in Hong Kong in the 2006-2007 school year, so as to create a living environment that encourages and supports healthy diet among the young generation.

As for the promotion of exercises, the DH has joined forces with the Leisure and Cultural Services Department (LCSD) to organize the "Healthy Exercise for All Campaign" since 2000 to encourage the public in choosing and doing exercises commensurate with their abilities and interests. Since 2003, the DH has also run some programmes in public housing estates, the LCSD facilities and other buildings to drive home the message of "Stair Climbing to Health" and encourage the public to make use of the staircase frequently. Furthermore, it has worked with the MTR Corporation in 2006 to encourage passengers to use the stairs in all MTR stations.

Besides, the DH has strived to minimize the harmful effects of second-hand smoke through tobacco control. To this end, the DH will continue to promote healthy eating, a smoke-free culture and a healthy lifestyle among the public through announcement of public interest (API) on radio and television, leaflets, posters, websites and the 24-hour Health Education Hotline.

In the long run, it is essential for us to enhance our primary health care services so as to improve public health, achieve more effective disease prevention and arrest the trend of persons suffering from chronic diseases at younger age. Effective delivery of primary health care services can improve public health. It can also serve to relieve the pressure on the hospital system. By highlighting the availability of primary health care services, we can raise public awareness of the importance of maintaining their health, which is considered the most effective way of preventing and minimizing the incidence of diseases, in particular chronic diseases.

Annex 1

The Median and Mean Ages at Death of Patients of
Selected Chronic Diseases from 1991 to 2005

Year	Cardiovascular Disease		Diabetes Mellitus		Malignant Neoplasm		Kidney Disease		Liver Disease		Stroke	
	Median Age at Death	Mean Age at Death	Median Age at Death	Mean Age at Death	Median Age at Death	Mean Age at Death	Median Age at Death	Mean Age at Death	Median Age at Death	Mean Age at Death	Median Age at Death	Mean Age at Death
1991	75.0	73.6	74.0	72.3	67.0	64.8	72.0	71.4	61.0	61.3	74.0	72.6
1992	75.0	73.7	72.0	71.3	67.0	65.5	73.0	71.7	63.0	62.8	74.0	73.1
1993	75.0	73.7	71.0	70.5	67.0	65.7	73.0	71.8	62.0	62.2	75.0	73.4
1994	75.0	74.0	74.0	72.3	68.0	66.0	75.0	73.3	63.0	62.1	75.0	73.3
1995	75.0	74.4	72.0	71.9	68.0	66.2	75.0	72.8	63.0	63.2	76.0	74.1
1996	76.0	74.9	74.0	73.2	69.0	67.0	75.0	73.2	63.0	62.4	76.0	73.9
1997	76.0	74.6	73.0	72.4	69.0	66.9	75.0	73.9	64.0	64.3	76.0	74.6
1998	76.0	75.3	74.0	72.5	69.0	67.3	75.0	74.6	65.0	63.8	77.0	75.0
1999	77.0	75.8	75.0	74.3	70.0	68.0	76.0	74.9	64.0	64.4	78.0	76.0
2000	78.0	76.4	76.0	74.9	70.0	68.2	76.0	74.6	68.0	66.2	78.0	76.1
2001	78.0	76.1	75.0	73.8	71.0	68.2	77.0	75.8	68.0	65.5	78.0	76.8
2002	78.0	75.9	76.0	74.5	71.0	68.8	77.0	75.6	68.0	66.3	79.0	76.9
2003	78.0	77.0	77.0	75.5	71.0	68.9	77.0	75.7	67.0	66.5	79.0	77.1
2004	79.0	77.4	78.0	76.4	72.0	69.2	78.0	77.1	69.0	66.9	79.0	77.3
2005	79.0	77.8	77.0	76.1	72.0	69.4	78.0	76.6	69.5	68.0	80.0	77.7

Sources: The DH and Census and Statistics Department

Annex 2

The Prevalence of Daily Smoking, Binge Drinking
and Low Intake of Fruit and Vegetables by Age

<i>Age Group</i>	<i>Daily Smoking (%) (Note 1)</i>	<i>Binge Drinking (%) (Note 2)</i>	<i>Low Intake of Fruit and Vegetables (%) (Note 3)</i>
18 to 24	9.4	7.4	84.0
25 to 34	21.4	12.4	81.0
35 to 44	15.3	7.3	78.4
45 to 54	14.6	6.5	76.3
55 to 64	15.6	8.9	68.0

Sources: The Behavioral Risk Factor Survey conducted by the DH in April 2006

Note 1: "Daily smoking" refers to a daily smoking habit irrespective of the number of cigarettes involved per day.

Note 2: "Binge drinking" does not have a standard definition. A more common definition is the consumption of five glasses or cans of alcoholic drinks in a row within a short period of time (several hours).

Note 3: "Low intake of fruit and vegetables" means consuming less than five servings of fruit and vegetables each day. One serving of vegetables is approximately equivalent to one bowl of raw leafy vegetables or half bowl of cooked vegetables. One serving of fruit is approximately equivalent to two pieces of small-sized fruit (for example, plum), one piece of medium-sized fruit (for example, orange and apple), half piece of large-sized fruit (for example, banana and grapefruit) or half cup cut-up fruits or berries (for example, watermelon and cherry).

Annex 3

The Obesity and Hypertension Detection Rates of Students Evaluated by
Student Health Service Centres

<i>School Year</i>	<i>Detection Rate of Obesity</i>	<i>Detection Rate of Hypertension</i>
1996 to 1997	15.6%	1.9%
1997 to 1998	15.7%	2.2%
1998 to 1999	16.9%	2.8%

<i>School Year</i>	<i>Detection Rate of Obesity</i>	<i>Detection Rate of Hypertension</i>
1999 to 2000	17.1%	2.3%
2000 to 2001	17.3%	2.2%
2001 to 2002	17.0%	1.9%
2002 to 2003	17.8%	1.9%
2003 to 2004	17.9%	2.8%
2004 to 2005	17.8%	2.2%
2005 to 2006	18.4%	1.7%

$$\text{Detection rate} = \frac{\text{Number of cases of the relevant condition}}{\text{Number of persons evaluated}} \times 100\%$$

DR PHILIP WONG (in Cantonese): *President, the Secretary mentioned in part (b) of the main reply that chronic diseases are closely associated with behavioral risk factors such as alcoholism. I do not want to ask him what kind of alcohol has the highest risk, for I am afraid that his answer will be precisely the kind I like best.*

President, the Secretary mentioned in part (c) of the main reply that studies will be conducted to assess the burden that the diseases concerned would impose on Hong Kong economy and the pressure to be added to the public health care system by the provision of necessary treatment. May I ask what concrete approach will be adopted in the relevant study and when will a conclusion be reached?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *Madam President, generally speaking, alcoholism means the disorderly consumption of alcohol in an uncontrollable manner or the heavy consumption of alcohol. It has no relevance to the kind of alcohol that one consumes, but is concerned with the amount and habit of alcohol consumption, which vary with one's resistance and ability to tolerate alcohol. In my opinion, one should adopt the so-called moderation attitude for any habit, meaning that the best policy is to avoid over-consumption.*

With regard to our studies, on diabetes mellitus in particular, a research fund has been established by the Government for health and medical services.

Each year, it will set aside a large amount of resources for various institutions or experts to undergo researches. In the past few years, we have accorded top priority to such topics as smoking, mental health and certain chronic diseases, including diabetes mellitus, cancers and heart diseases, and these studies are now underway. However, when will these studies be completed and conclusions drawn? I believe the results will only be gradually available in the next few years.

Nonetheless, surveys have been conducted by the HD every few years to study people's health. For our findings, I have highlighted the relevant trend in the annexes. Generally speaking, the health conditions of Hong Kong people are good. And yet, in view of our eating habits, we still consider it necessary to attach more importance to the obesity problem of the younger generation particularly.

If people have developed poor eating habits and in total lack of physical exercise since their childhood, thereby forming a trend for obesity, when they approach middle age, such other diseases as heart attack, hypertension or diabetes mellitus will definitely appear. Despite the fact that this problem has yet to be identified in schools, we cannot exclude the possibility that a greater number of people will suffer from such disease in their adulthood. Therefore, we hope that more should be done in respect of our living habits, as well as factors conducive to changing and preventing this situation.

MS AUDREY EU (in Cantonese): *President, with regard to Annex 3, I wish to express concern about the health condition as well as the obesity problem of students which the Secretary has just highlighted. Recently, there have been reports that exercise was ranked the ninth thing to do by students. Some of them even completely ignored exercises due to the heavy load of homework, that is, they simply refrain from taking physical education lessons.*

May I ask the Secretary whether homework load for students is appropriate? How can students be encouraged to increase participation in exercises so as to strengthen their health?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, we definitely hope that schools can organize more activities to increase students' participation in sports activities. I personally like sports very much, so I think it is something we ought to take part.

Nonetheless, as we all know, the subject of physical education does not carry any credit in most schools. Furthermore, it is very difficult for students to earn credits and gain entry into universities by virtue of this subject in the Hong Kong Certificate of Education Examination and the Hong Kong Advanced Level Examination. I do hope that more emphasis will be placed on this aspect, but I think I am not asking them to attain good achievements for this, rather, the development of good living habits is more important.

In my opinion, there is a greater need to promote healthy extra-curricular activities, sports in particular. Recently, we saw that even our State President has gone to meet with our outstanding athletes face to face at the Hong Kong Sports Institute when he visited Hong Kong. It is hoped that this will help instill greater interest among Hong Kong people in sports and promote greater participation.

I hope that Honourable Members and people from all walks of life will join hands in making promotion efforts. We will continue to work with the Education Bureau to promote greater interest and participation of Hong Kong students in sports activities.

DR KWOK KA-KI (in Cantonese): *Madam President, although the Secretary did not have any figures to prove the tendency of early incidence of chronic diseases, but he, being a doctor, should be aware of a situation which he could have heard from each and every hospital and doctor, that is, there is a growing trend of persons suffering from chronic diseases, especially cardiovascular disease and diabetes mellitus, at a younger age.*

The Secretary mentioned in part (c) of the main reply that the Administration has not conducted any study to assess the medical expenditure incurred on chronic diseases and how it has affected the community at large. However, he has indicated his plan to conduct the relevant studies. May I ask the Secretary — he should have many plans in mind as he has just assumed office — when such studies will be conducted and the estimated expenditure to be incurred?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, I cannot be regarded as a newly posted Secretary anymore. Over the past two

and a half years, I have continuously been working on this respect, particularly studies on health care and relevant services, and our fund was established in 2002.

Although various studies had been conducted in the past, the studies were thematically streamlined while all relevant resources were pooled to support researches considered necessary after I assumed office. In the past few years, resources have generally been allocated to themes like the impact of smoking on society which I have just mentioned, as well as some problems concerning cancer. Since vast resources have also been injected into infectious diseases over the past few years, we now wish to pool resources for studies on non-infectious chronic diseases instead.

Since studies would take up considerable time, which may probably have to take four to five years rather than one year to complete, abundant resources are still available for the time being. At present, our Fund has a balance of some \$100 million, and it should be sufficient to cover the forthcoming studies in the years to come.

We also hope that the needs of the community would be catered for, especially by the academic circle, whether or not the resources are provided by us, for universities may obtain resources from other sources, say, research funds. So, it is also hoped that they would conduct specific studies on Hong Kong.

Chronic disease poses as a very significant issue to any developed societies. In the case of Hong Kong, more should be done in this respect. While the life expectancy of Hong Kong people is one of the highest in the world, it is still hoped that, apart from longevity, their quality of living and knowledge in their own health can be further enhanced as well.

MISS TAM HEUNG-MAN (in Cantonese): *President, as evident from the annexes to the Secretary's main reply, people can grow to an older age, meaning that people have extended lifespan, and this applies to various diseases.*

However, people who suffer from such chronic diseases as cancers and cardiovascular disease are subject to long-term medical treatments, which means they would have to shoulder considerable medical expenses. If such expenses have to be borne by the public sector, this will create an enormous burden on the

Government. On such a basis, will the Government consider providing some tax concessions to members of the public when they take out medical insurance, or making other medical financing arrangements for chronic diseases with a view to relieving the financial burden incurred by treatment for such diseases on the public health care sector?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, the Government is actively conducting research into health care funding and financing, which is near completion. It is hoped that the recommendations and results can be released within this year.

Certainly, early detection and treatment of diseases should help reduce the medical expenses to be borne by patients, this might as well reduce the severity of the disease, which is precisely the most important purpose for early prevention of diseases.

Even though a disease may not take a patient's life, it may lead to complication of another condition, which will on the other hand increase the financial burden of the patient. As a result of people's extended lifespan, the relevant costs will also increase. Therefore, insofar as the overall health care budget is concerned, specific studies will be conducted to explore the approach towards people suffering from chronic diseases and the elderly people. It is hoped that a detailed report on this matter will be given to Members in due course.

I wish to stress that Hong Kong's health care system is still considerably sound, under which all members of the public are fairly treated. We will therefore continue with this.

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

MISS TAM HEUNG-MAN (in Cantonese): *Yes, President.*

The supplementary question raised by me earlier was asking whether the Government will consider providing tax concessions, but the Secretary omitted to answer this part of the question.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, we have yet to come to any view that can be made public regarding the relevant financial arrangement. If there is any financial arrangement whereby members of the public can be encouraged to take out effective insurance policies, consideration will be made to provide the necessary tax concessions.

I must stress that diseases which all of us concern and wish to be insured are very often not covered under the existing insurance system. In that case, they will not be considered.

PRESIDENT (in Cantonese): This Council has spent more than 18 minutes on this question. Last supplementary question.

MR LAU KONG-WAH (in Cantonese): *I wish to ask about the obesity problem of students in Annex 3.*

President, while the obesity detection rates of students was 15.6% 10 years ago, it has risen to 18.4% today after a decade. In other words, increase has been recorded nearly every year. If such an increase continues, about one in every five students will be fat. The Government has all along stressed that a lot of promotion work has been carried out, but as evident from the current trend, it appears that the more promotion, the more fat students. What actually does the Government think are the reasons? Is it attributable to the failure of promotion work, or the difficulty in changing the living habits of students or their parents?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, this is a very good question. We are also trying to figure out the most effective measures to arouse students' awareness of their physical and health conditions.

In the past, it was our wish to establish a mode of education in society that would enable members of the public to understand the importance of keeping their children healthy. For children, food is the greatest temptation. Unhealthy foods or foods served by fast-food outlets are very often of high sugar and high fat content, and this is exactly why children tend to love such foods.

Furthermore, many families tend to provide a lot of snacks for their children. This constitutes one of the factors which government effort alone cannot address. As a result, promotional efforts should be strengthened to arouse the concern of parents about the obesity problem of their children through such channels as schools, other than the Government. Parents should not spoil their children, but should educate them on the importance of developing healthy eating habits and doing exercises.

I believe these cannot be achieved overnight. Nonetheless, we will continue to work hard and we hope that more efforts will be made at the district level. The Healthy City Project has been launched in 10 of our 18 districts, and it is hoped that, through these projects, efforts would be stepped up at the district level to promote food health and ameliorate the problem of student obesity. In this connection, I think that it is necessary for the whole community to work with concerted effort.

PRESIDENT (in Cantonese): Second question.

Simplification of Licensing Process for Overseas Hedge Fund Firms

2. **DR DAVID LI:** *Madam President, the Securities and Futures Commission (SFC) issued a circular on 11 June 2007, detailing, among other measures, a more streamlined and simplified licensing process for overseas hedge fund firms wishing to operate in Hong Kong. Given that Hong Kong is the largest hedge fund centre in Asia and that the presence of an active hedge fund industry enhances Hong Kong's position as a leading international financial centre, will the Administration inform this Council of:*

- (a) *the steps it will take to publicize and promote the SFC's aforesaid initiatives; and*
- (b) *the other measures it will take to maintain Hong Kong's lead as a hedge fund centre?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY:
Madam President, to maintain Hong Kong's competitiveness as an international

financial centre, and to facilitate the development of Hong Kong's fund management business, the SFC announced on 11 June 2007 a set of initiatives to streamline the licensing procedures for overseas fund managers (including overseas hedge fund managers), which include expediting the licensing process for firms which are already registered as investment managers or advisors in specified overseas countries; clarifying the SFC's existing licensing policies, and simplifying the licensing process for overseas fund firms wishing to operate in Hong Kong.

The recent SFC initiative illustrates a pragmatic approach to regulate the fund management business, especially the fast growing hedge fund industry. Several facts about the funds industry are noteworthy. For instance, the hedge fund industry in Asia has been experiencing above-average growth relative to the global industry. Amongst the Asian markets, Hong Kong is one of the largest hedge fund management centres in Asia, with the amount of Assets Under Management (AUM) totalling US\$33.5 billion. Furthermore, most of the hedge funds managed in Hong Kong serve institutional investors, both here and overseas. To facilitate the development of Hong Kong as a fund management centre, we should take into account the operating mode and nature of the fund management industry, and offer an expedited licensing process to attract qualified fund managers to locate in Hong Kong.

Under the streamlined licensing process announced by the SFC on 11 June, firms which are already licensed in the United States and the United Kingdom as investment managers or advisors, with a good compliance track record and which serve only professional investors can expect to benefit from an expedited licensing process. Responsible Officers (ROs) of fund managers who fulfil the necessary criteria can be exempted from the local examination requirement. A broader range of relevant past industry experience will also be recognized as satisfying the competence requirements for ROs. Furthermore, overseas fund managers based in Hong Kong will also be exempted from the licensing requirement if they merely provide research to the group companies outside Hong Kong.

To publicize and promote the SFC's new initiatives, the SFC has met with the trade to explain the new guidelines. According to the SFC, the relevant intermediaries and advisors have informed the relevant overseas fund managers of the details of the new initiatives. The SFC's senior executives have also actively publicized the new initiatives at recent public events. Fund managers

also meet with the SFC from time to time to discuss their business plans in Hong Kong. The Administration, in conjunction with the local financial services sector, has also visited a number of places over the past year to promote Hong Kong's fund management business and our strengths as an international financial centre, including the policies which we have implemented to facilitate market development. We will continue our efforts in this regard.

The new initiatives and promotion efforts mentioned above will simplify and expedite the licensing process for fund managers. I would however like to stress that, in accordance with the Securities and Futures Ordinance, the SFC would not approve any licence applications unless it is satisfied that the applicant is a fit and proper person for licence issuance. The SFC shall protect the interests of investors through the licensing regime by ensuring that only those who are fit and proper persons would be licensed.

Notwithstanding Hong Kong is already a leading fund management centre in the region and the largest hedge fund centre in Asia, we will continue to implement various initiatives to maintain our lead in asset and fund management business. Indeed, the Government and the SFC have been adopting multi-pronged measures to promote the further development of our fund management business in Hong Kong. These include:

(1) *Facilitation of Market Development*

To promote the further development of our fund management business, we need to provide a business-friendly environment for fund managers. Apart from streamlining the licensing procedures, the SFC will continue to review its licensing requirements to ensure that they meet industry developments and needs. For instance, the SFC conducted a review on their retail hedge fund guidelines in 2005.

(2) *Enhance Investor Education*

To enhance investor education, Hong Kong has put in place a robust regulatory regime. As one of the first jurisdictions in the world to allow the sale of hedge funds to the retail public, the SFC requires publicly offered hedge funds to meet specific structural and operational safeguards and disclosure requirements, so as to protect investors and help maintain market confidence in publicly offered fund products. The SFC has also

been working closely with members of the International Organization of Securities Commissions on issues relating to the best practice standards for hedge fund valuation.

(3) *Tax Measures*

The Government has abolished estate duty and exempted offshore funds from profits tax since last year. The abolition of estate duty will help boost Hong Kong's attractiveness to investors such that more people, including local and overseas investors, will hold assets in Hong Kong, thereby promoting the development of our asset management industry. On the other hand, exempting offshore funds from profits tax will attract new offshore funds to come here and encourage existing ones to continue to invest in Hong Kong, which will lead to an increase in market liquidity as well as employment opportunities in the financial services and related sectors.

(4) *Human Resources Development*

Adequate and high quality human resources are crucial to the development of our fund management industry, which requires experts in different fields, including fund managers, economic analysts, lawyers and accountants. In this connection, the Government has set up an Advisory Committee on Human Resources Development in the Financial Services Sector with members drawn from industry organizations, professional bodies, regulatory bodies, training institutions and the relevant Policy Bureaux. We will continue to enhance talent training and planning in order to consolidate our competitiveness as Asia's leading fund management centre.

(5) *Seizing Opportunities on the Mainland*

With the rapid development of the Mainland's economy, the Government will continue to seize business opportunities on the Mainland for our fund management industry. In the past two months, the China Banking Regulatory Commission and the China Securities Regulatory Commission have respectively announced new measures under the Qualified Domestic Institutional Investors Scheme, that is, QDII, which include allowing mainland commercial banks, securities firms and fund

management companies to invest in, among other things, funds authorized by the SFC and Hong Kong stocks. This has presented immense opportunities for the further development of Hong Kong's fund management business. Our financial regulators will continue to maintain close co-operation and communication with the relevant authorities on the Mainland, and fully capitalize on Hong Kong's strengths in enhancing our role as an investment platform and a bridge to facilitate the flow of huge deposits from the Mainland to the international market.

With the implementation of the abovementioned measures, coupled with our fundamental strengths, including the rule of law, free flow of capital and information, simple and low tax regime, world-class infrastructure and a well established regulatory system, our fund management business has continued to flourish in the past years. Looking ahead, the Government and our financial regulators will continue our efforts in promoting the development of hedge funds in Hong Kong to maintain our lead as a hedge fund centre and our position as an international financial centre.

DR DAVID LI (in Cantonese): *President, I have to thank the Secretary for his detailed reply. May I ask the Government in what ways can hedge funds facilitate the development of the capital market in Hong Kong?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, at present, in the development of fund industry worldwide, hedge fund is a fast growing fund management business. As the global trend shown, hedge fund in Asia is gaining higher growth than other fund businesses. According to a survey, in the year 2006, wealth owned by high net worth individuals worldwide amounted to US\$3.72 billion, (Appendix 1) indicating that global wealth has been increasing continuously all along. I projected that individual wealth calculated on asset value will increase by 6.8% yearly.

I think hedge fund is the focus of fund development at present. On the other hand, regarding certain management elements or management talents, the requirement of hedge fund is different from that of other fund, for hedge fund is not a conventional mode of investment, which required talents specialized in different fields like risk management, economic analysis, and so on. If Hong

Kong promotes the development of hedge fund business, it will attract people with talents from different fields to engage in the fund management business in Hong Kong. This will not only enhance the scale of overall fund development in Hong Kong, but will also be conducive to the orientation in developing human capital for the entire fund industry. I believe, under such circumstance, the overall development of financial products and talents of the finance sector in Hong Kong will be consolidated and diversified, hence capable of coping with the expansion of the entire fund industry in the long run.

PRESIDENT (in Cantonese): A total of eight Members are waiting for their turn to ask supplementary question. Since the Secretary has provided a relatively detailed reply for the main question earlier, I will exercise my discretion to extend the time for this question to allow a few more Members to ask supplementary questions.

MR CHAN KAM-LAM (in Cantonese): *President, in the main reply, the Secretary seemed to show great confidence on the development of hedge fund in Hong Kong and consider that there was much room for the development. However, we all know that many people have suffered loss over hedge fund investment, and we thus attach great importance to the regulation of investment in this respect. Will the Government inform us whether or not regulation on the relevant operation will be stepped up when introducing the simplified procedures? According to the existing Securities and Futures Ordinance, it seems that a new mechanism will be introduced in future on the regulation of hedge fund or other fund. Will the Government step up its efforts in this respect?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, the proposal put forth by the SFC this time around to simplify the licensing procedures mainly seeks to clarify existing procedures and to enable suitable fund managers meeting the requirements to obtain licences conveniently and quickly. The SFC always maintains one requirement, that is, all fund managers must be fit and proper. That is to say, only suitable persons with appropriate qualification can work in Hong Kong. Therefore, the simplification of licensing procedures this time around will not result in the lowering of required qualification for fund managers. I believe this

arrangement will be welcomed by the fund industry and promote the development of the industry.

Regarding hedge funds, I have to make it clear first that not all funds operate in Hong Kong, many funds only perform asset management in Hong Kong. These funds may be operating and making investment transactions in other markets, and their target clients may be other external clients. If they operate in Hong Kong, they will have to meet the regulatory requirement in Hong Kong, such as reporting large open contract in accordance with the statutory requirement. Some hedge funds may involve large open contracts, but this statutory reporting requirement can reduce the uncertainties in the market. Moreover, statutory position limit has been put in place to prevent the Hong Kong market from suffering too heavy a blow caused by the transactions of these funds in Hong Kong.

PROF PATRICK LAU (in Cantonese): *President, first, I welcome the Secretary for his presence at the meeting of the Legislative Council the first time to take questions from Members. Earlier on, Mr CHAN Kam-lam asked a supplementary question about the high risk involved in hedge funds. May I ask whether the management fees charged by brokers in Hong Kong are too high? When compared with the worldwide level, will this involve the issue of our competitiveness?*

PRESIDENT (in Cantonese): Prof Patrick LAU, are you referring to fees charged by brokers of hedge funds?

PROF PATRICK LAU (in Cantonese): *Yes, it is related to the fees charged by brokers of hedge funds.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Regarding the existing licence fees, let us take the licence for Type 9 regulated facilities, asset management, as an example. The application fee is \$4,740 for a corporate licence and \$1,790 for an individual licence, the latter is

only applicable to a representative application. As for the application fees for a RO application, it is \$4,730. (Appendix 1) I do not think the existing level of licence fees is on the high side, which may affect

PRESIDENT (in Cantonese): When the Secretary is answering a Member's question, other Members should not talk among themselves. I am sorry, Secretary, you may continue with your reply.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I do not think this will make the fees charged by our market appear relatively high.

MR ABRAHAM SHEK: *I thank the Secretary for giving a very educational reply to a very complex financial issue within such a short time. My question is, why is there a need for changing the licensing procedure and simplifying it?*

Does it mean that the former system is not working? If it is not working, how can it be successful up till now? And, secondly, what effect does the new procedure have on investor protection?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY: I think we should recognize that the fund management industry is a very competitive industry. Hong Kong is well-positioned to be a leading fund management centre in Asia. In terms of the activities of this fund management business, as I have explained in the main reply, a lot of these activities are really global in nature, they are serving professional investors both in Hong Kong as well as in overseas jurisdictions.

The nature of the hedge fund industry, which is a These managers possess different kinds of expertise, compared with traditional fund managers. So, in terms of these new initiatives issued by the SFC, they are to give recognition, first of all, to the nature of the fund management business. Let me give you an example. Sometimes, you may just have hedge fund managers based in Hong Kong who are merely providing research to their companies outside Hong Kong. So if you tip I think you should recognize the nature of such activities.

In terms of the business feedback we get from the industry, Hong Kong examines our competitiveness in this issue. We realize that based on the jurisdictional approval already given to many managers, Hong Kong can easily take a standard which does not lower our regulatory requirement; or we can take a standard and consider the experience of these managers in managing their own business, as well as the overseas approval for the licensing; we can take into account in terms of deciding whether they are fit and proper persons for our fund management business.

Now, I would say that none of these processes would lower the requirements for fit and proper persons, because we are indeed giving consideration to whether or not these representatives have obtained licensing in the jurisdictions. We will consider the past experience of these fund managers in considering whether they are fit and proper.

So, the idea that we will only license those who are fit and proper, and the idea that we will provide investor education and investor protection will not be compromised by these measures at all.

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

MR SIN CHUNG-KAI (in Cantonese): *President, I am sorry as I thought the Secretary has earlier mistaken the meaning of Prof Patrick LAU's supplementary question. In fact, Prof Patrick LAU asked about the fees charged by the funds concerned but not the licence fees charged. He meant to ask about the investment fees paid by clients.*

My supplementary question is about the policy on the offering of an expedited licensing process to attract qualified fund managers to station in Hong Kong. Singapore has a trump card. The Monetary Authority of Singapore has appointed certain fund managers to make investment on behalf of the Authority. The Monetary Authority of Singapore, like the Exchange Fund in Hong Kong, also has a need to make investment. They indicate that if fund managers set up their headquarters in Singapore, the Authority will entrust them to invest for them. This is the trump card they have.

We will have our process streamlined, but is this measure adequate? Apart from the streamlining of process, how can we attract those fund managers in Singapore to return to Hong Kong?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, Hong Kong is extremely competitive in the funds industry. At present, according to the data available, funds in Hong Kong operate in larger scale than those in Singapore. It proves that Hong Kong has the favourable conditions in various aspects including the financial sector, the regulatory regime and a window of opportunity to the Mainland, to become a leading fund management centre in Asia. I find the keynote at present very desirable. The simplification of process this time around only seeks to make known to more fund managers the cutting edge of Hong Kong, so that they will actively consider bringing their businesses to Hong Kong. I believe this will be very conducive to the development of funds industry in Hong Kong.

MR SIN CHUNG-KAI (in Cantonese): *President, my supplementary question is very straightforward. I asked the Secretary whether there were other measures in addition to the simplification of the licensing procedures. It seems that the Secretary has only repeated the part on simplifying the licensing process. May I ask the Secretary whether or not there are other measures? If there are no such measures, the Secretary can simply say "no". If there are, will he inform us of those measures?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): With the SFC, we will continue to examine the existing licensing process and our attractiveness to the funds industry. We will keep the situation under constant review.

PRESIDENT (in Cantonese): Third question.

Criteria for Determining Burial at Gallant Garden

3. **MR BERNARD CHAN** (in Cantonese): *It has been learnt that under the existing policy, civil servants and non-civil servants who died while on duty may*

be buried at the "Gallant Garden" at Wo Hop Shek Public Cemetery. In this connection, will the Government inform this Council:

- (a) of the usage of the various types of earth burial spaces and columbarium niches at the Gallant Garden at present, as well as the percentage of the relevant applications for burial at the Gallant Garden which were approved in the past five years;*
- (b) of the criteria for determining whether civil servants and non-civil servants who died while on duty may be buried at the Gallant Garden, and why in the recent two cases involving respectively a civil servant and a staff member of the Hospital Authority (HA) who died while on duty, only the former was allowed to be buried at the Gallant Garden, although both of them were commended by their respective supervisors; and*
- (c) given that the Government constantly encourages the public to hold environment-friendly memorial ceremonies (such as planting trees at memorial parks, and so on) in place of traditional funerals, whether the Government will consider holding similar environment-friendly ceremonies at the Gallant Garden to mourn for civil servants and non-civil servants who died while on duty?*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, before addressing the specific questions, I wish to provide some general information.

"Gallant Garden" was commissioned by the Government in 1996. It is an area specially set aside in the Wo Hop Shek Public Cemetery for the burial of civil servants who died on duty. The only exception was made in 2003 when the Chief Executive in Council approved the burial in Gallant Garden of five members of the HA who died whilst fighting against SARS. A memorial plaque is erected at the entrance to Gallant Garden with the names of all civil servants who died on duty since 1996 — irrespective of whether their remains were buried in Gallant Garden — and the names of the five late members of the HA. The list also includes the names of those civil servants who died on duty before the commissioning of Gallant Garden and whose remains were re-interred in urn spaces, or in niches after cremation, in Gallant Garden at the request of their family members.

Having regard to the scarcity of land for earth burials, since 1976, all earth burials in public cemeteries have been subject to the six-year exhumation policy. As Gallant Garden is part of a public cemetery, the earth burials therein are also subject to the six-year exhumation policy. At the end of the six-year period, the remains of a deceased civil servant buried at Gallant Garden have to be exhumed for re-interment in permanent urn spaces, or in permanent niches after cremation, provided in Gallant Garden.

In September 2000, the Chief Executive in Council approved to modify the six-year exhumation policy and grant permanent earth burials to those civil servants who died on duty while performing exceptional bravery acts in their final duties, as well as to those citizens who died or were killed whilst performing exceptional acts of bravery. In practical terms, an exceptional bravery act is deemed to be one that is recognized by the posthumous award of a bravery medal by the Chief Executive.

In view of this modified policy, permanent burials at Gallant Garden are granted to those civil servants who died on duty and were posthumously awarded bravery medals. In January 2003, the Government commissioned Tribute Garden, an area inside the Wo Hop Shek Public Cemetery and opposite Gallant Garden, for the burials of citizens who died or were killed whilst performing exceptional acts of bravery. As with Gallant Garden, permanent earth burials in Tribute Garden are permitted for those who were posthumously awarded bravery medals by the Chief Executive.

Turning to the specific questions raised, Gallant Garden has 110 earth burial spaces, 165 urn spaces, and a columbarium of 120 niches.

A civil servant who died as a result of injuries received in the actual discharge of his duties and not due to his own serious and wilful misconduct is considered to have died on duty. Upon confirmation by the concerned head of department that the deceased civil servant has died on duty and upon request from the family, the deceased civil servant is eligible to be buried in Gallant Garden. Since its commissioning, all requests for burials, irrespective of the forms, of civil servants who died on duty in Gallant Garden have been approved. In the past five years, we have received and approved 18 requests relating to Gallant Garden, made up of 17 earth burials and one burial of ashes in a niche after cremation of the remains. As at June 2007, 23 earth burial spaces, 12 urn spaces and 11 niches were taken up.

With regard to the two recent cases, one involved a fireman of the Fire Services Department who was a civil servant confirmed to have died on duty. Upon the request of the family, the late fireman has been buried in Gallant Garden. The other case involved a nursing member of the HA. As a non-civil servant, she did not meet the criteria for burial in Gallant Garden.

The Government is receptive to suggestions for environment-friendly memorial ceremonies at Gallant Garden to mourn and commemorate civil servants who died on duty. We will consider such suggestions from the families of civil servants who died on duty.

MR BERNARD CHAN (in Cantonese): *President, the Secretary mentioned in the eighth paragraph of the main reply that the staff member of the HA did not meet the criteria for burial in Gallant Garden because she was not a civil servant. However, it was also mentioned in one of the paragraphs of the main reply that in the SARS incident in 2003, there were other staff members of the HA who were granted special permission by the Chief Executive for burials in Gallant Garden. May I ask the Secretary, when considering the eligibility of staff members not directly within the Civil Service, such as the HA staff, whether he will consider their serving status as a civil servant or the element of having died on duty as the criteria? I believe Members will agree that the five staff members who died on duty while fighting against SARS deserve our respect. When considering the eligibility of the people concerned, what did the Government attached more importance to, the element of having died duty or their status?*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, thank Mr CHAN for this supplementary question.

The first thing the Government have to consider is the status of the deceased. If the deceased was a civil servant who died on duty, he or she can be buried in Gallant Garden. If the deceased was not a civil servant, generally speaking, he or she will be buried in other public cemeteries.

In 2003, five staff members of the HA died on duty while fighting against SARS. That was a very rare case specially permitted by the Chief Executive. Hence, the simple answer to Mr CHAN's question is that the status of the deceased is the first thing to be considered.

MISS CHOY SO-YUK (in Cantonese): *President, in relation to the case mentioned by the Secretary just now, the person concerned could not be buried in Gallant Garden owing to her status. However, the cemetery besides Gallant Garden, that is, the Tribute Garden mentioned in the Secretary's main reply, is commissioned for burials of citizens who are not civil servants. In such a context, is it because the deceased was not posthumously awarded a bravery medal by the Chief Executive or because of any other reason that the deceased could not be buried in Tribute Garden? If it is because a bravery medal was not posthumously awarded, will the Chief Executive exceptionally grant permission for her case? In fact, the HA nursing staff concerned also died in the discharge of her duty. I hold that special arrangement be made for her. May I ask the Secretary why special arrangement was not made for her, and whether arrangement will be made for her to be buried in Tribute Garden?*

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): *President, I will try to take this supplementary question, because matters relating to non-civil servants who have died on duty are not under my ambit as Secretary for the Civil Service. However, I can appreciate that this issue may be a matter of concern to Members, and thus I have acquired an understanding from the authorities concerned in advance.*

As far as I understand it, if a Hong Kong citizen, who is not a civil servant, died on duty, all Hong Kong citizens can in fact nominate the deceased to the Chief Executive for the purpose of the posthumous award of a bravery medal. Upon receipt of the application, the Protocol Division, ascertaining that it concerns an exceptional act of bravery, will first consult the relevant departments, including the Hong Kong Police Force and other departments. If the Protocol Division, after consulting other relevant government departments, holds that the death of the person who died on duty actually involves elements of exceptional acts of bravery, colleagues of the District Office will be entrusted to approach family members of the deceased. If it is also the wish of the family members to have the deceased buried in Tribute Garden, the colleagues will explain to them that they could have their wish fulfilled.

However, if the family members opt for earth burial, that is, coffin burial, the deceased can be buried in Tribute Garden for six years, during which, if a bravery medal is posthumously awarded to the deceased by the Chief Executive,

the remains of the deceased will not have to be exhumed after the end of the six-year period. In other words, the deceased can be permanently buried in Tribute Garden. However, if the Chief Executive does not posthumously award a bravery medal to the deceased buried in Tribute Garden during the six-year period, on expiry of the period, the family members of the deceased will have to exhume the remains of the deceased from Tribute Garden as per the six-year exhumation policy. To my understanding, it is more or less like this.

PROF PATRICK LAU (in Cantonese): *President, Gallant Garden is an important place which should command our greatest respect. I know the place has been vandalized. May I ask the Government what measures can be taken on the security front?*

PRESIDENT (in Cantonese): Prof Patrick LAU, the topic under discussion now is the criteria for determining burial at Gallant Garden. In what way is your supplementary question related to the criteria?

PROF PATRICK LAU (in Cantonese): *This place is very important. I wish to know about matters relating to the security issue. I hope the Government can address this issue. It is okay even if it does not do so. Thank you, President.*

PRESIDENT (in Cantonese): Perhaps when the opportunity arise in future, you can raise your concern on the security issue again.

DR KWOK KA-KI (in Cantonese): *Madam President, I am gravely disappointed and dismayed. We all know that the HA was established in 1991. Basically, all staff under the HA have identical duties and functions as when they were serving under the Medical and Health Department or the Hospital Services Department. However, the Government has time and again discriminated against the HA staff, including the recent round of salary increase for the Civil Service which did not cover the HA, but this is another issue. I hold that the Government seems to be a little too stingy and almost mean.*

I wish to ask the Secretary, as the Chief Executive in Council has made such a decision in 2003, will the Government consider changing the restrictions for the eligibility for burials in Gallant Garden to enable all HA staff who died on duty to be buried in Gallant Garden?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, for the main reply just now, although I feel that it has already surpassed the scope of Mr CHAN's main question, I still brought out the issue of Tribute Garden specially in the third paragraph. Actually, my intention was to let the Member understand that while a burial facility has been provided in Gallant Garden for civil servants who died on duty, we have also provided a very similar place for Hong Kong citizens who are non-civil servants but have died on duty. That place is just opposite Gallant Garden and we name it the Tribute Garden. Thus, for those HA colleagues who unfortunately died on duty, or other Hong Kong citizens who died on duty and whose death involves elements of exceptional acts of bravery, we now have the Tribute Garden available for them.

DR KWOK KA-KI (in Cantonese): *Actually, the Secretary did not answer my supplementary question. However, I wish the Secretary to confirm whether her answer means that the Government will not consider reviewing the policy concerned, or the eligibility of HA staff to be buried in Gallant Garden in future?*

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

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, the Government has no such consideration.

PRESIDENT (in Cantonese): We have spent more than 16 minutes on this question. Last supplementary question.

MR LEUNG KWOK-HUNG (in Cantonese): *President, may I ask the Secretary whether he will consider combining Gallant Garden and Tribute*

Garden into one? Because civil servants are supposed to serve the public. As they serve the public during their lifetime, so if they have souls, why should they be separated from the public? I find this hard to understand. The Secretary assumed that the deceased died for the sake of Hong Kong while performing their duty. Then, why do people who have served the public in their lifetime seem to have the privilege while the public have to be buried elsewhere? If they are so far apart, they would have to travel a long distance even for a chat. Will the Government consider combining the two places into one, for realization of the spirit of equality and harmony?

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, I thank Mr LEUNG for this supplementary question.

Our idea at that time was based on our understanding that the civil servants who died on duty, their family members as well as the serving civil servants very much wished to have a place where they could cherish the memory or visit the graves of the late colleagues in the Civil Service from time to time. We also understand that it would be unfair if only civil servants who have died on duty are eligible to use this facility while Hong Kong citizens who have died on duty do not have similar facilities. Hence, we finally decided to, firstly, arrange, as far as feasible, to provide two facilities in the same public cemetery, that is, the Wo Hop Shek Cemetery; and secondly, mark out two lots of land which are opposite and very close to each other, that is, the Gallant Garden and the Tribute Garden that we have now delineated. Thus, we have sought as far as possible a solution that is fair to civil servants and Hong Kong citizens who died on duty. We hold that this approach is appropriate.

MR LEUNG KWOK-HUNG (in Cantonese): *President, I asked the Secretary, since civil servants are supposed to serve the public during their lifetime, they should also mix harmoniously with the public after their death. Has the Secretary planned to change the relevant measure because of this? The Secretary has not answered why civil servants, who have served the public during their lifetime, can take priority over the public in choosing the cemetery to be buried after their death?*

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

SECRETARY FOR THE CIVIL SERVICE (in Cantonese): President, I mentioned just now the security issue of Gallant Garden. In fact, in the daytime, Gallant Garden is open to visitors, including the general public so that they can pay their respects to the deceased. Therefore, Hong Kong citizens should not feel that barriers have been placed before Gallant Garden presents any difficulty for to deter them from paying respects to the civil servants who died on duty. The Gallant Garden is open in the daytime and the same treatment has been accorded to Tribute Garden.

As to Mr LEUNG's question of whether the deceased in Gallant Garden and Tribute Garden are inconvenient to chat because they are some distance apart, I am not qualified to answer this question. *(Laughter)*

PRESIDENT (in Cantonese): Fourth question.

Policy Regarding Breach of Confidentiality Rule by Former Principal Officials

4. **MS MARGARET NG** (in Cantonese): *President, early last month, a former Financial Secretary confirmed to the media that in 2002, during his tenure as the Financial Secretary, the top echelon of the Government had studied whether the linked exchange rate system should be abandoned. In this connection, will the Government inform this Council:*

- (a) whether it intends to investigate if that person has improperly disclosed official secrets; and*
- (b) of its policy regarding the breach of the rule of confidentiality by former principal officials?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, my reply to this question is as follows:

- (a) The Administration has set very stringent rules to prevent any leakage of classified information. If there are leaks of classified

information, the Administration will take appropriate action to follow up and investigate.

- (b) The Administration has set very stringent rules to prevent any leakage of classified information. Incumbent and former principal officials are required to comply with these rules.

As far as the law is concerned, principal officials are included in the category of "public servants" as defined by the Official Secrets Ordinance (OSO). Therefore, they are subject to the provisions applicable to "public servants".

Moreover, the Code for Principal Officials under the Accountability System issued by the Chief Executive's office in 2002 reaffirms the above statutory provisions. The Code also stipulates that principal officials are still required to comply with the relevant provisions in the OSO after they have left the service.

MS MARGARET NG (in Cantonese): *Madam President, I believe all Hong Kong people can realize from what they heard that this reply had completely dodged the question.*

Madam President, this question is about confidentiality, which involves the personal integrity and honesty of government officials of the highest echelon and is related to the people's confidence in the entire Government. I am a bit surprised that this question is answered by the Secretary for Security today, and I find the manner in which the Secretary had dodged the question really regrettable.

Madam President, there are so many areas that I wish to follow up, but I can only follow up one of them. The Chief Secretary Mr Henry TANG is also in the Chamber today. The question I wish to raise is: After that former official talked about the linked exchange rate, it was said that the Chief Secretary had asked that person to refrain from talking about that anymore. May I ask the Chief Secretary whether this disclosure in fact had already exceeded the scope of confidentiality? What actually is the yardstick for confidentiality? If he had already exceeded this yardstick, what is the penalty for that? Why is penalty failed to be seen?

SECRETARY FOR SECURITY (in Cantonese): Madam President, I would like to stress once again, the Government has set very stringent rules to ensure protection of its classified information. As for individual cases, we shall not discuss how they are handled.

MS MARGARET NG (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. He has failed to answer again. I asked what the Secretary's yardstick was. Now we have a case here. I asked the Secretary to measure this case against his yardstick to see if it adhered to his standard yardstick or whether it had already exceeded or had even violated it. What is the Secretary's yardstick? What are his criteria? I would like to ask the Secretary to answer this supplementary question.*

SECRETARY FOR SECURITY (in Cantonese): Madam President, according to the regulation applicable to a person who is or has been a public servant under Part III of the OSO, he is considered to have committed an offence, if without lawful authority, he makes a damaging disclosure of information, and such disclosed information is or has been in his possession by virtue of his position.

The relevant legal provisions are applicable to information related to security or intelligence, national defense, international relationships, crimes and criminal investigations. Under such legal provisions, there are also reasonable justifications, that is, the persons who disclosed such information has committed the act knowing that such disclosure is damaging. These are the major steps and criteria we adopt in investigating cases of disclosure of information. With regard to the investigation or the details of any individual cases, I have to repeat my earlier answer, that is, I will not comment on individual cases.

MR RONNY TONG (in Cantonese): *President, I am a bit confused. I wish to follow up the Secretary's reply just now.*

In fact, does the Secretary mean that the OSO is applicable to the person mentioned in this question, that is, the former Financial Secretary? If not, how is it different from the "Code for Principal Officials under the Accountability System"? Will it also lead to criminal prosecution?

SECRETARY FOR SECURITY (in Cantonese): Madam President, the "Code for Principal Officials under the Accountability System" includes the following provisions: Principal officials under the accountability system are included in the category of "public servants" as defined by the OSO. Therefore, principal officials under the accountability system must abide by the provisions of that Ordinance. By virtue of their employment in the Government, they have access to all the classified information, documents or other articles which cannot be disclosed. After they have left the service, that category of information, documents or other articles will still be protected by the relevant ordinance and cannot be disclosed. Principal officials still have to comply with the relevant provisions after they have left the service.

MR RONNY TONG (in Cantonese): *If a principal official has violated the above-mentioned "Code for Principal Officials under the Accountability System", will he still be subject to prosecution after leaving the service? What I want to ask is: Will they be prosecuted?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, if the conclusion of our investigation is that what presented was a leakage situation — I did not say which case in specific — and it entailed criminal elements, then Secretary for Security will pass the case to the police for criminal investigation to be conducted. If there is sufficient evidence, prosecution will follow.

DR FERNANDO CHEUNG (in Cantonese): *President, I have this question for the authorities. The former Financial Secretary disclosed that consideration had been given to delink Hong Kong dollar from the US dollar. He had access to this piece of information naturally because he was a principal official then. Now he disclosed this information, and such disclosure could be damaging to our economy. Have the authorities conducted any investigation into this incident?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have to repeat what I have said in my main reply: That I shall not comment on individual cases.

DR FERNANDO CHEUNG (in Cantonese): *President, I have not asked the Secretary to make any comments. I am asking him about a fact: Has any investigation been conducted into this incident?*

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

SECRETARY FOR SECURITY (in Cantonese): Madam President, I do not have anything to add. But I have to reiterate that the Government has set stringent rules on how classified information is handled. If there is any violation, we will definitely take follow-up actions. But I shall not comment on how individual cases are handled.

MR LEUNG KWOK-HUNG (in Cantonese): *President, I will offer a remark to the Secretary: You are repeating like a parrot. May I put this question to the Secretary once again: Antony LEUNG had access to some information when he was a principal official, and he had disclosed such information to the mass media — Chief Secretary Henry TANG has left the Chamber a moment ago — Mr Henry TANG had also asked him to refrain from talking about that, which is a fact known to everyone in Hong Kong. Had you ever asked him not to talk about that? If not, why not?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I shall not comment on how individual cases are handled.

MR LEUNG KWOK-HUNG (in Cantonese): *The Secretary has not answered my supplementary question. He has not answered whether he had asked the former Financial Secretary Antony LEUNG to refrain from talking about that. Had he or had he not? If not, why not? The Secretary has not given an answer.*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please sit down first. Your supplementary question is on an individual case, and the Secretary has already answered you. He said he would not comment on individual cases. I believe you are not too satisfied with this answer, but these are the facts.

MS AUDREY EU (in Cantonese): *President, the Secretary has mentioned in his reply that the relevant person must be proved to have committed the act knowing that it was an offence; and on the other hand, such disclosure is damaging. This was mentioned earlier in the verbal reply given by the Secretary.*

May I ask the Secretary, apart from the criminal consequences stated by him, is there any other considerations if a former official had unduly leaked out information he had access to when he was in his official position? What are such considerations? If he said he leaked out such information without knowledge, or someone has commented that it was not damaging, does it mean that he does not have to face any consequences then?

SECRETARY FOR SECURITY (in Cantonese): Madam President, accountability officials have to comply with the "Code for Principal Officials under the Accountability System". In the employment contract signed by a principal official, it is explicitly stated that he must comply with the rules and principles contained in the "Code for Principal Officials under the Accountability System", including the need to comply with the provisions of the OSO. If the principal official has failed to comply with the provisions in the Code, the authorities will, depending on the circumstances, take appropriate actions.

What do appropriate actions include? Of course, it includes taking legal actions. If the authorities find that the act of leakage of information involves elements of a criminal nature, legal actions will naturally be taken. Even if the case does not involve any element of a criminal nature, but if it does involve the employment contract, such as in the case of an incumbent principal official, then the authorities may terminate his contract according to the terms of the contract, or may initiate legal proceedings on the ground of incurring losses to the Government. The Government may also apply for an injunction to prohibit him from further disclosing this type of information. It all depends on the different circumstances, including the nature of the incident, before deciding on what action should be taken.

MISS TAM HEUNG-MAN (in Cantonese): *Madam President, the Secretary has said just now that he did not wish to comment on individual cases. But I*

worry that similar incidents might recur in future. As I forecast what may happen in future..... May I ask the Secretary, in the light of this incident, will the authorities conduct a review; if a former official has failed to maintain the level of confidentiality in disclosing some sensitive information that may affect Hong Kong's status as an international financial centre? Will the Secretary review whether the existing mechanism has proved to be effective, especially with those officials who will be leaving or have already left the service? How can the authorities prevent similar incidents from recurring?

SECRETARY FOR SECURITY (in Cantonese): In fact, under the existing accountability system, the regulatory measures for keeping confidentiality by principal officials are adequate. As I have said in the main reply, both incumbent and former principal officials cannot disclose classified information of the Government, as the relevant regulations had already been spelt out in the OSO and the "Code for Principal Officials under the Accountability System".

On the issue of whether or not we will review our existing system, of course I dare not say that we will not, but this is not within my policy portfolio. I shall relay Miss TAM Heung-man's opinion to the relevant Bureau or department.

MR LAU KONG-WAH (in Cantonese): *President, I am not asking a question in connection with that case, but about the situation in general.*

The Secretary said in part (a) of his main reply that if there are leaks of classified information, the Administration will take appropriate action to follow up and investigate. May I ask, by "Administration", do you mean the Security Bureau? Will it initiate investigation and follow up mechanisms? Besides, from 2002 to date, has the Administration conducted any such investigations?

SECRETARY FOR SECURITY (in Cantonese): Madam President, "the Administration" refers to "the Government". According to the Security Regulations, if we find that classified information has been leaked — first of all, not all such classified information is in the custody of the police. For example, different Policy Bureaux will define which documents are classified information

within their respective Bureaux. If leaks of classified information or other violations of the Security Regulations occur in a certain Policy Bureau or a department, the heads of the Bureau or the department concerned should take appropriate follow-up actions. For example, if a person is found to have leaked out the information, relevant disciplinary actions may be taken. If the incident is found to have involved elements of a criminal nature, it will be referred to the police for criminal investigations to be conducted. Anyway, if the leakage of information is found to have breached the Security Regulations, the relevant department and head of department will also notify the Secretary for Security.

According to the Security Regulations, if the Government suspects that any government officers have disclosed classified information of the Government without authorization, the Chief Secretary of Administration will order an investigation into the incident if necessary. The investigation will be conducted by the Security Bureau, that is, by Security Officers under me. Upon completing the preliminary investigation, the Security Officers of the Government will submit a report to the Secretary for Security. If the Secretary for Security finds that the incident has involved criminal offences, he will refer the case to the Commissioner of Police for appropriate investigations. If it is necessary to take disciplinary actions, the case will be referred to the relevant Bureau, such as the Civil Service Bureau, for action.

With regard to whether we had conducted investigations by virtue of the Security Regulations, the answer is in the affirmative. However, I am unable to divulge the details to you here.

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

MR LAU KONG-WAH (in Cantonese): *President, I do not know what I intend to ask is a follow-up question or another supplementary question which requires me to take another turn in the queue. In fact, may I ask the Secretary how many cases there were?*

PRESIDENT (in Cantonese): Then you will have to queue up for another turn because your earlier supplementary has not asked this point. However, you actually will not have the chance of raising your question again because we have

already spent more than 17 minutes on this question. Last supplementary question now.

MS MARGARET NG (in Cantonese): *Madam President, after listening to the Secretary's reply just now, will you feel that the authorities have already given "the green light" for officials of the highest echelon to leak out classified information after they have left the service? And, "green light" even for leakage of information by incumbent official? Because after listening to the Secretary, firstly, the Government appeared not to have taken the case seriously, secondly, it appears that no investigation on criminal nature has been conducted. For criminal, it means that person must have knowledge that it will bring about damage. Only then can a crime be constituted, and then enable the authorities to conduct investigation.*

Ms Audrey EU asked about whether there will be any other possible consequences apart from the criminal ones. But it seems that there is not any. Madam President, may I ask the Secretary, judging by his replies and the way he acted today, has he openly declared to the whole world that the confidentiality responsibility of principal officials..... In fact, is it that he has given "the green light" to any leakage of information?

SECRETARY FOR SECURITY (in Cantonese): Madam President, the simple answer is: The situation is definitely not so. Regarding all the classified information of the Government, and for the protection of such information, we attach the highest significance to them. For any so-called suspected leakage situations, we would for sure strictly follow them up and conduct investigations into them. I do not agree that in giving my answers today, I am offering the green light to the so-called "leakers of classified information".

PRESIDENT (in Cantonese): Fifth question.

Criminal Cases Involving Domestic Violence

5. **MR RONNY TONG** (in Cantonese): *President, will the Government inform this Council of the following in the past five judicial years:*

- (a) *the number of criminal cases involving family violence which were handled by various levels of Courts, and among them, the number of those in which the accused were convicted, as well as the information on the penalty imposed; if the relevant figures and information are not available, of the reasons for that; and*
- (b) *the number of criminal cases involving family violence which were disposed of by way of offering no evidence against the accused, and the details of such cases, including the number of those in which the accused were required to enter into recognizances to be of good behaviour, and whether the accused's agreement to be bound over was one of the factors for consideration of offering no evidence by the prosecution?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, regarding the two parts of the question of Mr Ronny TONG, our response is as follows:

- (a) From 2003 to 2006, the annual total number of domestic violence crime cases dealt with by the Court is 391, 511, 904 and 1 408 respectively. The details are set out at the Annex which has been distributed to Members.
- (b) The police handle and investigate all reports of incidents involving domestic violence professionally, and conduct thorough investigation according to the circumstances of each report. Where there is sufficient evidence, prosecution action will be taken. However, after invoking the prosecution process, due to various factors beyond its control, the prosecution may need to consider disposing of a case by way of offering no evidence. These factors include the witness suddenly becoming reluctant to give evidence, the witness having reached reconciliation with the offender, the witness's credibility being in doubt, and the witness having disappeared, and so on. In deciding whether or not to dispose of a case by way of offering no evidence, the offender's remorse (such as whether the offender agrees to the arrangement of binding over) can be one of the considerations for less serious cases.

Between 2003 and 2006, the number of domestic violence crime cases which the prosecution disposed of by way of offering no

evidence is 23, 44, 67 and 178 respectively. The Administration does not maintain separate statistics on the number of such cases in which the defendant had to be bound over.

Annex

Table 1: Domestic violence⁽¹⁾ crime cases⁽²⁾ dealt with by the Court

<i>Level of Court</i> \ <i>Year</i>	2003	2004	2005	2006
High Court	10	8	9	7
District Court	6	8	5	2
Magistracy	375	495	890	1 399
Total	391	511	904	1 408

Table 2: Discharge outcome of domestic violence⁽¹⁾ crime cases⁽²⁾ dealt with by the Court

<i>Types of Discharge Outcome</i> \ <i>Year</i>	2003	2004	2005	2006
Life imprisonment	2	0	0	1
Immediate imprisonment	28	32	40	53
Suspended imprisonment	9	25	20	41
Probation Order	9	14	17	45
Community Service Order	10	10	17	19
Bound-over Order ⁽³⁾	257	321	628	933
Fine	25	20	37	45
Other types of discharge ⁽⁴⁾	4	5	4	8
No conviction recorded	47	84	141	263
Total ⁽⁵⁾	391	511	904	1 408

Remarks: (1) At present, a domestic violence case is defined as "any incident involving an assault or a breach of the peace between parties who can generally be described as married or having a family relationship". The "parties who can generally be described as married or having a family relationship" include couples who are married, separated or divorced, heterosexual co-habitants or lovers.

(2) Crime cases include murder and manslaughter, rape, indecent assault, wounding, serious assault, criminal intimidation, criminal damage and possession of offensive weapon, and so on.

- (3) The figures cover cases where charges were laid and where binding over applications were made in respect of the offender to the Court.
- (4) Other types of discharge include training centre, detention centre, drug addiction treatment centre and hospital order (under the custody of the Correctional Services Department).
- (5) The figures include cases acquitted, cases with no case to answer, cases where the prosecution offers no evidence, cases where the accused turned insane or died, and so on.

MR RONNY TONG (in Cantonese): *President, I find the reply this time around very astonishing. The Government has said that there would be zero tolerance towards domestic violence, however, if we add the numbers in part (a) and part (b) together, we will find that the number of domestic violence cases (including cases in which no evidence was offered) has increased four-fold in four years' time. If we look at the last of these four years (2006) alone, the number of cases in which prosecution action was taken stood at over 1 400 cases, yet, there were 178 cases in which no prosecution action was taken for various reasons and they accounted for more than 10% of the total. President, I think this is quite a high percentage. May I ask the Secretary if he would consider the existing legislation inadequate in enabling the police to take reasonable prosecution action in every case of domestic violence?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, concerning legislation, of course, it is necessary for us to conduct a review when appropriate to see whether or not the existing legislation, as Mr Ronny TONG put it, is suited to the present situation in Hong Kong. The Government will definitely conduct a review in this regard.

Speaking of reasons for the steady increase in the number of domestic violence cases, domestic violence is a very complex social problem for which there are many causes. Local and overseas studies indicate that apart from the influence of various factors such as those of economic and environmental nature, domestic violence is also closely related to society as a whole and demography. Although the police has not carried out any very scientific or detailed analysis or conducted any study on the reasons for the increase in cases of domestic violence, we believe that this is related to the enhanced publicity and education

directed at the public which are actively undertaken by the Government in recent years and its efforts to raise public awareness of domestic violence. In other words, more people are willing to report incidents of domestic violence nowadays and more victims of domestic violence are willing to seek assistance. This aspect is also reflected in the increase in numbers.

MR RONNY TONG (in Cantonese): *The Secretary replying to the question is the Secretary for Security, not the Director of Social Welfare or the Secretary for Home Affairs. I want to ask the Secretary for Security, speaking from his own capacity, does he think the existing legislation has conferred adequate legal power on the police such that even in cases which are difficult to take prosecution actions, they can make the victims give evidence so as to lay charges against the offenders? May I ask the Secretary if he considers the power specified in the relevant legislation adequate?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, according to our classification of domestic violence, at present, most of the cases can be classified as common assault or assault occasioning actual bodily harm because the two parties involved often become abusive and then violent in their quarrels. Often, it is the physically stronger party who becomes violent. As I said just now, the reasons that we did not take prosecution action or terminated the prosecution process were that the victim was often unwilling to give evidence; a couple was on good terms again or the wife did not want the husband to go to jail or be punished. Of course, in some circumstances, we can examine the wounds of the victim or offer circumstantial evidence, so even if the victim does not give evidence, we can still prosecute the violent party for causing bodily harm. However, if we do not have such evidence, very often, we would have to rely on the statement of the witness and on the witness giving evidence against the violent party in Court. In that event, if the witness is unwilling to appear in Court to give evidence, it will not be possible to initiate prosecution.

In view of such circumstances, is the existing legislation adequate? If we amend the legislation to make it mandatory for someone who has reported a case to give evidence in Court, there will be the so-called "read across" effect. Will doing so necessitate an overall review of the criminal procedure? If it is due to the foregoing reasons that no prosecution can be initiated in domestic violence cases, does it follow that we will have to amend the legislation? However, in such circumstances, I do not agree that there is a need for us to amend the existing legislation.

PRESIDENT (in Cantonese): A total of nine Members are waiting to ask supplementaries. Will Members who have the opportunity to do so be as concise as possible?

MISS CHAN YUEN-HAN (in Cantonese): *Just now, the Secretary has related the difficulties involved and actually, the Secretary has also given his view on the present figures on domestic violence. I think there is contradiction in this regard. I wish to raise a query concerning the reply given by the Secretary just now to Mr Ronny TONG's question. Speaking of the present trend of increase in figures, the Secretary said that this was because public awareness of domestic violence has raised, so more people had made reports. However, another problem we can see is that of the difficulty in taking prosecution action. A subcommittee of the Legislative Council on domestic violence has also made a recommendation to the Government (including the police), that is, apart from the abused and the abuser, should the Government allow a third party to make a report? I hope the Secretary can consider this issue proactively.*

We can see that the number of domestic violence cases in society is on the rise, however, there are some problems in the existing legal procedure. What the Secretary said is true, for example, there is difficulty in asking the wife to testify against the husband and very often, certain things are also true. However, will it be feasible if a third party is brought in to make a report on behalf of one party? We have made this suggestion to the Government a long time ago, however, I still hope the Secretary can reply to this.

SECRETARY FOR SECURITY (in Cantonese): Madam President, at present, we do not only handle cases reported by victims. If a passer-by or a third party makes a report, the police will also handle and investigate it. If a third party can really testify in Court, this is also very welcome. If a wife is unwilling to testify but other witnesses are willing to do so, we will definitely handle and take in the case. It is not true that we will not take it in.

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

MISS CHAN YUEN-HAN (in Cantonese): *No, the Secretary has misunderstood me. What I mean is in the initial step, the wife may be reluctant to make a report, however, if a third party finds that someone is being abused, in these circumstances, is it possible that he be allowed to make a report on behalf of the wife? At present, there is no such provision. However, what the Secretary said in response to my query only relates to a third party testifying in a case. That is only the role of a witness. That is not what I mean, rather, what I mean is the initial step of making a report.*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I believe I have already replied just now. For a case in which a third party sees a neighbour abusing his wife, we will also carry out an investigation and deal with it. It does not mean that we will only deal with a case in which the abused wife makes a report. At present, if a third party makes a report, we will also deal with the matter.

MS EMILY LAU (in Cantonese): *President, the Secretary said in his reply that the reason for the four-fold increase within four years in the number of domestic violence cases handled by the Court was that there was greater public concern. In other words, what the Secretary means is that in fact, for many years, a great number of women — and also some men, however, the majority are women — have been abused, only that at present, some figures have surfaced, whereas actually, the figures had neither risen nor fallen. Is this what the Secretary meant? It therefore goes that for many years, some people have been abused but the authorities have not addressed this problem throughout this time. Is this not a dereliction of duty?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I believe the accusation of dereliction of duty is far too serious because as we all know, it is necessary for the police to receive a report before they can carry out an investigation. Ms LAU, Hong Kong is not a police society and it is not possible for our Police Force to carry out surveillance all the time and install CCTV in each and every place to see if anyone is abusing his wife or spouse. May I ask how we can carry out an investigation if we have not received any report? Therefore, I do not think that our Police Force has neglected its duty.

MS EMILY LAU (in Cantonese): *President, the Secretary did not answer my supplementary. The Secretary said that they had made efforts, so the public are making more reports. However, it is precisely because they have not done much for many years that the public did not make reports. This is my rationale and I am not asking him to create a policy society. President, with so many women having been abused for so many years, should the authorities assume a major share of the responsibility?*

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

SECRETARY FOR SECURITY (in Cantonese): Madam President, I do not think I have anything to add. It is true that the relevant figures are rising rapidly in the past few years, however, we cannot adopt a simple deduction approach to say that past figures have been equally as high.

MR ALBERT HO (in Cantonese): *In fact, I believe that the Secretary should have thought long and hard and obtained legal advice before giving his main reply. However, I think the factors to be considered in taking prosecution action are very problematic. First, the Secretary said that he could not force witnesses to testify in Court, but this is wrong because the prosecution can summon witnesses. Next, the Secretary said that the offender and the witness might have got back on good terms again. However, has it ever occurred to him that the victim may have been subjected to psychological, mental and financial pressure and is forced to put on an appearance of being on good terms again? The most important point that he failed to mention was the degree of the violence inflicted by the abuser, the consequence of the use of violence (that is, whether the victim has sustained injuries) and the past record of abuse. He did not mention these factors relating to the initiation of prosecution at all. Has he omitted the most important part and only dwelt on some irrelevant matters?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, it is impossible for me to set out all the reasons in my reply. When dealing with cases of domestic violence, we do not leave it entirely to the police. Very often, social workers are also enlisted. The seriousness of the abuse is definitely a factor for us to take into consideration. In addition, if the wife is unwilling to testify against the husband (of course, there are probably also

instances of the wife battering the husband), would it be because she was subjected to pressure exerted by the husband? In these circumstances, there will always be social workers who would handle the cases together with us. They will be responsible for dealing with the emotional problems of the wife, in the hope that she will step forward to testify against the abuser. In this regard, I can tell Mr James TO that in the Government, apart from the police, colleagues from other departments and bureaux will also join us in handling these cases.

PRESIDENT (in Cantonese): Secretary, you should be answering the query from Mr Albert HO.

MR ALBERT HO (in Cantonese): *The Secretary has not replied as to whether he has forgotten that the prosecution can summon witnesses. That means a witness who has given a statement can be summoned. Is the Secretary aware of this?*

SECRETARY FOR SECURITY (in Cantonese): It is correct that the Court can summon witnesses to give evidence, however, if the wife is unwilling to co-operate with us in testifying against the husband in Court, there is nothing we can do because appearing in Court to give evidence is voluntary in nature.

MR ALBERT HO (in Cantonese): *President, the summon of witnesses is not voluntary in nature because failure to appear in Court will constitute an contempt of the Court.*

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

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

MS MIRIAM LAU (in Cantonese): *Part (b) of the main reply points out that when the prosecution decides whether to offer no evidence or otherwise, the*

offender's remorse, such as whether the offender agrees to be bound over, will be considered. May I ask the Secretary whether the arrangement and proposal of allowing the defendant to be bound over shall be made to the defendant only if the abused person agrees to them? In addition, if the offender agrees to be bound over, how can the prosecution ensure that he does so out of remorse and not just in the hope of getting away with it?

SECRETARY FOR SECURITY (in Cantonese): Madam President, when we decide whether to allow the person concerned to be bound over, we have to consider several factors. The first and foremost factor that we must consider is the safety of the victim (for example, children or other vulnerable people) because if the offender, being allowed to be bound over, commits abuses again after going free, what can be done? The second factor of course is the seriousness of the crime, which I have mentioned in my reply to Mr Albert HO just now. The third factor is the physical or mental injuries suffered by the victim. The fourth factor is the likelihood of the offender committing an offence again and fifthly, it is the present state in the relationship between the defendant and the victim. Maybe the defendant has only acted on impulse on that particular occasion, but was subsequently remorseful and has undertaken to us or the victim that he would not abuse the victim again. Therefore, we will consider the past relationship between the defendant and the victim, particularly whether the defendant has any past record, for example, whether he has battered the victim before, but has committed the abuse once again after having admitted to his wrongdoing on the previous occasion. Hence, we will consider all factors before allowing the defendant to be bound over.

MS MIRIAM LAU (in Cantonese): *President, the Secretary did not answer my supplementary. What I am asking is whether the agreement of the abused person will be sought before the suggestion of binding over shall be made to the defendant?*

SECRETARY FOR SECURITY (in Cantonese): This is not a factor that we have to take into consideration compulsorily, but of course, a victim would often say to us that she hoped a chance could be given to the defendant and that she did not want us to prosecute him. This is one of the factors that we will take into consideration, though not in each and every case.

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

MS MARGARET NG (in Cantonese): *Madam President, does the main reply indicate that the major cause of the problem of so many incidents of domestic violence ultimately lies in the Secretary himself? This is because as revealed just now, there are inadequancies in the law, however, it appears that the Secretary considers there is no way of making any improvement, furthermore, he thinks that if the law is to be amended, it will be necessary to introduce a fundamental change to the onus of proof. In fact, we have already put forward a lot of views, including that it is not always necessary to require the victim to give evidence in Court in person in child abuse cases. Very often, there are people who make reports, it is only that the police have cast the impression that there is no use in taking prosecution action, because the way in which the cases are handled is inadequate. Concerning these issues, it seems that the Secretary thinks there is no need to consider them. Can this actually explain why it has not been possible to reduce the number of domestic violence cases despite the fact that more and more people are reporting cases?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I do not agree with Ms Margaret NG's comment that the police had to assume major responsibility for the increase in the number of domestic violence cases. I believe all of us would agree that in such incidents, it is only in the final stage, that is, after the occurrence of an incident of domestic violence, that the police could deal with the incident. The most desirable situation is of course for society and the family to be harmonious and it is only in this way that we can get to the crux of the matter, is it not? As regards how incidents of domestic violence can be reduced, we must solve this problem at root rather than impose heavier penalties after the occurrence of abuse with the hope of achieving a deterrent effect. Of course, this can be one of the approaches, however, I think this approach will only scrape the surface of the problem. If we want to deal with the problem of domestic violence in its entirety, it is necessary to include publicity and education, as well as considering how to inspire harmony in the family. However, this aspect cannot be dealt with by the police, rather, it is a problem that the entire Government or society as a whole must face up to.

Therefore, as I have said, domestic violence is a very complex social problem. Of course, the police will definitely fulfil their responsibility and do their work properly. When an incident of domestic violence has occurred, we will investigate, handle the incident and initiate prosecution in accordance with the existing law solemnly. However, if the problem of domestic violence is to be tackled at root, can we achieve this merely by imposing heavier penalties or compelling some people to give evidence? I think this is not the most preferable solution.

PRESIDENT (in Cantonese): Last oral question.

Household Income Distribution

6. **MISS CHAN YUEN-HAN** (in Cantonese): *President, regarding the thematic report on the household income distribution published by the Census and Statistics Department (C&SD) last month, will the Government inform this Council:*

- (a) *of the reasons why the authorities have taken into account only three social benefits, namely education, housing and medical benefits, but not other community, recreational and cultural facilities and services which are used by both the rich and the poor, when computing the post-tax post-social transfer Gini Coefficient (GC);*
- (b) *whether it knows the changes in the GCs of France, Germany, Japan, South Korea and Taiwan over the past decade, and of the reasons why the aforesaid report did not compare the GCs of Hong Kong with those of these developed economies; and*
- (c) *as the continuous rise of GCs since 1971 indicates a deteriorating trend of disparity in income and the inadequacies of existing measures in reversing such a trend, whether it has any plans for taking further measures to curb the trend; if it has, of the details of the plan; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, the GC is a summary measure to depict the income disparity of an economy. In general, household income is used as the unit of study. The GC takes the value between 0 and 1. The larger the value, the greater is income disparity. Over the years, the GC has been commonly used in the international community, including Hong Kong, in describing the degree of dispersion in household income. The GC has the advantage of having a single statistic which is more easily understood by the public. However, it should be noted that GC is a relative measure reflecting the magnitude of household income disparity within a certain period of time. It cannot fully reflect the actual economic well-being of households or individuals. Thus, using a single figure to simplify a complex social phenomenon may not be able to accurately reflect the actual circumstances and changes. Moreover, the levels and changes of the GC are subject to changes in the structure of the economy, demographics and families. As such, apart from making reference to the GC based on original household income, income analysis should be conducted from different angles and perspectives.

Based on original household income, the GCs of Hong Kong were 0.518, 0.525 and 0.533 for 1996, 2001 and 2006 respectively, similar to those of the United Kingdom and Canada. Although there has been an apparent increase in the GC over the past decade, we must analyse the reasons for the rise in the GC objectively and made reference to the factors affecting the distribution of real wealth when examining the actual situation of income disparity. As I have just pointed out, the GC is easily affected by the changes in the structure of the economy, demographics and families. In terms of the economic structure, there is less income disparity amongst employed persons in economies with greater preponderance of agricultural and manufacturing activities, whereas there is a larger income disparity amongst employed persons in economies which place more emphasis on skills and are knowledge-based, such as Hong Kong.

Over the past decade, Hong Kong has undergone continuous economic restructuring, spear-heading towards the path of higher academic qualifications, and high-tech and high value-added activities in economic development. Such mode of development, which is in line with the globalization trend, will lead to a rise in the GC. As indicated by the statistics, there would be great disparities among the GCs if analysed by relevant industry, occupation and educational attainment. For example, if analysed by industry, the GC for financing, insurance, real estate and business services was 0.544 in 2006; and that for the

construction industry was 0.362, indicating a relatively smaller income disparity. This is a common phenomenon in the development towards a knowledge-based economy. If analysed by occupation, the GC for managers and administrators was 0.528 and those for clerks and elementary occupations were 0.272 and 0.288 respectively. If analysed by educational attainment, employed persons with higher education level earned more than those with lower education level, but the income disparity was also higher amongst those with higher education attainment. For example, the GC for the employed persons with degree-level qualification was 0.528 whereas the GCs for those with lower secondary or primary-level qualifications ranged from 0.357 to 0.379.

Apart from economic restructuring, the changes in population and family structure also led to rise in GC based on household income. During the past decade, the continuously ageing population and changes in household size towards small families have led to a significant increase in the number of older-person households and elderly singleton households, thus leading to the increase in the number of low-income households. For instance, the number of families comprising just one or two members has increased by 42.5% over the past decade. Among these, there is an increase of over 50% in the number of elderly households with just one or two members. As most older persons were retirees or not engaged in economic activities, the household income of older-person households were correspondingly lower. According to the report published by the C&SD on household income distribution, the GC computed on the basis of per capita household income has been very stable and stayed at about the same level in the past decade if we take into account the decrease in household size in the local population during the same period.

As illustrated by the above examples and figures, the study of income distribution and disparity is a highly complex subject requiring careful interpretations. During the past decade, Hong Kong has been experiencing economic restructuring as well as changes in social and demographics. It may not be possible for us to fully understand the actual situation by looking at GC compiled based on household income data alone.

In regard to the itemized question raised by Miss CHAN, below is my reply:

- (a) It is inevitable that income disparity would exist, no matter how robust the economic growth and development of an economy is.

Government intervention through taxation and social benefits helps bring about income redistribution. Generally, households at the upper segment of the income distribution pay more in taxes than they receive in benefits, and the reverse happens for households at the lower segment of income distribution. Taxes and benefits therefore tend to have the effect of narrowing household income disparity. In view of the fact that the GCs published in the past were compiled on the basis of original household income and did not reflect the impact of government policies and measures as mentioned above in helping the low income households, the C&SD has conducted in-depth analysis on this topic in the thematic report on household income distribution in Hong Kong published in June this year. The report includes an examination of the redistributive effect of taxation and direct social benefits on household income and the compilation of post-tax post-social transfer GCs.

Taking into account the effects of both taxation and social benefits on household income, the GC for 2006 dropped from the original 0.533 to 0.475, indicating a reduction in the spread of income disparity. This is due to continued increase in the Government's spending on education, housing and medical benefits during the past decade. In this study, the benefits in kind allocated to households constituted 36% of the public expenditure in 2006.

Other than public education, medical and housing services, members of the public may also have access to various types of other subsidized or free services provided by other public and private organizations, such as library services provided by the Government, and social services by charitable organizations. As the C&SD does not have sufficient data to clearly identify the group of persons receiving such services, those services cannot be covered in the study. We understand that overseas studies of a similar nature are also faced with the same limitation.

- (b) The comparison of income disparity on an international scale among different economies may be subject to considerable limitations owing to differences in income definitions and compilation methods. Despite the fact that some economies are in similar situation as that of Hong Kong, those economies which have not published relevant

study results or have not conducted studies with regard to the impact of government measures on income distribution were not included in the thematic report by C&SD for comparison. Nevertheless, the C&SD will continue to keep abreast of the international development and latest trend in major economies.

- (c) As I mentioned before, the economy of Hong Kong has been undergoing continuous restructuring and upgrading in the past decade. A working population with high educational qualifications and high skills, and knowledge-based industries will have higher level of income disparity. However, the per capita post-tax post-social transfer household income GC in 2006 remained at the same level as that of a decade ago. Notwithstanding this, the Government of the Hong Kong Special Administrative Region (SAR) is very concerned about the well-being of low income earners and the disadvantaged. Our approach is to formulate poverty alleviation and prevention measures addressing their specific needs.

To this end, the SAR Government has been committing itself to improving people's livelihood and helping the disadvantaged. In Hong Kong, the tax rate is relatively low and low-income earners often do not need to pay tax. Our public housing policy provides assistance to low-income families which cannot afford private housing. At the same time, over 50% of the public expenditure is spent on education, welfare and public medical services to improve the living conditions of the poor. In the past decade, the expenditure on these public services has increased by about 50% to \$120 billion.

The SAR Government attaches great importance to poverty alleviation. In exploring how to pursue the work more actively and effectively, the Commission on Poverty has, for the past two and a half years, actively promoted the policy direction of "From Welfare to Self-reliance", made various recommendations on stepping up prevention and alleviation of poverty, and considered new strategies and directions for poverty alleviation.

The term of office of the Commission on Poverty ended last month. This, however, does not represent an end to poverty alleviation

work, but signifies the beginning of the next stage of work. Alleviating poverty through job creation is one of the important tasks of the new Administration. We will strive to stimulate economic growth and create employment opportunities. We will strengthen and integrate training and employment assistance to enhance the abilities of the disadvantaged to adapt to economic restructuring and achieve self-reliance. The SAR Government will also try out new approaches, including the further development of social enterprises, to assist those who are difficult-to-employ to integrate into the job market. The Labour and Welfare Bureau will continue to oversee and monitor the overall progress of poverty alleviation, and encourage greater co-ordination of efforts across the Government to tackle poverty.

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, the main reply of the new Secretary shows that the Government is lopsided, and it did not answer to the question. Madam President, I would certainly wish to ask a lot of questions. For instance, in this statistical analysis of the GC, the Government has only considered the factors of education, housing and medical benefits, but has it considered the fact that nowadays, many, many services in the community are beyond the affordability of the poor? Another example is that in part (b) of my main question I mentioned the examples of France, Germany, Japan and South Korea, and I did so because the Government had used Britain, Canada and the United States as examples in this survey. Why did the Government use these examples, rather than the examples that I mentioned in my main question? Another example is that the Secretary mentioned the past trends to conclude that the situation has already improved and that the GC has remained more or less the same. As the Government has eliminated all the relevant factors and reassessed the situation, that is why the figure dropped from 0.533 to 0.475, indicating a reduction of the income disparity.*

Madam President, the Government is too obsessed with its predetermined position, hoping to narrow the wealth gap without taking into consideration substantial poverty in society. So, I very much wish to ask the new Secretary this: Under the present circumstances, if we make use of the statistics that have all along been used before, without eliminating the relevant tax from income and the factors of education, medical benefits, and so on, the figure we get would be 0.533, which means that despite those "skilful means" described in part (c) of the

main reply, the Government could not curb the trend or resolve the wealth gap which everyone recognizes as an existing problem.....

PRESIDENT (in Cantonese): Miss CHAN, can you please state your supplementary question directly?

MISS CHAN YUEN-HAN (in Cantonese): *Madam President, as the Secretary had spent more than 10 minutes on his answer, I would like to spend a little more time to ask my question.*

PRESIDENT (in Cantonese): But other Members have questions to ask too. *(Laughter)*

MISS CHAN YUEN-HAN (in Cantonese): *Fine, Madam President, it does not matter. If they use this mentality to deal with the very controversial problem of wealth gap in society today and propose new measures to tackle it, I think the SAR Government is not going to make any achievement. In this connection, I very much wish to ask the new Secretary whether he has considered putting in place a general retirement protection system to address the problem of poverty among the elderly? Has he considered acting on the existing policies of the Government to provide assistance to the employed persons?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, in my main reply, I actually wished to point out that this GC of 0.533 has a lot of indications, including an overall economic restructuring and changes in demographics. On the question of whether 0.533 represents aggravation of the wealth gap, we must look at the many different analyses that we have conducted and we will see that the increase in the figure is due to a lot of underlying factors. Post-tax post-social transfer GC is the latest and quite commonly accepted approach used to calculate the GC in the international community. After this process, and if we further take into consideration changes in the structure of population, we will find that the figure actually has not increased. This does not mean that the SAR Government is not concerned about the poor. I wish to point out that the Government has done a

lot to help the poor and these matters have also been mentioned in the process. I was trying to explain to Miss CHAN what the GC stands for and that this figure actually includes a host of factors.

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

MISS CHAN YUEN-HAN (in Cantonese): *No, the Secretary has not answered it. All the new measures are just an old tune with no novelty at all. I asked whether a general retirement protection system can be put in place to address the problem faced by the elderly. I asked whether the obstacles to the Government's various policies on employment can be removed. I asked him whether he had considered doing all these. Madam President, the Secretary did not answer my question.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I would like to add a few points to Secretary Prof K C CHAN's analysis. Let us not entangle ourselves in the GC. The problem that we face now is that we recognize the need to improve the livelihood of the grassroots as far as possible, and this is surely a fact. The new government will certainly take a pragmatic attitude and promote employment in all aspects, and to this I promise. In the next five years, I will certainly do everything I can at all fronts to carry out work in several tiers. Firstly, efforts must be made to promote employment among the youth, the middle-aged and the elderly, that is, work will be carried out in three tiers. Besides, in relation to the 50-odd recommendations made by the Commission on Poverty, the Labour and Welfare Bureau is responsible for co-ordinating the progress of work across the Government. I will conduct a comprehensive study of the recommendations shortly to examine how they can be implemented in phases and decide on the priorities of implementation. Our objective is "From Welfare to Self-reliance", and we hope that through social enterprises and more participation from members of the community, a new culture, or a new caring culture, will be promoted. So, Miss CHAN should not be over-worried. The new government has the dynamics, confidence and determination to take forward the work of poverty alleviation.

PRESIDENT (in Cantonese): Secretary for Financial Services and the Treasury, do you wish to add anything?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): It would not be necessary.

PRESIDENT (in Cantonese): We have spent 17 minutes on this oral question. I noticed that the Secretary for Financial Services and the Treasury had spent over 10 minutes on his main reply and so, I will exercise my discretion to allow more time for this question, so that Members can ask their supplementary questions.

MR FRED LI (in Cantonese): *President, this is a new government indeed, as the Secretary had spent 10 minutes answering the main question. I have read in detail Prof K C CHAN's (the Secretary)'s main reply which consists of five pages. I can see that even if tax and social benefits are eliminated and calculation is entirely done using the Government's method, this report of the C&SD shows that the figure in 2006 was 0.475, which is still higher than the 0.470 in 2001. That is, while the figure may already be lower according to the Government's method, it still reflected an upward trend. In this connection, Secretary, I would like you to give us a simple answer to this question: Has the wealth gap problem in Hong Kong become more and more serious?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, if we look at the figure, we can see that the figure has slightly increased, and if we look at the income disparity, indeed, there is also a slight increase. But does this figure mean an actual deterioration of the wealth gap? I think the figure cannot be interpreted in this way.

MR FRED LI (in Cantonese): *I do not quite understand the meaning of the Secretary. I would like the Secretary to tell us clearly is it that the Government considers that the wealth gap is not serious or there has never been a deteriorating trend? I would like the Secretary to answer this point more clearly.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I think the figure itself is a statistic reflecting the extent of the income disparity. We can see an increase in it but as I said earlier, the increase may not necessarily mean..... because many factors are involved and so, it may not necessarily mean aggravation of the wealth gap. I am not saying that poverty does not exist in Hong Kong, just that when interpreting the figure, we must not be too rigid in saying that it represents a drastic increase.

DR YEUNG SUM (in Cantonese): *I am very glad that the Secretary has attached such great importance to social policies in Hong Kong. Had there not been social policies enabling some transfer of wealth, I think the wealth gap in Hong Kong would be even bigger.*

Madam President, according to the recent census report, the number of people with a monthly income of \$40,000 has increased, and so has the number of people earning less than \$6,000 monthly. I would like to ask the Secretary, judging from the figures — I am talking about the income only, not the wealth distribution effect of social services — if we look at the income, does the Secretary not see that the rich has become richer while the poor poorer? From the income perspective, it actually reflects a widening wealth gap in Hong Kong.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I have read the statistics, and these statistics refer to the household income, and as I mentioned earlier, the household income has reflected changes in the structure of society of Hong Kong. I can see many singleton elders and small families therein, and this will have a bearing on the household income.

DR YEUNG SUM (in Cantonese): *I am talking about it from the angle of income, not wealth distribution by social services. From the angle of income, does the Secretary agree that the income of Hong Kong people has been polarized and that is, the rich has become richer while the poor, poorer?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I do not agree. I.....

PRESIDENT (in Cantonese): Never mind, Secretary, there is no need to rush. Please answer slowly. *(Laughter)*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I beg your pardon. Madam President, judging from the statistics, I must say that I do not agree with this interpretation because looking back at the figure mentioned earlier, you can see it referred to household income, and as families have become smaller and smaller which means that there are less and less members in a family, this is therefore reflected in this figure.

MR WONG KWOK-HING (in Cantonese): *Before I ask my question, I wish to congratulate the two new Secretaries. Now I would like to ask Secretary Prof K C CHAN a question. In the main reply, it is very clearly written in the second paragraph of part (a) of the main reply this: "..... indicating a reduction in the spread of income disparity". It means that the wealth gap has been reduced, does it not? I would like Secretary Prof K C CHAN to explain to us how it has been reduced? The median household income has dropped, the number of low income earners has increased as several hundreds of thousand workers earn less than \$5,000 a month, and the number of recipients of the Comprehensive Social Security Assistance (CSSA) has almost doubled over the past decade. How will the Secretary justify his conclusion?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I said in this paragraph of the main reply that the figure has been reduced, and it was starting out from comparing the GC calculated without considering social benefits and tax revenue, and ended up with calculation after having taken into account social benefits and tax revenue. So, this figure here reflects that as the SAR Government has provided welfare benefits to low income persons and the revenue from tax has enabled wealth to be redistributed, we can see that the income disparity as reflected by the GC has been reduced.

MR WONG KWOK-HING (in Cantonese): *President, what the Secretary has left out in his answer is this: He said that the income disparity, which means the wealth gap, has been reduced, but he did not tell us why the median household income has dropped, the number of low income persons has increased and the*

number of CSSA recipients almost doubled. He did not tell us why these three points do not tally with the statistics that he mentioned.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): With regard to the GCs mentioned in the my main reply, if we also factor in the changes in population when computing the GC, which is primarily based on household income, that is, if we also factor in the changes in the composition of household, we will see that there has not been much increase over the last decade, just as what I said earlier in response to the Mr LI's supplementary question. Certainly, we understand that many of the statistics relating to the overall household income in society in every aspect, such as in the high income group or low income group, may actually be changing. But when we factor all these in the calculation of the GC, we will not see too big a difference. Certainly, we do see that the income of some households has dropped and that is due to a host of reasons, such as economic restructuring and changes in the structure of family.

MR WONG KWOK-HING (in Cantonese): *President, the Secretary still has not answered my question. Can I ask the Secretary through you to provide me with a written reply after the meeting?*

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

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I do not have anything to add for the time being. (Appendix I)

PRESIDENT (in Cantonese): We have spent more than 25 minutes on this question. Last supplementary question now.

MR LEE CHEUK-YAN (in Cantonese): *I welcome the two Secretaries coming to the Legislative Council to be baptized by Members' questions. However, Secretary Prof K C CHAN seems to have defended an indefensible case a bit too*

much, for he seems to be exceedingly insistent that the wealth gap in Hong Kong is not serious at all and this, I think, is entirely detached from society. All people in Hong Kong think that the wealth gap is very serious now, and I do not understand why Secretary Prof K C CHAN said the contrary. Moreover, I wish to ask if Secretary Prof K C CHAN has read the platform of Donald TSANG who also said that the wealth gap problem must be addressed. As even the new government has also stressed the need to solve the wealth gap problem, why does Secretary Prof K C CHAN still say that the wealth gap problem is not critical, that it is not too serious and that it is not aggravating? If it is not serious, there would not be a need to address it. So, I must ask, the new government has said that the wealth gap problem must be addressed, is this considered a key policy agenda? Not only should the poor be offered help, but the gap between the rich and the poor should also be addressed. This is a totally different issue from tackling poverty. The wealth gap is a problem, and inequality is another problem.

PRESIDENT (in Cantonese): Which Secretary will answer this question?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I fully agree that the new government should address the problems faced by low income households. The ruling team of the new government will work with one heart towards this end.

PRESIDENT (in Cantonese): Secretary Matthew CHEUNG, do you wish to add anything?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, allow me say a sentence more: Poverty alleviation is a major point of our key policy initiatives. *(Laughter)*

MR LEE CHEUK-YAN (in Cantonese): *President, he has not answered my supplementary question. I had stressed very strongly that I was talking about "inequality"; that is, the wealth gap problem, not the problem of poverty. So, I have always asked whether the new government is going to address the problem*

of wealth gap and the problem of inequality? I have even used both Chinese and English to say this out. Why did the Secretary refrain from answering my question?

PRESIDENT (in Cantonese): Which Secretary will answer the question?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I have nothing to add.

PRESIDENT (in Cantonese): Oral questions end here. We have broken the record by spending 27 minutes on this question, which is too long. I must impose a tighter control on timing next time.

WRITTEN ANSWERS TO QUESTIONS

Duty-not-paid Cigarettes

7. **MR VINCENT FANG** (in Chinese): *President, regarding the smuggling and sale of duty-not-paid cigarettes (commonly known as "illicit cigarettes"), will the Government inform this Council:*

- (a) *whether it knows the quantity of cigarettes consumed in Hong Kong last year and, among them, the respective quantities of duty-paid cigarettes and illicit cigarettes;*
- (b) *of the places of origin, sales channels and targets, as well as the smuggling channels and trend of the illicit cigarettes seized by the Customs and Excise Department (C&ED) in the past three years; and the latest strategy adopted by the C&ED to combat illicit cigarettes; and*
- (c) *of the estimated amount of duty the Government loses each year because of illicit cigarettes and whether, at this stage, it has any plans to revise tobacco duty to combat the problem of illicit cigarettes?*

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

- (a) We do not have the yearly statistics of cigarette consumption in Hong Kong. In the past three years, the quantity of illicit cigarettes seized each year was approximately equivalent to 1.4% to 3.5% of the quantity of duty-paid and duty-free cigarettes.
- (b) The illicit cigarettes seized by the C&ED were mainly from the Mainland. The C&ED's strong enforcement has reduced cigarettes smuggling significantly in recent years. In most cases, smugglers now resort to shifting the storage of illicit cigarettes to the Mainland, and smuggle them to distribution points in Hong Kong on demand. At the peddling level, on-street selling of illicit cigarettes has basically been eliminated, and has now been reduced to furtive peddling to known customers.

The C&ED's main strategies to combat illicit cigarettes include enhancement of intelligence gathering and closer co-operation with law-enforcement agencies of other jurisdictions. The C&ED will also continue its rapid and intensive raids on peddling black spots, and strengthen prosecution against sellers and buyers of illicit cigarettes.

- (c) The duty potential of the illicit cigarettes seized in the past three years has dropped from \$147.8 million in 2004 to \$63.3 million last year. In formulating the annual Budget, the Government would review various revenue items, including the duty on tobacco.

Refusal to Accept Legal Tender

8. **MR ALAN LEONG** (in Chinese): *President, since the discovery of a number of high-quality counterfeit \$1,000 bank notes purported to be issued by a particular bank in the community a few months ago, many shops have refused to accept such bank notes. Moreover, an increasing number of shops and drivers of public transport carriers have refused to accept 10 cents, 20 cents and 50 cents coins in recent years. In this connection, will the Government inform this Council whether:*

- (a) *it has assessed the prevalence of the aforesaid situation at present, as well as the impact of the situation on currency circulation and people's life; if it has, of the assessment results, and whether it will provide a channel to call in the coins of small denomination such as 10 cents, 20 cents and 50 cents; if it has not, the reasons for that;*
- (b) *it has considered taking measures, such as enhancing the security features of bank notes as well as publicity and education, to encourage various sectors of the community to accept all legal tender; if it has, of the details of the measures and the implementation schedule; if not, the reasons for that; and*
- (c) *it will, by way of legislation, prohibit shops from refusing to take any notes and coins which are legal tender; if it will, of the legislative timetable and the proposed penalty; if not, the reasons for that?*

FINANCIAL SECRETARY (in Chinese): President,

- (a) We have been monitoring news reports about retailers refusing to accept large-denomination notes and small-denomination coins. According to the law-enforcement experience of front-line police officers and information from other channels, the situation is not common or becoming more common. Fewer than 10 citizens complained to the Hong Kong Monetary Authority (HKMA) in the last two years about retailers refusing to accept coins as payment. The HKMA has also monitored the impact of refusal to accept large-denomination notes and small-denomination coins on the circulation of notes and coins. Statistics show that the demand for and circulation of coins have not been affected. In fact, there has been an increase in the demand for small-denomination coins. The value of coins in circulation has increased by 0.6% in the last two years. As regards the large-denomination notes, because of the surfacing of counterfeit \$1,000 notes in March, the value of \$1,000 notes in circulation has decreased by 17% since March, while that of \$500 notes has increased by 18%. With increased public awareness of the counterfeiting problem, the number of counterfeit \$1,000 notes discovered has decreased substantially from 1 721 in

March to 69 in May. Circulation of \$1,000 notes has stabilized in May and June, which demonstrates that the public have gradually regained confidence in the \$1,000 notes.

Most banks provide coin-deposit services free of charge. Bank customers can exchange for value up to 300 to 500 coins a day or deposit them into accounts without having to pay any fees. We also understand that some private security escort companies provide services for handling large number of coins for goods or service providers. Since these security companies also need coins, they are willing to collect coins from certain industries (such as the minibus operators).

- (b) The HKMA has taken a number of measures to maintain currency stability, improve the security features of currency notes and promote confidence in the Hong Kong dollar. The HKMA has introduced new security features and design of currency notes to make them less vulnerable to counterfeiting. The latest series of banknotes was introduced in 2003 and 2004. Since 1985 there have been five series of \$1,000 notes. Compared with other jurisdictions, Hong Kong is even more serious about improving the security features of currency notes. The HKMA will continue to explore ways to improve the security and design of currency notes. The issue of the new 10-dollar polymer note in early July is a good example.

In respect of publicity and education, the HKMA and the police have arranged a number of seminars for the staff of banks, money changers and retailers to raise their awareness of the security features of our currency notes and to explain how to identify the latest counterfeit notes. We aim to enhance their confidence in large-denomination notes. The HKMA and the police will continue to jointly organize such seminars, not only to teach the participants how to identify counterfeit notes, but also to explain the meaning of legal tender and the acceptance of legal tender as a valid and legal means of payment. The HKMA website also contains information about how to distinguish counterfeit notes and the additional security features of the 2003-series banknotes. We will continue with these efforts and adjust the focus if necessary.

- (c) Notes and coins issued in accordance with the Legal Tender Notes Issue Ordinance and the Coinage Ordinance are legal tender in Hong Kong. As legal tender, they are by law regarded as valid and legal means of payment to adequately and effectively fulfil payment obligations. However, as in all commercial transactions, both parties can determine the terms of transaction on their own, including the means of payment. Whether to accept notes and coins of any denomination as payment is purely a commercial decision for goods or service providers. The above ordinances do not confer any authority upon the Government to force goods or service providers to accept any notes and coins. Where disagreements arise, the police will treat them as "dispute" cases and assist the parties to resolve the matter.

We have also studied the laws relating to "legal tender" in other countries and how they are enforced. We understand that most countries, including the United Kingdom, Canada, Australia, the United States and Singapore, have laws on "legal tender" to establish the legal status of their currencies. However, they do not have legislation to compel their residents or goods or service providers to accept the legal tender as payment or to punish those who refuse to accept it. In these countries, the buyers and the sellers can determine the means of payment on their own, which is similar to the situation in Hong Kong.

We believe that the current arrangement of allowing both parties to a transaction to determine the payment method will encourage the development of other means of payment (such as electronic money). The above countries also adopt this open-minded position. On the contrary, legislation to prohibit goods or service providers from refusing to accept legal tender notes and coins might hinder the development of technology and the more effective electronic means of payment. It will also cause inconvenience to the goods or service providers as they may commit an offence by not having enough change to give a customer who uses a large-denomination note.

After considering the above factors and the practices of most other countries, the Administration considers it more flexible to allow

both parties to a transaction to determine the method of payment on their own. This will also encourage the development of more diversified means of payment, which are beneficial to the development of Hong Kong's economy. The Administration therefore has no intention to legislate to prohibit or penalize the refusal of accepting legal tender as payment.

Protection of Personal Privacy

9. **MR ALBERT HO** (in Chinese): *President, on 14 March this year, the Privacy Commissioner for Personal Data (the Privacy Commissioner) published an investigation report on the alleged disclosure, by a local e-mail service provider, of the personal data of one of its account subscribers to mainland law-enforcement agencies. In this connection, will the Government inform this Council:*

- (a) *given that the Privacy Commissioner has pointed out in the investigation report that the Personal Data (Privacy) Ordinance (Cap. 486) (PDPO) is unclear in certain aspects, whether the Government will review and amend the Ordinance; if it will, of the legislative timetable; if it will not, the reasons for that, and whether there are other solutions;*
- (b) *given that Hong Kong companies doing business on the Mainland are required to provide the personal data of their customers at the request lawfully made by mainland law-enforcement agencies, and that in doing so, they may contravene the data protection principles stipulated in the PDPO, whether the authorities will discuss with the relevant mainland government authorities how to resolve the problems arising from the need for Hong Kong companies doing business on the Mainland to comply with the legislation in both places; and*
- (c) *whether the authorities will provide information and support to the Hong Kong residents who frequently visit the Mainland, so as to help them understand how they can protect their personal privacy when using Internet services on the Mainland?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Chinese): President,

- (a) The Privacy Commissioner is undertaking a comprehensive review of the PDPO and will examine, among others, whether the existing provisions of the Ordinance can afford adequate protection to personal data having regard to developments, including advancement in technology, in the last decade. The Administration will consider the Privacy Commissioner's proposals when available.
- (b) Use of personal data, including the disclosure or transfer of same, is regulated by Data Protection Principle (DPP) 3 of the PDPO. This principle provides in essence that unless with the prescribed consent of the data subject, personal data shall only be used for a purpose consistent with the original purpose of collection. In this connection, a data user is required under DPP 1 to take all practicable steps to ensure that the data subject is explicitly or implicitly informed, among others, of the purpose for which his data are to be used. This is usually done by way of a written statement generally referred to as a Personal Information Collection Statement (PICS). Where it is envisaged that personal data collected in Hong Kong by a Hong Kong company or organization will be transferred for use in the Mainland, such purpose should be clearly stated in the PICS together with an indication that the data collected would be disclosed to the mainland law-enforcement agencies only in compliance with a court order or pursuant to statutory requirement. This should help remove concern of a possible contravention of the data protection principles arising from compliance with lawful requests made by the mainland law-enforcement agencies for disclosure of personal data held in the Mainland by the Hong Kong company or organization at the time of such requests.
- (c) To promote awareness and understanding of the provisions of the PDPO, particularly in the Internet environment, the Privacy Commissioner has published two information booklets entitled "Personal Data Privacy and the Internet — A Guide for Data Users" and "Internet Surfing with Privacy in Mind — A Guide for Individual Net Users", which can be accessed at the website of Office of the Privacy Commissioner for Personal Data. The

Guides aim to assist data users in complying with the PDPO when collecting, displaying or transmitting personal data over the Internet, as well as to raise general awareness of individuals of the privacy risks in using the Internet and to alert them of the precautionary actions that can be taken to protect their privacy.

Hospital Authority Drug Formulary

10. **DR FERNANDO CHEUNG** (in Chinese): *President, since 2005, the Hospital Authority (HA) has implemented the Hospital Authority Drug Formulary (the Formulary) in public hospitals and clinics. I have learnt that as some drugs in the Formulary have to be purchased by patients at their own expenses, some patients with cancer and rare genetic diseases have not received proper drug treatment because of financial hardship. In this connection, will the Government inform this Council whether it knows the names of the 30 drugs which are most often prescribed to patients by attending doctors but have to be purchased by patients at their own expenses since the implementation of the Formulary by the HA, the diseases treated principally by each of these drugs, the dosages normally prescribed by doctors, their retail prices and whether patients may apply to the Samaritan Fund for assistance in meeting the expenses on the drug treatments concerned?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Formulary has been implemented since July 2005. There are more than 1 300 drugs in the Formulary, including most of the drugs required by patients (in particular the elderly and chronically ill). Many expensive drugs are included in the Formulary, all of which have evidential support for their clinical efficacy, therapeutic effectiveness and are cost-effectiveness. The HA charges standard fees for all the drugs in the Formulary with substantial subsidies.

For the period from July 2005 to April 2007, the 30 drugs that are most frequently prescribed to patients by HA doctors but not included in the Formulary, together with their relevant information, are set out at the Annex. Among these drugs, one of them has been included as a special drug in the Formulary since 14 April 2007, and five others are within the funding scope of the Samaritan Fund. At present, the HA supplies some of the self-financed drugs to patients at cost. As for other self-financed drugs not supplied by the HA, the HA does not have the information on their market retail prices.

Annex

The 30 drugs that are most frequently prescribed to patients by HA doctors but not included in the Formulary

	<i>Type of Drug</i>	<i>Name of Drug</i>	<i>Suggested Dosage</i>	<i>Cost price of HA (Remark 1)</i>
1	Anti-emetic drugs	APREPITANT	125 mg on day 1 and 80 mg on day 2 and 3 prior to chemotherapy	This self-financed drugs is not supplied by the HA and patients have to purchase on their own
2	Anti-histamine	ACRIVASTINE	8 mg each time and not more than three times per day	Ditto
3	Drugs for treating baldness	FINASTERIDE	1 mg per day	Ditto
4	Drugs for treating urinary-tract disorders	SILDENAFIL	50 mg prior to sexual activity, dosage may be increased to 100 mg	Ditto
5	Drugs for treating urinary-tract disorders	TADALAFIL	10 mg prior to sexual activity, with maximum daily dosage of 20 mg	Ditto
6	Drugs for treating urinary-tract disorders	VARDENAFIL	10 mg prior to sexual activity, may be increased to 20 mg or decreased to 5 mg, with maximum daily dosage of 20	Ditto
7	Drugs for treating musculoskeletal and joint disease	CELECOXIB	Two times per day, 100-200 mg each time	Ditto
8	Drugs for treating musculoskeletal and joint disease	DICLOFENAC (TOPICAL)	Apply at the affected area for three to four times per day	Ditto
9	Drugs for treating musculoskeletal and joint disease	DICLOFENAC SODIUM and MISOPROSTOL	Depending on clinical indications, two to four times per day, one tablet each time	Ditto

	<i>Type of Drug</i>	<i>Name of Drug</i>	<i>Suggested Dosage</i>	<i>Cost price of HA (Remark 1)</i>
10	Drugs for treating musculoskeletal and joint disease	GLUCOSAMINE	Three times per day, two capsules each time	Ditto
11	Drugs for treating musculoskeletal and joint disease	RUBESAL	Apply at the affected area for two to three times per day	Ditto
12	Anti-obesity drug	ORLISTAT	One capsule with each main meal	Ditto
13	Drug for treating osteoporosis	RALOXIFENE	60 mg per day	Ditto
14	Anti-dementia drug	MEMANTINE	Two times per day, 10 mg each time	Tablet: \$6.5/10 mg
15	Drug for treating hepatitis	PEGINTERFERON ALFA (Remark 3)	Peg-interferon alfa 2A — used in combination with oral ribavirin or for monotherapy, weekly injection of 180 mcg Peg-interferon alfa 2B — for monotherapy: 0.5 or 1.0 mcg/kg (patient's weight); used in combination with oral ribavirin: 1.5 mcg/kg (patient's weight)	Injection: \$790/50 mcg \$890/80 mcg \$925/100 mcg \$1,120/120 mcg \$990/135 mcg \$925/180 mcg
16	Cytotoxic drug	BEVACIZUMAB	One injection every two weeks, 5 mg/kg (patient's weight) per injection in combination with 5-FU/FA, may be used together with Irinotecan as well	Injection: \$3,400/100 mg

	<i>Type of Drug</i>	<i>Name of Drug</i>	<i>Suggested Dosage</i>	<i>Cost price of HA (Remark 1)</i>
17	Cytotoxic drug	CAPECITABINE	Two times per day, 1 250 mg/sq m (surface area of patient's skin) each time, stop using for one week after consecutive use of two weeks	Tablet: \$8/150 mg \$26/500 mg
18	Cytotoxic drug	CETUXIMAB	One injection per week, with 400 mg/sq m (surface area of patient's skin) for first dose and 250 mg/sq m (surface area of patient's skin) for subsequent dose	Injection: \$2,600/100 mg
19	Cytotoxic drug	DOCETAXEL	One injection every three weeks, with 75-100 mg/sq m (surface area of patient's skin) per injection	Injection: \$1,110/20 mg \$3,980/80 mg
20	Cytotoxic drug	GEFITINIB	250 mg per day	Tablet: \$440/250 mg
21	Cytotoxic drug	GEMCITABINE	One injection per week with 1 g/sq m (surface area of patient's skin) per injection, stop for one week after three weeks of application	Injection: \$440/200 mg \$2,110/1 g
22	Cytotoxic drug	IMATINIB (Remark 3)	400 mg or 600 mg per day	Capsule: \$150/100 mg
23	Cytotoxic drug	INTERFERON BETA-1A (Remark 3)	Three injections per week, with 24 mcg (6 Million International Unit) or 44 mcg (12 Million International Unit) per injection	Injection: \$555/6 Million International Unit \$620/12 Million International Unit

	<i>Type of Drug</i>	<i>Name of Drug</i>	<i>Suggested Dosage</i>	<i>Cost price of HA (Remark 1)</i>
24	Cytotoxic drug	IRINOTECAN (Remark 3)	For use in combination with 5-FU/FA: one injection every two weeks, with 180 mg/sq m (surface area of patient's skin) per injection; for monotherapy: one injection of 350 mg/sq m (surface area of patient's skin) every three weeks	Injection: \$610/40 mg \$1,525/100 mg
25	Cytotoxic drug	OXALIPLATIN	For use in combination with 5-FU/FA: one injection every two weeks, with 85 mg/sq m (surface area of patient's skin) per injection	Injection: \$2,500/50 mg
26	Cytotoxic drug	PACLITAXEL (TAXOL) (Remark 2)	Depending on clinical indications, one injection every three weeks, with 135 mg/sq m (surface area of patient's skin) or 175 mg/sq m (surface area of patient's skin) per injection	Injection: \$200/30 mg \$640/100 mg
27	Cytotoxic drug	RITUXIMAB	For monotherapy: one injection per week for four weeks with 375 mg/sq m (surface area of patient's skin) per injection; for use in combination with other drugs: injection of 375 mg/sq m (surface area of patient's skin) for eight weeks on day 1 of each cycle	Injection: \$2,750/100 mg \$13,750/500 mg

	<i>Type of Drug</i>	<i>Name of Drug</i>	<i>Suggested Dosage</i>	<i>Cost price of HA (Remark 1)</i>
28	Cytotoxic drug	TEMOZOLOMIDE	28 days as a cycle, with daily dosage of 150-200mg/sq m (surface area of patient's skin) on day 1 to 5	Capsule: \$150/20 mg \$750/100 mg
29	Cytotoxic drug	TRASTUZUMAB (Remark 3)	Initial injection of 4 mg/kg (patient's weight), 2 mg/kg (patient's weight) per week afterwards	Injection: \$5,200/150 mg \$15,000/440 mg
30	Cytotoxic drug	VINORELBINE	Weekly injection of 25 to 30 mg/sq m (surface area of patient's skin)	Injection: \$360/10 mg \$1,750/50 mg

Remarks

- (1) All the self-financed drugs are currently supplied by the HA to patients at cost. The cost shown in the table above is the cost as at June 2007 and will be updated on a monthly basis.
- (2) Starting from 14 April 2007, the drug has been included as a special drug in the Formulary. The drug cost is included in standard fees of the HA.
- (3) These drugs are within the funding scope of the Samaritan Fund.

Smoking in Outdoor Public Places

11. **MR ANDREW CHENG** (in Chinese): *President, regarding smoking in outdoor public places, will the Government inform this Council:*

- (a) *whether it knows if smoking outside designated no smoking areas (for example, outside restaurants) has become prevalent since the implementation of the Smoking (Public Health) (Amendment) Ordinance 2006, the locations where the situation is particularly serious, as well as the impact on the health and smoking habits of members of the public (especially the problem of smoking among children); if it knows, of the details; if not, whether it will consider conducting a survey to understand the situation;*
- (b) *of the number of prosecutions instituted by the Government against smoking in designated no smoking areas of outdoor public places*

since 1 January this year; whether there are difficulties in implementing the smoking ban in such places; if so, of the details and locations where the implementation of such a ban is particularly difficult, as well as the measures taken by the Government to resolve the difficulties; and

- (c) *whether it will consider amending the legislation to designate areas within 15 m from the entrance to indoor designated no smoking areas (for example, shopping arcades) as no smoking areas; if it will not, of the reasons for that, as well as how it protects the public from exposure to heavy second-hand smoke before they enter the premises concerned?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, my reply to each part of the question is as follows:

- (a) The purpose of designating no smoking areas is to minimize the effect of second-hand smoke on the public. In so doing, we have balanced the interests of all parties, including both smokers and non-smokers. With the vast expansion of statutory no smoking areas since 1 January this year, the exposure of the public to second-hand smoke has already been greatly reduced. At present, our priority is to implement the smoking ban in statutory no-smoking areas. As for changes in the number of smokers and their smoking frequency and habits, the impact of second-hand smoke outside the statutory no smoking areas, as well as public reaction towards the overall tobacco control efforts after the implementation of the amended Smoking (Public Health) Ordinance (the Ordinance), we will conduct survey and study at a later stage to assess the effect of the new legislation.
- (b) Statutory no smoking areas designated under the Ordinance are set out in Part 1 of Schedule 2 to the Ordinance. Since 1 January this year, the Tobacco Control Office has arranged to issue 70 summonses for smoking offences committed in outdoor no smoking areas, including 69 cases that took place in public pleasure grounds under the management of the Leisure and Cultural Services Department and one case that took place in a public hospital.

Generally speaking, most people have complied with the smoking ban since the expansion of no smoking areas. The Administration has encountered no particular difficulty in its enforcement of the smoking ban in outdoor areas.

- (c) The amended Ordinance has vastly expanded the statutory no smoking areas and the new legislation has only been in force for six months. It would take time for the public to get accustomed to the new requirements and the Administration to review the effect of the new law. At the present stage, we have no plans to further expand the statutory no smoking areas. As stated in part (a) of my reply, we will conduct survey and study after the new law has been in force for some time. We should also note that no matter by how much the no smoking areas were expanded, clear and conspicuous demarcations between smoking areas and no smoking areas would still be needed. Before putting in place any smoking ban, we must consider how to ensure effective enforcement and easy compliance by the public.

The long-term objective of tobacco control is to reduce the number of smokers, in particular young smokers. Smoking cessation services are now made available by the Department of Health (DH) and the Hospital Authority. In the past five months, the number of people calling the DH's smoking cessation hotline has increased twofold as compared with the same period last year. Many family doctors and pharmacists working in the community have also joined in the provision of smoking cessation services. We will continue to work with all sectors of the community to encourage smokers to quit smoking and hope that the trend of cessation will continue.

Travel Insurance Agents

12. **MR HOWARD YOUNG** (in Chinese): *President, the Insurance Authority introduced in the middle of last year a new category of insurance agents, namely "travel insurance agents". In this connection, will the Government inform this Council of:*

- (a) *the current number of people who have registered as travel insurance agents (but not as agents for other categories of insurance); and*

- (b) *the current number of people who have passed the travel insurance agent examination but have not registered as the agents concerned because they fail to provide the required proof of academic qualification; and of the measures to assist them in registering as such agents, for example, whether it will consider waiving the academic requirement for those who have certain work experience?*

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

- (a) Up to June 2007, over 1 100 persons have registered with the Insurance Agents Registration Board as travel insurance agents. These persons may only be engaged in travel insurance business as specified under the Code of Practice for the Administration of Insurance Agents.
- (b) Since the Travel Insurance Agents Examination was introduced in mid-2006, about 2 300 persons have passed the examination up to June 2007. According to the Travel Industry Council of Hong Kong, a main reason for those passing the Travel Insurance Agents Examination but not registering as travel insurance agents is believed to be their failure to meet the Secondary Five education requirement.

Given the overriding consideration of according a more convenient means for the general public to acquire travel insurance while maintaining the standard of professional service, the Government is actively discussing with the industry an arrangement to provide one-off waiver of the Secondary Five education requirement to travel agency staff who satisfy certain prescribed criteria (such as possession of ample trade experience and passing the examination before a specified date). We hope that such an arrangement could be finalized as soon as possible.

Owners Stipulating Bundled Lease Terms

13. **MISS TAM HEUNG-MAN** (in Chinese): *President, I have received complaints that some owners of commercial buildings have specified in the*

tenancy agreements that the tenants must employ designated contractors for fitting-out and building services works. In this connection, will the Government inform this Council:

- (a) of the respective numbers of complaints received by the relevant government departments and the Consumer Council in the past three years about owners' stipulating "bundled" lease terms similar to that stated above, and the outcome of the follow-up to these complaints;*
- (b) whether it has assessed if the owners' stipulation of such "bundled" lease terms is an anti-competitive practice; if it has and the assessment result is in the affirmative, whether, before a fair competition law is enacted, the Government has formulated measures to deal with such cases; if it has, of the details of such measures; if it has not, the reasons for that; and*
- (c) whether it will bring "bundled" lease terms within the ambit of the fair competition law being drafted; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR DEVELOPMENT (in the absence of Secretary for Commerce and Economic Development) (in Chinese): President, my reply to the question raised by the Honourable Member is as follows:

- (a) In the past three years, neither the Consumer Council nor the Rating and Valuation Department — which regulates the rights and obligations of landlords and tenants under the Landlord and Tenant (Consolidation) Ordinance has received any complaint about tenancy agreements which contain "bundled" lease terms relating to the employment of designated contractors for fitting-out and building services works.
- (b) The Rating and Valuation Department advises that the issue concerned relates to contractual arrangements between landlords and tenants. Landlords and tenants are at liberty to propose tenancy terms and enter into a tenancy upon mutual agreement, as long as they comply with the requirements under the Landlord and Tenant (Consolidation) Ordinance.

- (c) Taking into account the views expressed during the public consultation exercise on competition policy, we are now preparing a draft competition law aimed at tackling anti-competitive conduct. We will in due course consult the Legislative Council on specific proposals, including how to address the issue of "bundling" of services.

Hong Kong Housing Authority Removing Names of Contractors

14. **MR LEUNG YIU-CHUNG** (in Chinese): *President, I have received complaints that although the names of some public housing estate maintenance or improvement works contractors have been removed from the Counterparty List of the Hong Kong Housing Authority (HA) because of their poor performance, they can continue to carry out the works concerned after the removal of their names from the List because their contracts with the HA have not yet expired. As such contractors are no longer eligible to bid for contracts offered by the HA, there are problems of works being delayed or poorly carried out, which adversely affect the residents. In this connection, will the Government inform this Council:*

- (a) *of the number of contractors who were no longer eligible to bid for the works projects of the HA because their names had been removed from the HA's relevant List in the past three years, and the reasons for the removal of their names from the List; and*
- (b) *whether it will review and revise the existing system so that after the contractors have been removed from the List, their contracts can be terminated immediately, or other contractors or the HA may follow up the projects concerned to ensure that such projects can be completed smoothly, in order to protect the interests of the residents; if it will not, of the reasons for that?*

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

- (a) The quality of service provided by public housing maintenance works contractors has always been the Housing Department's (HD)

concern. For a contractor to be admitted to the HA List of Building Maintenance Contractors (the List) for participating in the tendering exercise for the HA's works contracts, it has to go through a set of vigorous selection procedures to ascertain that it has the requisite ability, experience and resources to execute the HA's maintenance works. There are now 45 contractors on the List, which may tender for the HA's maintenance works contracts.

Contractors admitted to the List would still be subject to stringent control and monitoring. In case of poor performance in the execution of works, failure to employ the specified works staff, failure to meet the financial requirements imposed by the HD (for example, the requirement on working capital), or conviction for serious offences, and so on, the HD will consider taking regulatory measures against the contractor, such as suspension from tendering, and removal of their names from the List. During the past three years, a total of 10 maintenance works contractors were removed from the List, six of them for failing to employ the specified works staff and three for failing to meet the financial requirements imposed by the HD. The remaining one has asked to have its name removed from the List.

- (b) Once a contract is awarded, the HD will closely monitor the performance of the contractor. If its performance fails to meet the required standard, the HD may terminate the contract before it expires in accordance with the relevant contract provisions.

Normally, if a contractor is removed from the List, the HD will study the reasons for the removal. If the HD is satisfied, on the basis of the reasons for removal, that the contractor will not be capable of completing the awarded contracts (such as possible winding up of business because of the serious financial difficulties of the contractor), it will consider early termination of the contracts and re-tendering. In considering whether a contract should be terminated, the HD will also assess the performance of the contractor in the project in question, including the progress of works and the quality of service, in order to protect the overall interests of the residents. If early termination of the contract is warranted, the

HD will ensure a smooth handover between the current and the new contractors so as to minimize the impact of contract termination on the works/service and the residents. If the contractor is allowed to continue to complete the contract, the HD will closely monitor its performance to ensure smooth completion of the works.

Sale of Uncompleted Units

15. **MR LEE WING-TAT** (in Chinese): *President, regarding the Lands Department (LandsD)'s Consent Scheme on the sale of uncompleted first-hand residential units, will the Government inform this Council:*

- (a) *given that the Housing, Planning and Lands Bureau advised in a paper provided to the Panel on Housing of this Council in March this year that it would explore the feasibility of adopting the revised code of measurement of saleable area in the Consent Scheme, whether the Bureau has decided to revise the Consent Scheme; if so, of the details of the main scope and provisions relating to consumer protection in the revised Consent Scheme, and whether the Government has reviewed how such provisions can accord proper protection to consumers; if a review has been conducted, of the results; if not, the reasons for that;*
- (b) *of the procedures to be followed by the Government, upon receipt of developers' applications for the sale of uncompleted first-hand residential units, to ensure that developers will accurately provide correct and complete information to prospective buyers during the sale of such units;*
- (c) *whether it knows if the authorities concerned have checked the information contained in the sales brochures provided by developers on uncompleted first-hand residential units and visited the relevant sales sites for inspection, so as to ensure that developers provided the same property sales information to the authorities concerned and to the consumers; if so, of the number, locations and results of such spot checks conducted by the authorities concerned in the past five years; and*

- (d) *of the number of complaints received from the public by the authorities concerned in the past five years about developers providing incorrect or incomplete information in the sales brochures on uncompleted first-hand residential units, as well as the subject matters and scope of such complaints?*

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

- (a) The Hong Kong Institute of Surveyors (HKIS) is conducting a review of the code of measuring practice (the code). Upon completion of the review, we will examine carefully the implications of the revised code and consider reviewing the relevant provisions under the Consent Scheme, including the definition of saleable area and the requirements of disclosing floor area information.
- (b) When the pre-sale consent application is approved, the LandsD will issue a "Consent Letter" to the developer, setting out the terms and conditions of the consent (the provisions under the Consent Scheme) that the developer has to strictly follow. These include making available sales brochures to the public, disclosing in sales brochures the property information as required, specifying in printed advertisements the net number of units exclusively available for public sales and private sales, disclosing to the public the names of the developer, its parent or holding company, the Authorized Person, main superstructure contractor, solicitor firms and mortgagee bank, disclosing to the public in advertisements and sales brochures any personal and financial relationships between the developer and Authorized Person, solicitor and superstructure contractor, and so on.
- (c) As stipulated in the LandsD's Consent Scheme and the guidelines issued by the Real Estate Developers Association of Hong Kong (REDA), developers must submit sales brochures to the Transport and Housing Bureau and the Consumer Council for checking to

ensure that the information disclosed in sales brochures complies with the relevant requirements under the Consent Scheme.

The Transport and Housing Bureau, Estate Agents Authority (EAA) and the Consumer Council have conducted visits to sales sites of first-hand residential property. The number and locations of the visits depend on the number of properties being put on sales and complaints received. As the visits are surprise visits, the details would not be disclosed. In the past visits, we found that some of the developers had failed to provide sufficient sales brochures, and that some estate agents had distributed pricelists that were not published by the developers. In view of this, we have urged the developers concerned to take follow-up actions and asked the REDA to improve its guidelines. The REDA has responded positively by improving the guidelines and requiring its members to engage independent auditors to certify that the sales arrangements are in compliance with the requirements in the guidelines. The EAA has also issued new practice circulars, setting out the rules that estate agents should follow in dealing with sale of uncompleted residential units. These rules include matters requiring estate agents' attention in publishing sales information and providing property information and pricelists, and so on.

- (d) Over the past five years, the LandsD has received four complaints against developers' non-compliance with the Consent Scheme's requirements concerning disclosure of information in sales brochures. Among them, three were proved to have breached the Consent Scheme, as follows:

	<i>Nature of breach</i>	<i>Follow-up actions taken by the LandsD</i>
1.	Failure to disclose in the sales brochures the location plan, scale in Master Plan, location of car parking spaces and area schedule when selling a small quantity of pre-sale units	The LandsD issued a warning letter to the developer concerned, requiring it strictly follow all the relevant requirements in future sales

	<i>Nature of breach</i>	<i>Follow-up actions taken by the LandsD</i>
2.	Omission of statement in the sales brochures that vendor could retain 5% of the purchase price in the event of purchasers' cancellation of agreement for sales and purchase	The LandsD asked the developer concerned to reprint the sales brochures
3.	Failure to disclose in the sales brochures information on the pipes in the flat roof abutting a unit, and the transformer room on G/F immediately below the unit	The LandsD asked the developer concerned to carry out improvement works so as to mitigate the problem caused by the relevant facilities

Hygiene Conditions of Central Air-conditioning Systems

16. **DR JOSEPH LEE** (in Chinese): *President, regarding the hygiene conditions of the central air-conditioning systems in games hall complexes and public libraries under the Leisure and Cultural Services Department (LCSD), will the Government inform this Council:*

- (a) *of the frequency for cleaning the central air-conditioning systems (including the ventilation ducts) in the aforesaid premises and the areas covered, as well as the duration of the temporary closure of the premises for cleaning; the schedule for cleaning the ventilation ducts in premises which are open at all times (such as the ticketing concourse of the Hong Kong Coliseum);*
- (b) *whether it has monitored the hygiene conditions of the central air-conditioning systems in the aforesaid premises (such as by conducting sample tests); if it has, of the details, and the locations at which the samples for tests are taken and the items tested; and*
- (c) *given that a group of about 40 athletes of the Chinese National Team were taken ill because of the unhygienic conditions of the central air-conditioning system in an indoor training centre in Beijing in January this year, whether it has, by making reference to the*

"Regulations on Central Air-conditioning Ventilation Systems in Public Premises" implemented by the Mainland's Ministry of Health with effect from 1 March 2006, drawn up relevant legislation to stipulate the annual frequency of inspection and replacement of the parts and components of the central air-conditioning systems in indoor premises; if it has, of the details; if not, the reasons for that?

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The LCSD attaches great importance to the air quality in its indoor venues. At present, the cleaning and maintenance of the central air-conditioning systems in various LCSD sports centres and public libraries are carried out with the assistance of the Electrical and Mechanical Services Department (EMSD). Once every two months, the EMSD conducts routine checking, cleaning and maintenance of metal air filters in air handling units (AHUs) and fan coil units. Comprehensive cleaning of the components of AHUs, including fans, cooling coils and accessories, is conducted on an annual to triennial basis so as to ensure the proper operation of the air-conditioning systems. The frequency of cleaning depends on the actual operating conditions of the AHUs concerned.

For the LCSD sports centres, two regular maintenance days are scheduled for either the first and third or the second and fourth Mondays of every month. The maintenance process takes several hours to complete, during which the air-conditioning systems will be affected. In view of this, the LCSD makes careful arrangements to avoid concurrent suspension of services for maintenance purposes in sports centres in the same district so as to minimize the inconvenience caused to the public. On the other hand, the air-conditioning maintenance works of booking offices and lobbies are carried out during off-peak opening hours of the sports centres. In respect of public libraries, the cleaning of air-conditioning equipment usually takes place on closing days or after daily closing of the libraries to avoid interruption of library services.

- (b) The EMSD conducts sample tests of the central air-conditioning systems in the LCSD venues in accordance with the recommendations of the Environmental Protection Department (EPD). Indoor Air Quality (IAQ) measurements, including that of carbon dioxide, respirable suspended particulates, airborne bacteria and radon, are taken once every two years in different air distribution zones and crowded areas in sports centres and public libraries under the LCSD to ensure compliance with the IAQ levels recommended by the EPD. If the readings of respirable suspended particulates and airborne bacteria have exceeded or are likely to exceed the recommended levels, the EMSD will arrange with the LCSD for the cleaning of air ducts in specified areas. With the co-ordination of the LCSD, the EMSD will normally carry out the cleaning of air ducts on the maintenance days and regular closing days of sports centres and public libraries respectively, aiming for prompt completion within the same day. As for the cleaning of metal air filters, the venues need not be closed for cleaning under normal circumstances because such work does not affect the daily operations of the venues. For those venues with fresh water type water-cooled air-conditioning systems, such as the recently renovated Kowloon Public Library, water samples are taken monthly and tri-monthly for Heterotrophic Colony Count (Total Bacterial Count) and Legionella Count respectively at locations where warmed water enters cooling towers by an accredited laboratory in accordance with the "Code of Practice for Water-cooled Air Conditioning Systems" issued by the EMSD.
- (c) Currently, there is no statutory requirement specifying the frequency of checking and replacement of components to be carried out annually for air-conditioning systems in indoor venues of Hong Kong. However, the "Guidance Notes for the Management of Indoor Air Quality in Offices and Public Places" issued by the Government in 2003 provide detailed guidelines on the improvement and management of IAQ. These guidelines serve similar purposes as those of the "Regulations on Central Air-conditioning Ventilation Systems in Public Premises" issued by the Mainland's Ministry of Health.

Food Safety

17. **MR FRED LI** (in Chinese): *President, with regard to food safety, will the Government inform this Council:*

- (a) *given that the food safety legislation being drafted by the Government will not be introduced into this Council until the 2008-2009 Session, whether the Government will formulate interim measures to step up efforts to curb the importation of aquatic products, vegetables and fruits which do not comply with the relevant mainland standards or which do not carry hygiene certifications issued by the relevant mainland authorities and, in the event of food safety incidents, to trace the sources of the food concerned more expeditiously; and*
- (b) *given that the Government is drawing up legislation on regulation of pesticide levels in food, which will be both suitable for Hong Kong and in line with international standards, how the authorities will determine the relevant standards in respect of vegetables and fruits for which the Codex Alimentarius Commission (the Codex) has not prescribed the maximum residue limits of pesticides?*

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

- (a) While the Government is actively drawing up the food safety legislation, the current Public Health and Municipal Services Ordinance (Cap. 132) already provides for certain food safety control. Therefore, there is no lack of regulation on food safety prior to the enactment of the bill.

Besides, the Government has strengthened co-operation with the mainland authorities concerned through administrative measures to ensure the safety of food imported from the Mainland.

We also take samples for tests at border control points to ensure food safety.

At present, there is an agreement between Hong Kong and the Mainland that only registered farms approved by the mainland authorities may export freshwater fish to Hong Kong. Vegetables supplied by the Mainland have to be sourced from registered farms or purchasing-cum-processing enterprises destined for export to Hong Kong. Vegetables can only be exported to Hong Kong after examination by the relevant mainland entry-exit inspection and quarantine bureaux. Upon discovery of any freshwater fish or vegetables imported from the Mainland that are without health certificates, the Food and Environmental Hygiene Department would detain the food consignment and take samples for testing. The Department would also notify the mainland authorities for follow-up action.

After discussion between the Government of the Hong Kong Special Administrative Region and the mainland authorities, the Mainland has started to implement a series of measures in phases to enhance inspection and quarantine arrangements for vegetables since April 2007. These include requiring proper packaging for leafy vegetables supplied to Hong Kong which are marked with the name and address of the planting farms, registration number and manufacturing date. Mainland inspection and quarantine authorities will supervise the packaging process and seal the consignments for transporting to Hong Kong. The requirement will be extended to cover all vegetables (including non-leafy vegetables) supplied to Hong Kong from October this year. As regards fruits, we will continue to discuss with the mainland authorities on measures to enhance their safety.

For measures on tracing the source of food, operators of certain high-risk food businesses, such as fresh and frozen (chilled) meat retailers, are required under existing licensing requirements/conditions to keep records to certify that their meat comes from legitimate sources and to facilitate tracing of food origin. We will consider extending the requirement to other kinds of food having regard to actual circumstances.

In view of growing public awareness and concern over food safety in recent years, we are planning to establish a food supply traceability system through introducing a food importer notification scheme and requiring food traders to keep records on sources of their stocks. This will facilitate the food safety authority to trace problem food in case of food incidents and thereby minimize their impacts. Before the statutory scheme comes into effect, the Centre for Food Safety (CFS) will implement a voluntary notification scheme for importers in phases later this year. The scheme is modelled on the voluntary enrolment scheme for poultry egg importers implemented by end of last year to identify and trace the source and distribution of foods, which can help the CFS disseminate information to the public and the trade in case of food incidents. This voluntary notification scheme will be extended to cover various food types by phases, including meat, vegetables and fruits as well as farmed aquatic products.

Besides, the CFS has maintained close liaison with the Consuls-General in Hong Kong/liaison offices of major exporting countries, mainland entry-exit inspection and quarantine bureaux, and major local importers/wholesalers/retailers. In case of food incident, the CFS would make immediate enquiries with the parties concerned and take follow-up actions.

- (b) The Administration and the Expert Committee on Food Safety have set up a working group to study the regulation of pesticide residues in food. Their preliminary view is that in setting local standards for pesticide residues in food, reference should be made as far as possible to the standards prescribed by the Codex which is applicable to the international community. Where there is no Codex standard for a particular type of pesticide residue in food, the working group will refer to the standards of our major food suppliers. The Administration will strive to finish the legislative proposals by October this year for submission to the Legislative Council.

Combating Ticket Scalping

18. **MR LI KWOK-YING** (in Chinese): *President, it has been reported that tickets for activities held at venues under the Home Affairs Department (HAD) or Leisure and Cultural Services Department (LCSD) have recently been scalped in large volumes. As these venues are exempted from the requirement for licences for places of public entertainment, they are not subject to regulation by the Places of Public Entertainment Ordinance (Cap. 172). The police can take law-enforcement actions only under the Summary Offences Ordinance (Cap. 228). In this connection, will the Government inform this Council:*

- (a) *in the past two years, of the respective numbers of persons prosecuted by the police under the Summary Offences Ordinance for scalping tickets for activities held at venues under the above two Departments, as well as the number of convictions involving scalping tickets for activities held at venues other than those under the above two Departments; and*
- (b) *of the existing measures to combat the scalping of tickets for activities held at venues under the above two Departments, and whether it will consider extending the scope of application of the Places of Public Entertainment Ordinance to cover such venues?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The police do not have statistics on the numbers of persons prosecuted or convicted under the Summary Offences Ordinance for scalping tickets for activities held at venues under the HAD or LCSD, or other venues.
- (b) At present, the police will take law-enforcement actions against any ticket scalping activity for activities held at venues under the HAD or LCSD mainly under the Summary Offences Ordinance (Cap. 228). If the cases involve other offences (for example, fraudulence), the police may also take enforcement actions under the

relevant ordinances. In addition, pursuant to the Stadia Regulation (Cap. 132BY) and the Civic Centres Regulation (Cap. 132F), no person shall sell any article in the LCSD's venues without authorization. The LCSD staff are authorized to take prosecution action against such activities or seek assistance from the police. The Government is also examining the need for extending the scope of application of section 6 of the Places of Public Entertainment Ordinance (Cap. 172) to cover venues under the HAD and LCSD.

Hawker Permitted Area at Tung Choi Street in Mong Kok

19. **MR JAMES TO** (in Chinese): *President, the hawker permitted area (HPA) located at Tong Choi Street (commonly known as "Women's Street") in Mong Kok is a popular tourist attraction. However, some tourists say that the place is not only overcrowded but also stifling, and the shopping environment there is unsatisfactory. Some residents also complain that large quantities of different objects are often piled up on the pavements on both sides of the HPA, and the frames of the stalls are untidy. In this connection, will the Government inform this Council:*

- (a) *of the number of stalls planned for the HPA, with their distribution shown on a sketch map;*
- (b) *whether each stall in the HPA is required to be operated by a holder of the relevant hawker licence, and of the measures taken to ensure that stalls are operated by the licence holders; whether the relevant authorities have ever found that the stalls in the HPA were operated by non-licensees, and how such cases were dealt with;*
- (c) *of the change in the number of stalls in the HPA since its establishment;*
- (d) *of the respective numbers of hawker licences which have been surrendered by stall owners on their own initiatives and cancelled by the Food and Environmental Hygiene Department (FEHD) for various reasons since the establishment of the HPA;*

- (e) *of the number of complaints received in the past three years by the FEHD about the management problem of the HPA, the number of substantiated complaints among them, and the penalty imposed on the stall owners concerned (if applicable), with the figures broken down by the subject of complaints; and*
- (f) *whether there are plans to improve the shopping environment of the HPA, such as by restructuring the locations of the stalls?*

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

- (a) The Hawker Permitted Area at Tung Choi Street (the Permitted Area) has 1 052 fixed pitch stall positions. Please see the Annex for the sketch map of the positions of the fixed pitch stalls in the Permitted Area.
- (b) The FEHD requires that each fixed pitch stall be operated by one licensed hawker. The Hawker Regulation (Cap. 132 sub. leg.) provides that the licensee must be personally present at the fixed pitch stall to operate or supervise the business. The FEHD staff will check the licence of the operators from time to time during inspections to confirm that they are the licensees concerned. If any licensee is found absent without reasonable explanation, the FEHD staff will issue a verbal warning and, where such situation persists, issue a written warning to the licensee. In the three years between 1 June 2004 and 31 May 2007, the FEHD has issued 60 written warnings to licensees who did not operate their stall business in person. On receiving the warning letters, the licensees concerned resumed operating their stall business in person.
- (c) The number of fixed pitch stall positions at the Permitted Area has remained steady at 1 052 since its opening in 1979. Owing to natural attrition and voluntary surrender of licence for cancellation, the number of fixed pitch hawkers operating at the Permitted Area is gradually reduced to the present 731.

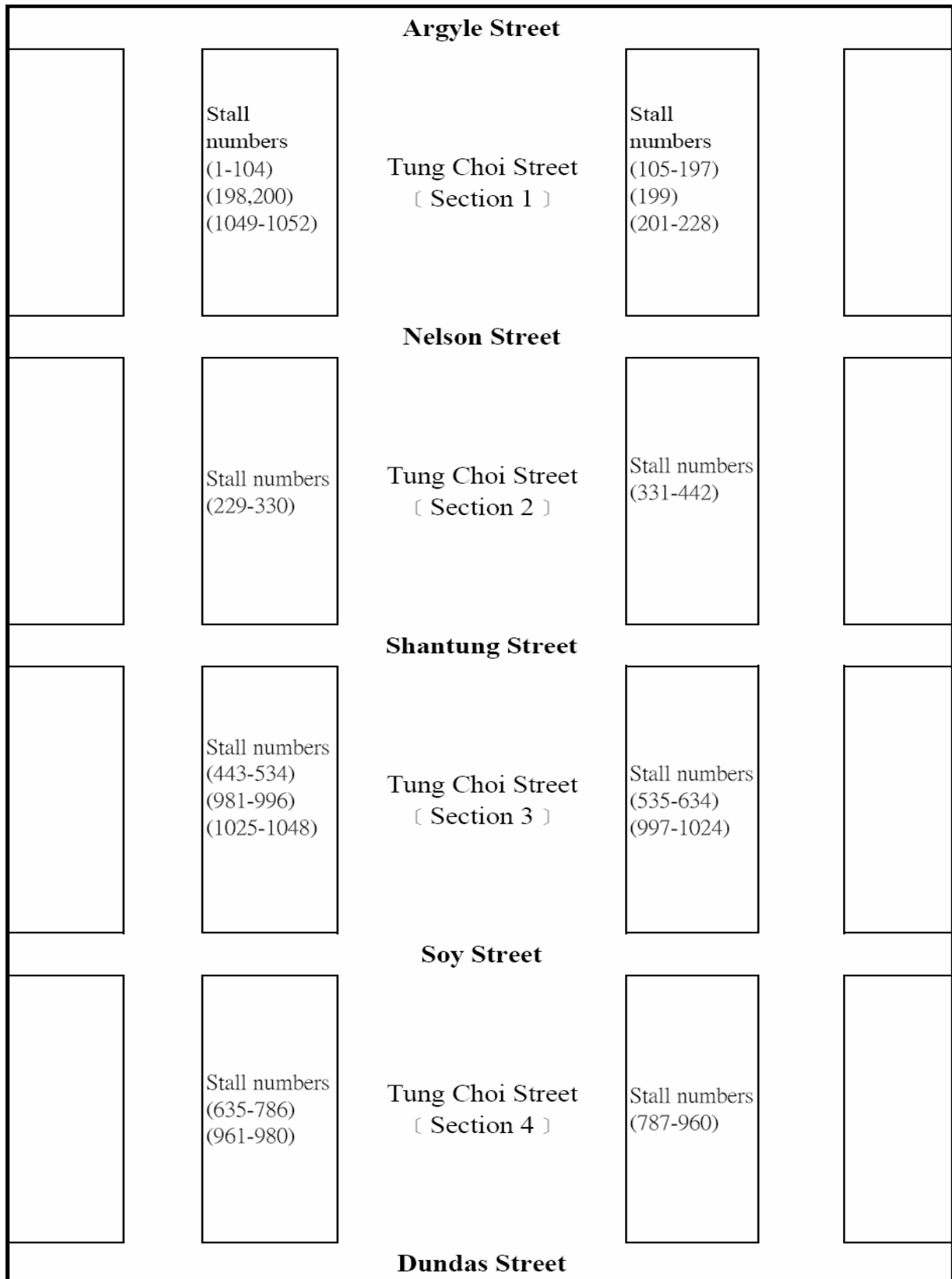
- (d) In the three years between 1 June 2004 and 31 May 2007, eight licensees at the abovementioned Permitted Area have surrendered their hawker licences to the FEHD for cancellation. The Government has not cancelled any hawker licence for the Permitted Area during the said period.
- (e) In the three years between 1 June 2004 and 31 May 2007, the FEHD received a total of 150 complaints concerning the Permitted Area. Amongst these complaints, 103 cases were related to obstruction of public places, four to illegal occupation of hawker stalls, nine to illegal extension of business area, 29 to putting up stall structures prior to the permitted hour, two to illegal connection to electricity supply, and three to noise nuisance during operation.

The FEHD has always been proactive in managing the Permitted Area. In the three years between 1 June 2004 and 31 May 2007, the FEHD, with the relevant statutory powers, instituted a total of 251 prosecutions against obstruction, illegal extension of business area, putting up stall structures prior to permitted hour and illegal occupation of hawker stalls in the Permitted Area. The stall operators were imposed a fine ranging from \$200 to \$800.

- (f) The FEHD has always been assiduous in maintaining order in the Permitted Area. It deploys its hawker control teams to patrol the Permitted Area daily. Upon discovery of any infringement, the team will issue a verbal warning, and when warnings fail to achieve the desired effect, institute prosecution. Apart from stepping up law enforcement, the FEHD also meets with hawker representatives from the Permitted Area regularly to strengthen communication and advise them to exercise self-regulation in ensuring obstruction free access. Moreover, the FEHD also actively works with the hawker representatives in improving the design of their stalls and display of commodities to improve the streetscape and overall business environment of the Permitted Area.

Annex

Sketch Map of Positions of Fixed Pitch Stalls in the Permitted Area at Tung Choi Street (The illustration does not reflect actual proportion)



Pollutant Emissions from Cruise Ships

20. **MISS CHOY SO-YUK** (in Chinese): *President, I have learnt that some large cruise ships, instead of using the electricity supplied by local power companies, burned heavy oils to generate electricity for facilities on board when berthed in Hong Kong, hence emitting black smoke continuously and polluting the air. In this connection, will the Government inform this Council:*

- (a) *of the total number of complaints received by the Government in the past three years about pollutant emissions from cruise ships;*
- (b) *whether it knows the number of cruise ships that berthed in Hong Kong last year and their total berthing time; and how such figures compare with the relevant estimated figures upon the commissioning of the cruise terminal which is under planning; and the average level of pollutant emissions per hour from such cruise ships when they berthed in Hong Kong, including the types and amount of pollutants;*
- (c) *whether the pollutant emission level of cruise ships within Hong Kong territory is subject to regulation by the "International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto" (MARPOL) and the Merchant Shipping (Prevention of Air Pollution) Regulation which is being drafted; if so, of the details, and whether the situation is regularly monitored by the Environmental Protection Department (EPD); if there is monitoring, of the results; if the emission level is not subject to regulation, the reasons for that; and*
- (d) *whether it will strengthen control on pollutant emissions from cruise ships; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): *President,*

- (a) From 1 January 2004 to 31 May 2007, the Marine Department (MD) has received four complaints against pollutant emissions from cruise ships, but none was substantiated.

- (b) In 2006, 3 297 cruise ships arrived at Hong Kong, of which 1 585 berthed at the Ocean Terminal and other terminals while 1 712 moored or anchored at buoys. Their total berthing time was estimated to be 32 000 hours, of which about 9 300 hours were their berthing time alongside terminals.

According to findings from studies to track the market development trend, the commissioning of the new cruise terminal in 2012 will attract more international cruise ships to Hong Kong. Subject to market situation and different growth scenarios, it will probably lead to an additional increase of more than 120 berthings. However, the studies did not estimate their berthing time.

The Administration has not specifically measured the level of pollutant emission per hour from cruise ships when they berth or moor in Hong Kong. The amount of pollutant emissions from ships depends on such factors as the content and consumption level of fuel, and the design, operation and maintenance of engines. In general, emissions from ships' engines and generators mainly include carbon dioxide, respirable suspended particulates (RSP), sulphur dioxide (SO₂), and nitrogen oxide (NO_x). According to the 2005 air emission inventory of the EPD, RSP, SO₂ and NO_x emitted from all types of ships account for 7%, 5% and 18% of the total emission in Hong Kong respectively.

- (c) The proposed Merchant Shipping (Prevention of Air Pollution) Regulation for the implementation in Hong Kong of Annex VI to the MARPOL shall apply to all Hong Kong ships and to all non-Hong Kong ships, including cruise ships, within the waters of Hong Kong. The Regulation imposes restrictions on ship emissions of harmful substances such as ozone-depleting substances, NO_x and SO_x. It also seeks to control the quality of fuel oil used on board vessels and regulates shipboard incineration. Moreover, survey and certification will be required for ships of 400 gross tonnage or above.

Upon the commencement of the Merchant Shipping (Prevention of Air Pollution) Regulation, the MD will carry out port state control inspections on ships visiting Hong Kong, including cruise ships that berth or moor in Hong Kong, to ensure their compliance with the requirements of the MARPOL Annex VI.

- (d) As cruise ships are mainly engaged in international voyages, we consider that the international standards for prevention of pollution as stipulated in the MARPOL would be the most appropriate level of control over cruise ships.

BILLS

Second Reading of Bills

Resumption of Second Reading Debate on Bills

PRESIDENT (in Cantonese): Bill. We now resume the Second Reading debate on the Supplementary Appropriation (2006-2007) Bill.

SUPPLEMENTARY APPROPRIATION (2006-2007) BILL

Resumption of debate on Second Reading which was moved on 13 June 2007

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 and that is: That the Supplementary Appropriation (2006-2007) Bill be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Supplementary Appropriation (2006-2007) Bill.

Council went into Committee.

Committee Stage

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

SUPPLEMENTARY APPROPRIATION (2006-2007) BILL

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Supplementary Appropriation (2006-2007) Bill.

CLERK (in Cantonese): Clauses 1 and 2.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That clauses 1 and 2 stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Schedule.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bills

PRESIDENT (in Cantonese): Bill: Third Reading.

SUPPLEMENTARY APPROPRIATION (2006-2007) BILL

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

Supplementary Appropriation (2006-2007) Bill

has passed through Committee without amendment. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Supplementary Appropriation (2006-2007) Bill be read the Third time and do pass.

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.

CLERK (in Cantonese): Supplementary Appropriation (2006-2007) Bill.

MEMBERS' BILLS

Second Reading of Members' Bills

Resumption of Second Reading Debate on Members' Bills

PRESIDENT (in Cantonese): Members' Bill: Second Reading. We now resume the Second Reading debate on The Chinese University of Hong Kong (Declaration of Morningside College and S. H. Ho College as Constituent Colleges) Bill.

THE CHINESE UNIVERSITY OF HONG KONG (DECLARATION OF MORNINGSIDE COLLEGE AND S. H. HO COLLEGE AS CONSTITUENT COLLEGES) BILL

Resumption of debate on Second Reading which was moved on 13 June 2007

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 and that is: That The Chinese University of Hong Kong (Declaration of Morningside College and S. H. Ho College as Constituent Colleges) Bill be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

MR CHEUNG MAN-KWONG (in Cantonese): Sorry, I had an omission just now.

PRESIDENT (in Cantonese): What is it? You do not have to reply because no Member has spoken. Those against please raise their hands.

MS AUDREY EU (in Cantonese): President, if I wish to speak on this Bill, can I speak at this stage?

PRESIDENT (in Cantonese): The chance of speaking is gone. But you may speak when the Bill provisions are under examination or at Third Reading.

MS AUDREY EU (in Cantonese): OK. Thank you, President.

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

(No hands raised)

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

CLERK (in Cantonese): The Chinese University of Hong Kong (Declaration of Morningside College and S. H. Ho College as Constituent Colleges) Bill.

Council went into Committee.

Committee Stage

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

THE CHINESE UNIVERSITY OF HONG KONG (DECLARATION OF MORNINGSIDE COLLEGE AND S. H. HO COLLEGE AS CONSTITUENT COLLEGES) BILL

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of The Chinese University of Hong Kong (Declaration of Morningside College and S. H. Ho College as Constituent Colleges) Bill.

CLERK (in Cantonese): Clauses 1 to 5.

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

MS AUDREY EU (in Cantonese): Chairman, when this Bill was tabled before the Legislative Council, we were informed that it was just a technical Bill and there was no need to set up a Bills Committee for it. Therefore, when it was submitted to the House Committee, no one requested the establishment of a Bills Committee.

However, Chairman, last week, I received a request from a group of people who wanted to meet with me. They are members of the Alumni Concern Group for the Development of The Chinese University of Hong Kong (Concern Group). They told me that they strongly opposed the resumption of the Second and Third Readings of the Bill as well as its subsequent passage in the Legislative Council. There are three major reasons:

First, they think that the Bill does not just consist of technical amendments. It is because though the Bill is enacted for the objective of setting up new Colleges, the two new Colleges have already destroyed the original federal system of The Chinese University of Hong Kong (CUHK). The original educational goal of CUHK is to, by way of a College system, make students enjoy the group life of the University through different Colleges without making them feel that all the Colleges are under one university. The present CUHK of course consists of the Chung Chi College, the New Asia College, the United College and the latest addition, the Shaw College. When the educational system of "3-3-4" is implemented, the number of students in CUHK will increase. Therefore, it is necessary for it to introduce several new Colleges.

This Bill is enacted mainly for the addition of two new Colleges, that is, the Morningside College and the S.H. Ho College. However, upon reading the provisions of the Bill, one would realize that these two Colleges are obviously treated very differently. It is because their members cannot have the same representation or the equal say in the Council as others, certain university affairs committees or other committees in the university. In particular, the heads of the two new Colleges carry a title different from their counterparts in the original Colleges. Though heads of all the Colleges carry the same Chinese title, the heads of the new Colleges are now individually addressed as "Master", instead of "Head", as in the case of their counterparts in the original Colleges. In addition, these Masters of the new Colleges are not duly represented in the Council of the University.

I have also made enquiries with the relevant persons. A CUHK representative told me that it was because the existing Council already consisted of over 50 members. According to the Sutherland Report, the number of members in the CUHK Council should be duly reduced. However, if the same numbers of representatives are appointed from these new Colleges to serve in the Council, the membership of the Council will expand from the existing 50-odd persons to 70-odd persons, which will render the operation even more difficult. Therefore, they explained that these were only interim temporary measures, and that they would introduce appropriate reforms to the composition of the Council in future, thereby making the new Colleges enjoy the same representation. In this connection, I have also communicated with members of the Concern Group, but they are still very dissatisfied.

Besides, while the federal system of CUHK will be undermined, the Concern Group also worried that students of the new Colleges would be unfairly treated. We all understand that, if the representation of a party is not adequate, it would affect the allocation of resources, especially public resources. Of course, CUHK has already taken this point into consideration, and it was also worried that if the Colleges concerned did not have adequate representation, then instead of being the real Colleges, they would just be hostels, and could not manifest the existence of the College system or the federal system.

Moreover, the Concern Group also thought that consultation was seriously inadequate. As far as I understand it, on the issue of establishing new Colleges, though the University did have communication with the Concern Group or representatives of the alumni association, they said that on issues like not establishing Boards of Trustees for the new Colleges, not appointing Heads or not having representatives in the governing mechanism of the University, and so on, there were no prior communication at all. They learned that the two new Colleges were given such treatment as being degraded to hostels only when they had read the Bill in the Gazette. So they immediately requested appointments to meet with different Members.

I explained to them, if all the procedures have been passed, it would not be possible to introduce any amendments. In the Legislative Council, the President has to act in accordance with many established rules in handling different businesses. Therefore, if Members have not requested the establishment of a Bills Committee when a Bill is tabled before the Legislative

Council, when it has progressed to the Committee stage, then even Members of the opposition camp will not vote against everything. They need to put forward their opposition views in a responsible manner and with justifications. Therefore, if they had only requested Members to oppose this Bill as late as this stage, the whole matter is rather difficult.

However, Chairman, I had talked over the telephone to a Mr LEUNG of the Secretariat of CUHK. He gave me an explanation on the issue, and I also asked the University whether they could make an appointment to meet with the Concern Group immediately, expeditiously or even today because they were very concerned about all the affairs in CUHK. Although these alumni have already left the campus, they still keep a great interest in the development of the University. On such important issues, I hope both sides can hold discussions immediately, especially on issues relating to the establishment of the new Colleges. Since some other Bills will be tabled to the Legislative Council for discussion in future on the establishment of some other new Colleges, so I hope by then the university Council, college councils and other committees in the University can hold earlier discussions on whether the new Colleges have adequate representation. If these are done, when the Bills are tabled to the Legislative Council, it would not be necessary for us to discuss amendments or compromises as late as at the Committee stage.

Chairman, I have risen to speak just to explain the opinions received by us and explain how we shall vote in respect of the respective opinions. We also hope that the authorities of CUHK can meet with members of the Concern Group as soon as possible, so that they can identify the best development direction after discussion. This will help CUHK provide fair treatment to all new students under the new "3-3-4" system. Thank you, Chairman.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): If not, I now call upon Mr CHEUNG Man-kwong to speak.

(Ms Emily LAU raised her hand to indicate her wish to speak)

CHAIRMAN (in Cantonese): Mr CHEUNG Man-kwong, please hold on. Please let Ms Emily LAU speak first.

MS EMILY LAU (in Cantonese): Chairman, luckily you have said this, because all along I had thought that I would speak only after Mr CHEUNG Man-kwong had spoken. Anyway, I am very thankful to you. I shall be very brief.

I would like to thank Ms Audrey EU for what she has spoken just now because not a single member of the public has ever come forward to tell me this. But as I read from the newspapers yesterday, I knew that some people felt dissatisfied and even wanted us not to support this Bill. Therefore, earlier on, I had asked Mr CHEUNG Man-kwong about this, and he had explained the situation to me.

Be they the alumni or the ordinary members of the public, if they have any concerns, we must address them. Chairman, from a certain perspective, this is a most unfortunate incident. When this Bill was submitted to us for discussion, no one expressed any special opinions. This Bill was very much different from the one on the City University. Chairman, you may recall that the latter Bill was recently put forward by Dr Raymond HO who assembled Members together and immediately requested that a Bills Committee be set up for it. But nothing like that happened this time. Even when someone representing the University came to deliver a speech, it was just a discussion on some highly technical issues.

We still remember that, we had read the information on the Council. Chairman, you know I have been very concerned about issues in this aspect all these years. In my opinion, the Council is governing the University on behalf of society. So, governance is very important. Now there are over 50 members in the Council. I find this very ridiculous. At that time, I had asked them when they could rectify the situation because some of them had served on the Council for a very long time. It is very difficult to rectify the situation indeed.

Last time, during the resumption of the Second Reading debate of the Bill on the City University, I did mention that we had noted that the Councils of other universities were still not quite "OK" yet. According to the present information, if the membership of the Council continues to expand, that is, with

the addition of the two new Colleges, it will have a total of over 70 members. I think this is really an impossible situation. If its membership has to be reduced from 50 something to 70 something, of course this is a very drastic slash. But I think this is exactly what should be done. However, in the process of execution, it does not mean that the people concerned should lose their representation. Chairman, these are two separate issues. There are nearly 7 million people in Hong Kong. Although only half of the seats in this Chamber are returned by direct elections, we still have 60 Members. Therefore, I very much hope that the University authorities could meet with them.

I agree with Ms Audrey EU's earlier remark, that even though the situation has developed to the present stage now, the University authorities still need to meet with them as soon as possible and listen to their viewpoints. In fact, all they are requesting now is to have their representation in the Council, so that they will not be at a disadvantage in any future allocation of interests and resources. Therefore, a solution must be identified. However, the size of the membership of the Council definitely needs to be reduced.

I think this issue must be dealt with expeditiously and transparently, so that all parties concerned are aware that they all have representatives sitting on the Council. If necessary, I believe our Panel on Education can continue following up this matter. I do not want concerned members of the public think that, with the Bill passed today, we are neither listening to them nor conducting any consultation. It is not like that.

Ms Audrey EU has just given us a full account of the development of the issue. The Bill will have to go through the Third Reading today. But the issue was not brought up until yesterday or the day before yesterday, and I personally have not received any opinions in this connection. I believe this was attributable to the fact that no Bills Committee had been established for the Bill, thus making them at a loss as to which Members they should approach. I shall vote in support of the Second Reading, and I shall also support the Third Reading. But I feel that the problem can be dealt with, and the University authorities should address it. First, they should expeditiously reduce the size of the membership of the Council; second, actions should be taken to make teachers, students and even alumni represented in the Council.

With these remarks, I support the resumed Second Reading.

DR YEUNG SUM (in Cantonese): Chairman, when we scrutinized the Bill, we had mentioned that it would be necessary to restructure the system of the Council of The Chinese University of Hong Kong (CUHK). According to the major trend now, all the tertiary institutions have streamlined their respective Councils. Of the eight tertiary institutions, CUHK is perhaps the only one that still has not started such restructuring. Although its Council consists of over 50 members, many of them have in fact never attended any meetings. This is a problem that the University has inherited from the past. However, we also know that the Chinese University Alumni Association is very concerned about the future establishment of the two new Colleges as well as their respective Boards of Trustees.

I now support the Second Reading of the Bill. But I would suggest that the University authorities should expeditiously start discussions with the alumni association on the establishment of the Boards of Trustees of the new Colleges, so that they can have the chance to participate. Thank you, Chairman.

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

(No Member indicated a wish to speak)

MR CHEUNG MAN-KWONG (in Cantonese): Chairman, I believe the Council of The Chinese University of Hong Kong (CUHK) must expeditiously hold meetings with the alumni and members of the public who are concerned about this issue. I am elected from the Legislative Council to serve as a member in the Council of CUHK. So I have to move this private Members' Bill. I do not stand for the University. But anyway, I shall have to answer questions raised on this Members' Bill.

Chairman, first of all, I shall speak for the resumption of the Second Reading debate of The Chinese University of Hong Kong (Declaration of Morningside College and S. H. Ho College as Constituent Colleges) Bill (the Bill) in the Legislative Council. The Bill has been certified by the Law Draftsman of the Department of Justice as conforming to the requirements of Rule 50 of the Rules of Procedure and the general form of Hong Kong legislation. It has also been recognized by the authorities that it is not related to such areas as public expenditure or political structure or the operation of the Government, and so on.

The Bill had been submitted to the Legislative Council Panel on Education on 14 May 2007 for scrutiny, and was subsequently supported and passed by the Panel. The Bill has also been submitted to the Senate of CUHK for examination, and it was also submitted to the Council of CUHK which endorsed it. The Bill has been published on two successive publications of the Gazette dated 1 and 8 June 2007 respectively, and notice of the Bill has been given by two advertisements in each of two daily newspapers in Hong Kong, one being a Chinese language newspaper and another being an English language newspaper.

The First Reading of the Bill was completed in the Legislative Council on 13 June 2007. After the House Committee of Legislative Council had examined the Bill on 15 June 2007, it was decided that there was no need to set up a Bills Committee for the Bill. The House Committee also agreed to resume the Second Reading debate of the Bill. In accordance with Rule 54(5) of the Rules of Procedure and after discussion with the Chairman of the House Committee, I gave notice on 15 June 2007 to the effect of resuming the Second Reading of the Bill in the Legislative Council meeting on 4 July 2007.

The objective of the Bill is to declare the Morningside College and the S.H. Ho College as Constituent Colleges of CUHK, and to enact consequential and relevant provisions in the light of the principal Ordinance and the Prevention of Bribery (Exclusion of Bodies and Members of Bodies of Educational Institutions) Notice (Cap. 201, subsidiary legislation B).

Chairman, CUHK has four constituent Colleges, namely, Chung Chi, New Asia, United and Shaw. The four-year system of undergraduate education will be restored in 2012 to replace the present three-year system. The Government policy has confirmed that the total student intake of local universities annually territory-wide shall remain unchanged, that is, 1 450 students. Therefore, the quota of new student intake of CUHK will also remain unchanged. However, as the period of education of undergraduates will be extended by one year, so in other words, the University shall see an increase of more than 3 000 students, bringing the total student population to 17 500 persons. If new Colleges are not established, each of the four existing Colleges will have to expand their intakes drastically from 2 500 students to 3 200 students. In that case, the size of individual Colleges will be too large, thus affecting the meaning and value of the College system. On the other hand, it

would also reduce the chances of teacher-student interaction in the College system, thus the quality of education of the College system is affected. The vision of CUHK in expanding the College system has met with staunch support and generous donations from many enthusiastic people, who offered to sponsor the establishment of the Morningside College and the S.H. Ho College.

Chairman, I wish to respond to Members' views, and at the same time, the opinions of the public and the alumni. The dilemma of CUHK lies in the fact that both the four-year system and the College system are its ideals. If the four-year system is to be implemented, it has to increase the admission of students, just as the other eight tertiary institutions have done. However, if it wishes to uphold a real College system that cherishes intimate interpersonal relationship, then the only alternative is to establish additional Colleges so as to absorb the extra students. In order to cope with the additional 3 000 or so undergraduates who will join CUHK in 2012, the number of constituent Colleges will have to increase from the present four to eight or even nine in future.

Therefore, today, there are only two additional Colleges. But in future, there will be several more joining this big family. If we act according to the existing provisions, then each new constituent College will have four persons serving in the Council as ex-officio members, then the total number of members in the Council of CUHK will increase from the present 57 to 77 at most. We may envisage what will happen: How can 77 persons hold a meeting? I still recall that some time ago, CUHK held a meeting on the top floor of the Hang Seng Bank Building, in which the conference table stretches from here, from where I am, and extends over to where Mrs Carrie LAM is now. Even for playing table tennis, Mr HU Jintao will have difficulties in hitting the ball to the other side. So, it is absolutely impossible for them to hold a meeting. Such a situation is absolutely undesirable.

For this reason, according to the established policy requirements of both the Government and the Legislative Council, actually CUHK should have drastically streamlined its Council (there are 57 members now) a long time ago. What is the target size after streamlining? The Legislative Council has in fact put forward a proposal of 25 members, that is, it should be reduced from the present 57 members to 25 members — the actual number is in fact negotiable as individual universities are different but, eventually, a law has to be passed in the Legislative Council. If the number of members in its Council has to be reduced to a level comparable to that of other universities — because all the other seven

universities have been streamlined this way, CUHK is the odd one out — it cannot avoid the reduction at all.

By the same token, how many members are there in the Senate, another body under CUHK? There are 160 members. It also requires substantial streamlining. With such a sizeable Council and Senate, it is absolutely impossible for them to operate effectively, so reduction is inevitable.

Therefore, in the meeting of the Legislative Council Panel on Education held on 14 May, a CUHK representative made an undertaking to Members of this Council, and today another document is also issued to Members to undertake that they will expeditiously tackle the problem of an oversize Council. However, this cannot be processed together with the Bill because the latter is just about the addition of two Colleges. If it is necessary to process the formation of a new Council, according to our experience with the City University of Hong Kong, we know it requires the enactment of another piece of legislation. CUHK has undertaken to implement this expeditiously, so this promise must be honoured. Therefore, CUHK is now requesting the Legislative Council that the new Colleges must be established expeditiously, so that at least they can cope with the situation after the substantial increase in the number of undergraduates in the future.

However, since the University has promised us that it will reduce the membership of its Council, and the reduction will be substantial, thus maintaining the number will at about 25, so it does not wish to see its membership drastically being increased to 77 after the passage of this Bill and then it becoming necessary to pass another piece of legislation to reduce it to 25 eventually. And what is so special about the reduction process is that the several new Colleges do not have any teachers and students now. Since the number of persons involved is still non-existent, so any increased number of persons who will join the Council is only an unreal number. Furthermore, such a non-existent number of people will vanish if the relevant Bill can be tabled one year later.

Therefore, the approach that CUHK hopes to adopt is, this Bill will not propose any increase in the number of members in its Council which will be slashed in the next Bill involving the composition of the entire Council of CUHK. However, in reducing the membership of the Council, a phenomenon will emerge, that is, all the Colleges, including the present four and eventually eight or nine in future, will have their respective representatives in the Council.

And CUHK also promises that it will definitely adopt a fair and reasonable principle in handling the issue of how these eight or nine new Colleges will select their representatives to the Council. By fair and reasonable, that means if it is stipulated in the future legislation that each of the eight or nine Boards of Trustees will have two representatives — I am just saying this as a possible example for illustration — serving in the Council of CUHK, then those eight or nine Boards of Trustees will adopt their own ways of returning the one or two representatives, be they new or old. Therefore, even for those members belonging to the four original constituent Colleges already serving in the Council of CUHK, they may have to contest for the seats again in the elections or they may contest for the seats in the Council by way of a fair and reasonable method agreed by the Legislative Council at that time.

If Members all understand this situation that will soon emerge, they will understand why CUHK does not increase the size of the present Council, which is already criticized as being too large, from 57 members to 77 members, and then it will be reduced once and for all to 25 members with the passage of another Bill. This is the reason for the arrangement.

Therefore, according to CUHK, at present the new Colleges are still at the planning stage, so no teacher has been assigned to these new Colleges yet, and they will not offer admission to any students until several years later. If they adopt a policy that is directly contrary to the expectations of both the Legislative Council and the Government now to specify that, when establishing new Colleges, CUHK must substantially expand the memberships of both its Council and its Senate in order to accommodate the representatives of the new Colleges which still have not come into existence, and in the meantime the University is required to expeditiously reduce the memberships of both its Council and its Senate, then the move will be most contradictory and improper.

Besides, the organizations and structures of the new Colleges are the internal affairs of CUHK. As stipulated by the Bill, these will be decided by the individual Constitutions formulated by the Council for the individual new Colleges. Since the original Colleges were independent organizations with their own properties and their respective legislation, so each of them has their own Colleges and Boards of Trustees, which have the status as body corporates. However, as the properties and assets of new Colleges (that is the five future Colleges) belong to the University, and will be centrally managed by the University, the new Colleges will not have any properties. As such, each of

them will only have an Assembly of Fellows, and will not establish any Boards of Trustees. This is common with colleges in many universities. For this reason, the title of their heads has changed from "Head" to "Master", but their power and responsibility are in fact similar to those of their counterparts in the original Colleges.

As the College system has been the tradition of CUHK since its establishment, the University does not wish to give it up. If CUHK wishes to abandon the College system, it can follow the example of University of Hong Kong or other universities. If so, new students may join the School of Engineering, Faculty of Medicine or the Business School, and so on, as long as the faculties are large enough. If it wishes to implement the College system and also the type that stresses intimate interpersonal relationship, given the restrictions of it not becoming too big and not being allowed to increase the number of Colleges, then it is trapped in a dilemma which may force it to take the hard choice of scrapping the College system altogether. This is a dilemma faced by CUHK. In the meantime, the four-year system is also an ideal of CUHK. If it is impossible not to increase the number of students, then it must first of all work out the arrangements carefully.

Anyway, the future Morningside College will have a mission, that is, to develop students who will serve Hong Kong, China and even the entire world. The S.H. Ho College shall have the mission of stressing developing students' integrity and personal commitment; laying a good foundation for making contribution to society and enjoying a rich life. These are its objects. Of course, they will have my blessings, and I hope they can attain their objectives and students can achieve their ideals. Each College should have its own ideals, but with regard to whether they can be attained successfully, it all depends on the efforts to be made by its teachers and students in future, the efforts made by the University, as well as the support from society.

Chairman, I so submit.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): If not, I now put the question to you and that is: That clauses 1 to 5 stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Schedules 1 and 2.

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That schedules 1 and 2 stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

CHAIRMAN (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by

functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Members' Bill

PRESIDENT (in Cantonese): Members' Bill: Third Reading.

THE CHINESE UNIVERSITY OF HONG KONG (DECLARATION OF MORNINGSIDE COLLEGE AND S. H. HO COLLEGE AS CONSTITUENT COLLEGES) BILL

MR CHEUNG MAN-KWONG (in Cantonese): President,

The Chinese University of Hong Kong (Declaration of Morningside College and S. H. Ho College as Constituent Colleges) Bill

has passed through Committee without amendment. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That The Chinese University of Hong Kong (Declaration of Morningside College and S. H. Ho College as Constituent Colleges) Bill be read the Third time and do pass.

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): The Chinese University of Hong Kong (Declaration of Morningside College and S. H. Ho College as Constituent Colleges) Bill.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two motions with no legislative effect. First motion: Strengthening the regulation of unscrupulous business practices in pay television, telecommunications and Internet services.

PRESIDENT (in Cantonese): I now call upon Dr YEUNG Sum to speak and move his motion.

STRENGTHENING THE REGULATION OF UNSCRUPULOUS BUSINESS PRACTICES IN PAY TELEVISION, TELECOMMUNICATIONS AND INTERNET SERVICES

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

President, as the complaints about unscrupulous business practices in pay television, telecommunications and Internet services have been on the rise in recent years, we urge the Government to review the existing mechanism, strengthen the regulation of the business practices of providers of such services, examine the extension of section 7M of the Telecommunications Ordinance, which regulates misleading or deceptive conduct of telecommunications

operators, to cover pay television, and introduce a cooling-off period and standard terms in the contracts, so as to safeguard the rights and interests of consumers.

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

Given the fierce competition in telecommunications services in Hong Kong, operators of pay television, telecommunications service, and so on, have employed all sorts of gimmicks to compete for customers. These normal competition practices basically should give no cause for criticism, but if the operators, in order to boost business and profit, have gone over board by operating with unscrupulous business practices to the detriment of public interest, the authorities will be duty-bound to step up regulation. If deception is involved, the enforcement agencies must institute prosecution. They absolutely cannot connive at these unscrupulous practices and must eliminate the black sheep of the trade even to such extent as to refuse renewal of their licence.

Members, in recent years, complaints about pay television and telecommunications services have been increasing. This is indeed a reflection that the business practices in telecommunications and pay television services have become seriously out of control. According to the statistics of the Consumer Council, the overall number of complaints involving telecommunications in 2006 was as high as 11 000, accounting for as many as 30% of the total complaints received and surpassing all the other areas or sectors.

In respect of pay television, about 320 complaints were received in 2003. The number rose to 1 010 in 2004 and doubled to 2 200 in 2005, and even rose further to 3 000 in 2006. In the first four months of 2007, as many as 1 257 complaints against pay television were received, representing an increase of 40% when compared to the 902 cases during the same period last year. As for the latest figures from May to June this year, the Consumer Council received over 1 000 complaints against pay television service, and the workload so generated has heavily burdened the Consumer Council.

The complaints were mainly about service operators renewing contracts automatically upon their expiry, undesirable sales and marketing practices, and

subscribers who moved to another place during the contract period not being allowed to discontinue their subscription even if their new residence is outside the network coverage. Among the service providers being complained is the Hong Kong Cable Television Limited (Cable TV), which has recently been complained repeatedly for putting off customers' applications for service termination or making things difficult for these customers — we all know that the Cable TV has failed to secure the right to broadcast the next English Premier League matches — thus making many subscribers pay extra monthly subscription fees. The offices of Members of the Legislative Council as well as Members of District Councils of the Democratic Party receive a lot of these complaints every day, and the number of these complaints, totalling some 130 now, is still increasing day after day.

The Democratic Party interviewed some 1 300 people between March and June this year. As many as 50% of the interviewees considered the sales practices of local pay television and Internet service operators unscrupulous; 25% were most dissatisfied with the misleading and dishonest practices used in promoting sales, while 23% were most dissatisfied with the attempts by operators to deter users from terminating their contracts and to make such termination difficult. As many as 44% of the interviewees said that they had suffered financial loss as a result and among them, 52% suffered a loss of below \$500 while 32% suffered a loss of \$500 to \$1,000. Moreover, as many as 70% of the interviewees considered that the sales practices of pay television are unregulated.

Deputy President, many people in Hong Kong are subscribers of pay television and telecommunications services and so, telecommunications and pay television are very closely related to the lives of Hong Kong people. The Government absolutely cannot take the percentage of people who have suffered a loss lightly. Being a society where great importance is attached to the rule of law, Hong Kong has long put in place a sound legal system to protect the rights and interests of the public and consumers. That said, these unscrupulous, deceptive practices keep happening again and again every day — some of my friends even said that the service operators are like robbers. This will only give a very bad impression to the international community.

Therefore, we propose a series of measures to enhance regulation of the telecommunications industry and pay television, including the incorporation of section 7M of the existing Telecommunications Ordinance into the Broadcasting

Ordinance. At present, the Broadcasting Authority regulates only the content of pay television programmes, whereas the Office of the Telecommunications Authority (OFTA) regulates only the channels, and the Consumer Council has no power to institute prosecution. Such being the case, the business practices of pay television are subject to no regulation at all and this is a very serious problem.

Section 7M prohibits misleading or deceptive conduct of telecommunications service licensees in the provision of telecommunications network or services. For operators in breach of this section for the first time, the Telecommunications Authority may impose appropriate sanctions depending on the circumstances of the case, such as issuing a written warning or levying a financial penalty up to \$200,000. Repeated contravention could be subject to higher penalties. There are staff in the OFTA designated for investigation of cases involving section 7M, and all cases under investigation and the results of investigation are published on the website of the OFTA. Therefore, Deputy President, my conclusion is that the introduction of section 7M to regulate pay television, which means extending the scope of regulation to cover pay television, will be an effective statutory means to plug the loophole in regulation.

Moreover, the Government should consider including an objective code of practice into the conditions of pay television licence renewal. The code of practice should require operators to properly handle their customers' request for termination or change of service terms within a reasonable period of time. Telecommunications service and pay television operators should also be required to provide a copy of the detailed contract before the customers sign or renew the contract, in order to protect the rights and interests of both parties. If a breach of the code of practice by operator is established, the authorities should have the power to condemn and issue a warning to the operator and this will be a factor for consideration of licence renewal.

In addition, service operators should be required to include standard terms in the contract on the one hand and delete unreasonable terms on the other. The objective is to achieve effective regulation by ensuring that the contract is fair and reasonable, with a view to earnestly protecting the rights and interests of consumers. The authorities are currently conducting studies of introducing a Consumer Dispute Adjudication Scheme in the telecommunications industry. We propose to also include pay television in it, so that objective third-party

arbitration can also be provided to complainants of pay television service, thus helping consumers to pursue their rights and interests.

Finally, a cooling-off period should be provided for consumers entering into contracts, which means that after consumers have undertaken to subscribe to the service of pay television, they have the right to terminate the contract before it takes effect. We propose that a one-month cooling-off period be provided. Deputy President, we held a press conference yesterday and some kaifongs (especially the elders) complained about the use of unscrupulous practices by sales persons of pay television companies to repeatedly mislead them into signing contracts. So, if there is this one-month cooling-off period, even if the contract is signed, the effective date can still be deferred to a month later, thus consumers will still have the opportunity to revoke the contract if they found that they have been deceived. I think this is helpful to both sides. Other Members of the Democratic Party will explain the relevant complaints in more detail later.

Deputy President, the protection of the legitimate rights and interests of consumers is an important task of the Government, and Chief Executive Donald TSANG has repeatedly stressed all the more strongly during the celebration activities of the reunification the need to maintain an effective rule of law system. We hope that the authorities can come up with effective measures this year and strengthen regulation in a short time, in order to safeguard the rights and interests of users.

With these remarks, I beg to move. Thank you, Deputy President.

Dr YEUNG Sum moved the following motion: (Translation)

"That, as the complaints about unscrupulous business practices in pay television, telecommunications and Internet services have been on the rise in recent years, this Council urges the Government to review the existing mechanism, strengthen the regulation of the business practices of providers of such services, examine the extension of section 7M of the Telecommunications Ordinance, which regulates misleading or deceptive conduct of telecommunications operators, to cover pay television, and introduce a cooling-off period and standard terms in the contracts, so as to safeguard the rights and interests of consumers."

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

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

I will call upon Mr WONG Kwok-hing to speak first, to be followed by Mr Jasper TSANG; but no amendments are to be moved at this stage.

MR WONG KWOK-HING (in Cantonese): Deputy President, before I come to my speech proper, I wish to take this opportunity to congratulate Mrs LAM on her promotion.

Deputy President, since the liberalization of the local telecommunications market in the '90s, many companies have been attracted to start operation in the local market. Now, there are as many as 10 fixed and mobile network service providers in Hong Kong, and with regard to cable television which was introduced in 1993, there are now four operators providing hundreds of channels. Liberalization of the market has brought along fierce competition, but in a competitive environment, we have seen an array of unscrupulous business and sales practices, and as statutory regulation is lagging behind, the protection of consumer is inadequate and consumers' rights to know, choose, verify, appeal and claim for compensation are not effectively protected. This is why I wish to propose an amendment and add a few points in respect of the rights and interests of consumers, and I hope Members will support my amendment.

First of all, I would like to express my view on pay television. Complaints against pay television service have been on the increase. There were 2 200 cases in 2005, 2 909 cases in 2006, and between January and May this year, the number even rose significantly to 2 203, representing an increase of 94.26% compared with the 1 134 cases during the same period last year. This shows a serious infringement of the interests of consumers of pay television, and public housing residents are hit even harder in this respect. In July last year, I lodged a complaint to the OFTA jointly with colleagues and residents' representatives, but the Government shirked its responsibility on the pretext that pay television, being a product of telecommunications service operators, is

outside the scope of regulation and so, pay television has become totally unregulated.

Besides, why are public housing residents hard hit? As I pointed out in the amendment, the Hong Kong Housing Authority (HA) has signed 10-year agreements with pay television operators to allow the relevant operators to set up and maintain the communal aerial systems in newly developed housing estates in the 10 years between 1995 and 2005. This has enabled the operators to conduct doorstep sales activities by taking advantage of their exclusive right of service maintenance or improvement in these estates. Such unscrupulous sales practice has explained why public housing estates developed over the past decade have been hard hit in terms of inadequate protection of the interests of consumers of pay television. This is also why many of the complaints that I have received were lodged by residents in Northwest New Territories and Tung Chung.

In fact, the decoders provided by the operators often serve as a bridge or means for them to sell their services. How many public housing estates of this type are there in Hong Kong? I would like the Government to give me an answer. How many tenants are affected? For public housing estates developed after 2005, how do the authorities handle the installation of the aerial systems there? I very much hope that the authorities will give us a response.

Deputy President, last year, my office interviewed nearly 300 public rental housing tenants in housing estates developed between 1995 and 2005 on the sales practices of pay television service operators. It was found that over 90% of the interviewees had been approached by the operator of their communal aerial system promoting pay television service to them at their doorstep, and among these interviewees, over 15% said that the promoter had claimed to be an aerial maintenance technician before entering their flats but once they entered the flats, they became promoters of pay television service. Of these 90% of the tenants, over 20% said that the promoter, when asking them to sign a contract to subscribe to cable TV, had said that if they did not sign the contract, unclear reception might happen to their television or reception would even be intercepted, and the tenants, being misled and threatened, were forced to sign a contract.

Based on the complaints received by me, I held a press conference jointly with the tenants yesterday and, summing up, we found that five practices were adopted to mislead consumers into signing contracts. First, changing the name of the applicant, as promoters can change the name of the applicant and a

contract can still be signed even if the name on the identity card is different, for their sole objective is to get a contract signed. The second practice is even stranger and that is, paying the subscription fees for the subscriber. When the applicant does not have any cash with him, the promoter will lend him the money first and through another party, the subscriber will be asked to repay the money and make payment by autopay. The third is making up stories. They will make up stories which are simply not true. For example, while the quality of reception obviously has nothing to do with subscription to pay television, they will say that they are interrelated. The fourth is concealing the facts. The fifth is deferring termination of contract. As I already explained these in the press conference yesterday, I am not going to repeat them here. I hope that the Government will keep a watch on the various deceptive practices.

Why is it that a tenant who lodged a complaint could never succeed to seek redress no matter how hard he had tried? There are five situations which, I think, are worth revealing to the public here. We have summed them up into five "Nots". The first is that the hotline is "not hot". The operators of pay television said that hotlines are provided to facilitate public complaint and negotiation, but when a subscriber telephoned this hotline to terminate the contract, especially as the relevant operator failed to secure the exclusive right to broadcast soccer matches, the hotline became a "cold line", for calling this hotline was completely futile. The second way of their response is to say that the subscriber had called the wrong department. Whenever a member of the public made enquiries, the person who answered would always say that he should call this department or that department and in the end, the caller would end up to us avail. The third is that the responsible staff was untraceable. When the complainant named a particular staff of the company, they would say that this person could not be located. The fourth way of response is to say that the person concerned may not be here anymore or he may have been sacked or may have left the company. The fifth is to keep on sending bills to the subscriber. That is, despite complaint from the subscriber, the operator would simply ignore the complaint and issue the bill as usual.

With regard to these five practices, I would say that the operators would be as happy as a fairy once their malpractices can get through. Why would they be as happy as a fairy? Obviously, it is because the Government has failed to exercise regulation, and inadequate regulation has caused pay television to become entirely unregulated. So, I urge the Government to firstly, introduce legislative amendments to incorporate pay television into section 7M of the

Telecommunications Ordinance, stipulate penalties, and enhance regulation, enforcement and prosecution, in order to create a deterrent effect. Secondly, the HA and the Housing Department should proactively and positively explain to the tenants and conduct publicity on the rights and responsibilities of the operators of the aerial systems, in order to deter misleading and deceptive conduct on the part of the operators. Thirdly, the HA and the Housing Department must step up efforts to combat these doorstep sales malpractices. Fourthly, the relevant government departments must immediately investigate into reports made by tenants, issue warning to the operators and revoke the service contract direct.

Deputy President, this is all I wish to say about pay television and I would like to turn to telecommunications service. According to the Consumer Council's statistics on the complaints received, a total of 11 801 complaints against telecommunications service were received in 2006, and the telecommunications industry has constantly taken the lead in terms of the number of complaints from consumers. Over the past decade, while the liberalization of the telecommunications service market (such as long distance calls and fixed network telephone service) has caused prices to come down, there are still loopholes hidden in those telecommunications services for which fees are charged according to the volume of usage.

Given the serious inequity in access to system information between telecommunications service contractors and consumers as it is more difficult for the latter to obtain information about the volume of usage, telecommunications service operators can extort undue gains from ordinary members of the public by charging them very expensive fees according to the volume and system of their calls as shown on the records provided by the operator, and the situation in respect of long distance calls is particularly serious. It is like what is described here in this caricature, which is indeed inequitable, and the rights and interests of consumers are thus injured. Therefore, I very much hope that the Government will expeditiously conduct a review to assure the rights of consumers.

Thank you, Deputy President.

MR JASPER TSANG (in Cantonese): Deputy President, Dr YEUNG Sum and Mr WONG Kwok-hing have earlier on spoken at length on the unscrupulous

practices of telecommunications and Internet service operators to the detriment of consumer interests. I think Members will cite more vivid examples in this regard later.

I rise to speak mainly to propose an amendment on behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) by including "a procedure for contract verification" in the original motion. It means that before the service contract signed with a consumer takes effect, the service provider is required to obtain written or electronic verification from the consumer.

To avoid too much repetition, the reference to telecommunications service operators in my following speech includes pay television and Internet service providers. As we all know, it is very convenient for us to access these services nowadays. Consumers can apply for telecommunications service by telephone without having to sign any document. In short, consumers only have to make a telephone call to arrange for subscription and the service will be provided right away. But more often than not, consumers will find out only after they started using the service that the contract signed with the service provider is very harsh and includes terms unfavourable to them, but as the consumers signed the contract without knowing this, they could still do nothing about it even though they are dissatisfied with it.

The DAB conducted a survey last week and found that in over half of those cases of disputes over the contract signed between consumers and telecommunications service operators, the contract was entered over the telephone. We noticed a report earlier about a reporter testing the service of broadband network service operators by telephone. It was found that the sales person did not clearly explain the terms which are in effect unfair to consumers during the conversation, including the term that an interest may be charged on a monthly basis as a penalty for failure to make payment of the monthly subscription fee, or the term stating that the service operator does not have any responsibility and is not liable to make any compensation, and so on.

Besides, it was even reported that when the reporter asked the four telecommunications service operators being tested to provide a written contract for reference, only one operator could send the reporter via facsimile an application form together with the terms of the contract, while the other three

operators insisted that a written contract would be provided only after the subscription started and installation completed.

(THE PRESIDENT resumed the Chair)

We understand that many telecommunications service operators actually may not provide consumers with a written contract after the commencement of service provision. An organization conducted a survey at the end of last year and found that 70% of the interviewees considered that protection is inadequate if a service agreement is entered over promotional telephone calls, and as consumers will not receive a copy of the contract, it will be difficult for them to lodge a complaint.

President, if consumers found the service or terms of the contract unsatisfactory after the service contract came into effect or after they have received the contract and wish to terminate the contract, they may be subject to harsh penalties. But some of the penalties are not even known to consumers. Had they known them beforehand, they might have refused to sign the contract.

It is also very common that, as also mentioned by Dr YEUNG Sum earlier, upon the expiry of the contract, the service provider will usually renew the contract automatically without asking for verification by the customer. Another example is that a consumer who thought that the contract would automatically cease to take effect upon expiry had subscribed to the service provided by another telecommunications service operator, but he was then informed by the original telecommunications service operator that he had not revoked his contract and so, his contract would remain effective and as a result, he had to pay double fees.

A survey conducted by the DAB also shows that close to 20% of the interviewees considered contract renewal a major cause of dispute with telecommunications service operators. For instance, consumers are not aware of the term of automatic renewal of contract upon expiry until the service contract comes into effect or after they received the contract, and when the contract is renewed automatically, even the consumers themselves are not aware of the renewal.

President, verbal agreement is certainly a convenience to consumers but in recent years, we have seen a continued increase in disputes over verbal agreement. Therefore, the DAB considers that the introduction of a procedure for contract verification will enable consumers to know before the service contract takes effect their rights and responsibilities as well as the concrete terms of the contract and also to verify the details. This can maintain the convenience of verbal agreement while having regard to the reasonable rights and interests of consumers.

The introduction of a procedure for contract verification can greatly reduce disputes over the renewal of contracts, because if a consumer is aware of the term of automatic renewal, he certainly has the right to choose to accept or not to accept this term and in that case, there would not be problems arising from automatic renewal.

President, from the studies conducted by us, we found that in many countries, telecommunications service operators are required to obtain written or electronic verification from consumers or commission an independent third party to verify the verbal agreement made by consumers before the change of service or provision of new service. For example, according to the Code of Federal Regulation of the United States Federal Communications Commission, if a consumer plans to switch to another telecommunications service operator, the new operator must obtain an electronic authorization, or a written or electronically signed authorization from the consumer. Moreover, the Federal Communications Commission also allows a suitable and qualified independent third party to verify the verbal agreement with the consumer on, among other things, the application concerned and the details of the service in the application.

Take Ireland as an example. Consumers are required to sign an authorization form or undergo the procedure of verification by an independent third party. In England, after the telecommunications service operator received the verbal instruction from consumers about the change of service operator, both the old and new service operators are required to issue a notice to the consumer, providing him with detailed information on the change of operators, and the switch could formally take effect within 10 days after a verbal instruction is given by the consumer.

President, from these overseas measures we can see that a procedure for contract verification is a viable means to protect consumer interests. According

to a survey conducted by the DAB, over 75% of the interviewees agreed that a procedure for contract verification should be introduced. This procedure for contract verification can operate in tandem with the cooling-off period proposed by Dr YEUNG Sum because, apart from the cooling-off period, it can achieve a more positive effect of allowing consumers to read the terms of the written contract, so that they can make more rational choices.

Telecommunications service operators may say in response that the existing fixed network service operators and pay television service providers have already operated in compliance with the "quality control confirmation calls" mechanism proposed by the OFTA. That is, telecommunications service operators will telephone consumers to verify the major terms of the contract before the provision of service commences, in order to ensure that consumers clearly understand the major terms and conditions of the service contract at signing the application form.

However, President, this "quality control confirmation calls" mechanism is actually full of loopholes. Mr WONG Kwok-hing mentioned some problems earlier, such as changing the name of the applicant, making advance payment for customers, concealing the facts, or getting away with the malpractices once a contract is signed, and these problems have emerged precisely when verification relies on this "quality control confirmation calls" mechanism.

Telecommunications service operators have said that it is not feasible to introduce a procedure for contract verification. Why? According to the telecommunications service operators, after a verbal agreement is reached with a consumer, they will at the same time input the information into the computer and the computer will instruct the provision of service. If they have to wait until they receive the letter of verification from the consumer, first, many consumers who are given the verification form will not fill it out and send it back, and second, if it is necessary to wait for a certain period of time after the computer has given the instruction but if the consumer does not send in his verification, it would cause a lot of trouble to delete the relevant information. But I think these reasons simply cannot hold water.

At present, verification by consumer is unnecessary and this is why consumers do not send back their verification. If such verification is required in order for the provision of service to commence, consumers will certainly send it in. Furthermore, we must strike a balance between consumer protection and

inconvenience to telecommunications service operators in their service delivery. We cannot sacrifice the interests of consumers only for the convenience of the operators. For these reasons, I hope that Members will support my amendment.

MR LEE CHEUK-YAN (in Cantonese): There is a saying that all businessmen are unscrupulous. I think this expression is sometimes quite unfair to businessmen, and we should not make such a bad comment on them. But much to our regret, those consortiums, especially those pay television service operators which are companies of such a large scale, have resorted to these despicable practices to deceive ordinary members of the public. So, I think this expression is quite an accurate reflection of them. How true it is that all businessmen are unscrupulous!

Last year, President, my office in Yau Oi Estate, Tuen Mun, received over 50 complaints in two weeks. Why did we receive so many complaints in just two weeks' time? It was found out that during this period of time, some pay television operators were conducting door-to-door sales activities, and TVB was particularly active because of the launch of its new pay television service. These companies were conducting sales activities in Yau Oi Estate and On Ting Estate in Tuen Mun and I had received many complaints. I think the practices involved in the complaints are too outrageous indeed.

In September last year I wrote to the then Secretary for Commerce, Industry and Technology, Joseph WONG, calling on the authorities to address this problem squarely. I told the authorities the details of the complaints lodged by the residents, explaining how the residents had been deceived. The first way of deception was that they were told that they would not be able to watch any television programme if they did not subscribe to pay television service. In fact, everyone knows that this is not true, but what did the promoters tell the residents? It so happened that the impending introduction of digital television by the Government was reported in newspapers and the promoters, therefore, showed residents these newspaper clippings and lied to them that they must subscribe to pay television, or else they would not receive other television programmes. How unscrupulous they are to say this! They said this only to trick people into believing that they must subscribe to pay television in order to receive free television programmes. This is obviously an attempt to deceive the kaifongs.

The second way of deception was that the promoters told them that their television would show "noisy" images if they did not subscribe to pay television. The residents believed them because there was indeed the "noise" problem with their television. But honestly speaking, as the television set ages, the "noise" problem is sometimes inevitable. It so happened that the promoters had made a right guess and so, the residents believed that it was the cause of the "noise" problem of their television and asked the promoters what they should do. The promoters then said that "noisy" images would persist if the residents did not subscribe to pay television. Then they deceived the residents by offering them a waiver of the deposit for the decoder if they applied for pay television and free service for six months, only that they forgot to tell the residents that once they signed the contract, they had to make payment in no time and once they signed the contract, they would be bound by it for 18 months. The promoters would not tell the applicants this. They would only tell the applicants that the deposit for the decoder could be waived.

The third kind of deceptive practice was to take advantage of the soft-heartedness of the elderly. How? The sales activities would be conducted at ten o'clock at night instead of normal office hours. They would carry out these activities only at ten o'clock at night. The promoters would persuade the elderly to subscribe to their service and if the elderly refused, they would again and again beg the elderly to do so, telling the elderly that if they turned them down, they would not earn any wages even though they had worked all day long and that they would even be fired and become jobless, and so on and so forth. They would be begging the elderly in this way. As the elderly are often kindhearted and when they heard of the pitiable situation of the promoters who said that they would become jobless, the elderly would agree to subscribe to their service. Once the elderly had agreed, somebody would be sent up to their flats right away at 11.00 pm to do the installation work.

It all happened very quickly, and they were really unbelievably quick. The resident agreed to subscribe to the service only at 10.00 pm and at 11.00 pm, somebody would come up for installation and it would be done by midnight. In the interim, the promoter would tell the elderly to confirm everything on telephone and they would tell the elderly to say "Yes" to all questions. As the application procedure requires the subscriber to call the pay television centre to verify all the information, the promoter therefore told the elderly to answer "Yes" to all the questions. In fact, during the verification procedure, the

elderly would be asked those standard questions such as whether or not they clearly understand the terms and conditions of the contract, and so on. But the promoter would tell the elderly to reply "Yes" to all questions. They would even deceive the elderly by saying that there would be a great variety of channels for them to choose and that they could choose just one or two channels at \$5 each. Is it not outrageous that they said those things? In other words, they would make the elderly subscribe to pay television by hook or by crook.

Another practice was that they would enter the flats on the pretext of replacing the antenna for digital broadcasting. Then they would sell pay television to the resident and again, they would say that the residents could enjoy free service for six months and no fees would be charged if they discontinued their subscription upon the expiry of this six-month concession and that their subscription could be terminated anytime. But the residents found something wrong after they had been cheated into signing the contract and when the residents telephoned the pay television company to make enquiries, the company said that nothing could be done as the residents had signed a contract because the spirit of the contract must be upheld. Subsequently, the pay television company would hire debt collection agencies to recover the subscription fees from the residents. In fact, when we received their complaints, the contract had already been signed for some time and the pay television operator had already hired debt collection agencies to recover the fees from residents, and it was only when this happened that the residents turned to our offices to lodge a complaint.

As we can see, these practices are utterly despicable indeed and are mostly fraudulent in nature. I think it is most regrettable that the promoters have resorted to these practices. Do employees have to employ such practices to deceive the elderly? This, I think, is a great pity. Certainly, their company is all the more despicable for it allows their promoters to use these practices, and I think the company had given them a tacit consent to do all these, and I even wonder if the company has trained their promoters to sell their service using these practices. I think the company should bear the greatest share of blame.

However, Joseph WONG's reply to our letter was very simple, for he merely told us that these practices are unregulated. Worse still, I called the Consumer Council and while they confirmed that they had also received a lot of complaints, they could do nothing either, except negotiating with the companies concerned on these cases individually, and the Consumer Council also advised

me to negotiate with those companies on cancellation of contracts. So, there is a big problem with the entire system. In view of so many deceptive sales practices, all that the Government has ultimately said is that these practices are not subject to any form of regulation, completely turning a blind eye to those unscrupulous business and sales practices. I think this only shows that the Government has completely failed to discharge its responsibilities.

I hope that after the new government has come into operation, they can expeditiously impose regulation on those unscrupulous practices. I very much agree that the scope of the Telecommunications Ordinance be extended to cover pay television, so that people whose consumer interests have been jeopardized may seek remedies and pay television will ultimately be incorporated into the scope of regulation, thereby protecting consumers from being deceived by unscrupulous practices of consortiums and protecting members of the public from being deceived into signing contracts.

Moreover, as the Cable Television Limited has recently lost the right to broadcast certain soccer matches, we have also received a lot of complaints in this connection.

Thank you, President.

MR SIN CHUNG-KAI (in Cantonese): President, we all know that the existing Broadcasting Authority (BA) and the Office of the Telecommunications Authority (OFTA) are responsible for two different regulatory regimes. The BA regulates television companies, including pay television service operators, while the OFTA, which oversees telecommunications service, can impose regulation on telecommunications service operators, including their misleading and deceptive conduct, under section 7M of the Telecommunications Ordinance.

In fact, while the past performance of the OFTA left much to be desired, insofar as conduct is concerned, as we can see from its webpage, since the introduction of this section in July 2000, the OFTA has completed investigation into some 100 cases, with a written warning issued in 38 cases and a fine imposed in 10 cases. In fact, these numbers only account for a very small percentage of the complaints, considering that the Consumer Council has received over 10 000 complaints against telecommunications service operators.

The number of investigated cases is also on the low side and so, the OFTA should step up efforts in this regard.

Owing to historical reasons, the BA regulates mainly the contents of programmes and licensing matters and does not have the power to regulate business practices. Therefore, the original motion of Dr YEUNG Sum today proposes the incorporation into the Broadcasting Ordinance a section similar to section 7M, so as to empower the BA to regulate pay television service operators and deter misleading and deceptive conduct on their part.

In fact, I am worried that the Government may say that since consideration is being given to merging the OFTA and the BA, this proposal would be followed up only after the merger. I hope the Government will understand that if legislative amendments are introduced only after the merger of the OFTA and the BA, I am afraid that it might take a very long time. But their deceptive and misleading practices are a very pressing problem and the number of complaints has continued to rise substantially. For these reasons, should the Government not carry out both tasks in parallel, instead of putting off the proposal to amend the law until the completion of the merger and leaving it for the new framework to follow up? I hope that the Secretary can consider this.

Hong Kong is a place with open policies and competition is encouraged in the market. Some colleagues pointed out earlier that in respect of pay television, judging from the proportion, that is, in this small city of Hong Kong where the population has reached 6.8 million, there are four pay television service operators — let us not mention their names — this is actually quite a competitive market, and it is even more so in the broadband market. There were times when dozens of companies were operating broadband network service in Hong Kong and after elimination by competition, there are only five or six operators of scale in Hong Kong now and so, it is also a very competitive market. So, these service operators, be they engaging in broadband network or pay television, have adopted very aggressive practices to sell their service.

As the representative of the Information Technology industry, I actually feel a bit ashamed as my fellow members of the industry may not be able to control people conducting on-street sales or promotional activities due to keen competition in the market. The existing Telecommunications Ordinance clearly provides that misleading and deceptive conduct constitutes a very serious offence

liable to a financial penalty up to \$200,000 and even more for repeated contravention.

In spite of this level of penalty, I maintain that there is still room for improvement. Recently, there has been an incident concerning a pay television service operator, and they had approached the Democratic Party. Certainly, they already explained to the public earlier that it was because several incidents had taken place at the same time which aggravated the situation involving, among other things, their call centres. The magnitude of their service had made it necessary to expand the call centres but after several call centres had been grouped together, there was a sudden surge of requests for termination of service and they were unable to promptly answer all the telephone calls or handle these cases. Later in June after the completion of the call centre, the situation seemed to have been improved.

The biggest problem now is the business practices adopted to sell services. In this regard, some Members pointed out that with the introduction of a cooling-off period and standard terms in the contract, together with a procedure for contract verification as proposed by Mr Jasper TSANG earlier on — these certainly must cover both telecommunications and pay television services — if these measures are in place, that is, with a cooling-off period and a procedure for contract verification and also standard terms in the contract, I think the number of complaints can be greatly reduced. A drop in the complaints would, I think, benefit the public and smoothen the operation of the service operators in various aspects. I hope that the Administration can introduce these measures as soon as possible.

As for Mr WONG Kwok-hing's amendment, the Democratic Party considers that Mr WONG Kwok-hing has made an impassioned speech with heartfelt sentiments, expressing profound understanding of the ordinary members of the public who have been deceived, and this is praiseworthy. However, his amendment is long and cumbersome and also rather confusing. If secondary students find out that this is how our motion or amendment looks like, I am afraid it may set a bad example for the students. For instance, telecommunications service operators always claim that their service is exclusive and the amendment is written in a way as if suggesting that their service is really exclusive. It does give people this impression but in reality, they do not have a franchise in operation in Hong Kong. Telecommunications and television services are extremely competitive markets.

Furthermore, while he had spoken at great length, his views, after all, revolved around just several points, namely, misleading, deceptive conduct, standard terms in the contract, a procedure for verification, a cooling-off period, and so on, which are actually mentioned and covered in the original motion. His amendment carries no novelty and is a mere repetition of those points. So, the Democratic Party considers that his enthusiasm has gone a bit too far. We will not vote against his amendment, but we will cast an abstention vote.

We consider that the Government must not use the merger of the OFTA and the BA as a reason to defer the legislative procedure to impose regulation on pay television service. I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): President, today, Members have not particularly mentioned principles or policy issues in their speeches. Rather, they have focused on the complaints received by them and spoken from their experiences, explaining what we have learned from our daily contact with the residents about how they were deceived and misled by those malpractices which have undermined their consumer interests. This is why the speeches made by Members are more or less the same.

President, as a matter of fact, over the past one and a half months, my office has received more than 100 complaints relating to these problems, and these misleading practices have become all the more serious especially after the Government's announcement of the introduction of high definition television (HDTV). How serious are they? President, I think you may also have heard people say that the programmes of TVB and ATV cannot be received by the end of this year and urge the public to do alteration to their television sets or purchase the necessary device quickly. This has caused panic among some residents. Why do they feel panic? It is because there were indeed such news reports, just that the residents did not read the details carefully and they only listened to and believed what the sales representatives told them and signed the contracts.

However, after they had signed the contracts, they found out that what they had been told is not true in reality and they therefore wanted to terminate the contracts. But unfortunately, as Mr SIN Chung-kai has said, the hotline was always engaged whenever they telephoned their service operator. My colleagues did try to telephone a service provider but even after trying for 45 minutes, their call still was not answered. What can they do then? Nobody

would wish to spend 45 minutes making a telephone call to lodge a complaint. This is the biggest problem that we have come across quite commonly.

Apart from deceiving the public by using compatibility with HDTV as an excuse, there are also many other problems, such as lying to the residents that their television sets have reception problems and offering to help tuning their television sets for better reception quality, or saying that the broadband service currently used by the residents does not perform satisfactorily and offering to help adjusting their broadband network, but it eventually turned out that they had installed pay television service for the residents. Finally, the residents were made to sign a contract, and they can turn to nobody for assistance because when a contract is signed, it must be enforced.

However, President, the worst thing is that the terms of the contract are printed in a very small font size and there are many provisions. But on the page where the applicant is required to sign, what is written there is very simple but on the back of it there are numerous terms and conditions. Nobody would read them all and the residents would believe what the sales representatives told them. But can the sales representative possibly explain the terms one by one? This is certainly impossible. He would only explain them in brief and certainly, he would explain only those favourable terms and conditions and skip the unfavourable ones. So, having listened to his explanation, the public would think that there is no problem and therefore sign the contract. But once a contract is signed, it becomes a very serious problem, for they cannot back out. This is why many residents are very angry. They came to our office and complained loudly with the contracts in their hands. We tried to provide assistance to them and while the problem could be resolved in some cases, not all of them can be resolved, and this is the biggest problem.

Today, I think the amendments proposed by the several Members are very important, and the proposals of introducing a cooling-off period and a procedure for contract verification are very good. It is because after some people have been misled into signing contracts, they can still consult their kaifongs or relatives and friends and they can decide whether or not to subscribe to the service after they have gained a better understanding. So, it is best to have a cooling-off period and it will be even better to provide a period for verification, so that the contract will take effect only after it is verified or confirmed. If the contract is not verified, it will not take effect even though it is signed, and this would be the best arrangement. I hope that both can be implemented.

Certainly, the most important issue is that, as Mr LEE Cheuk-yan said earlier, the sales representatives are totally unregulated. As they are employees, they certainly wish to make more money, and for one more contract signed, they can earn a little more commission. So, they do not go by their conscience and all they care about is to succeed in getting contracts signed and they will therefore resort to all kinds of tricks. Their targets are not restricted to the elderly, and even other ordinary members of the public will be deceived by them. They are very good at "sweet talks" and they always succeed in their persuasion, and it will be difficult for people who have signed contracts to change anything.

Therefore, should the Government not consider requiring sales representatives to observe a code of practice when conducting sales activities or signing a contract with the public? Alternatively, can a regulatory mechanism or even a licensing regime be put in place? Can members of the public pursue responsibility if something goes wrong? At present, it is useless even if they report their case to the police because the contract has been signed and investigation is difficult. Furthermore, the police consider that this problem has nothing to do with them and they will only advise the complainant to seek assistance from the OFTA and the BA. But President, it will be useless even if the complainant goes to the Consumer Council, although these three bodies are most familiar to us and we have high hopes of them, thinking that they are most capable of providing assistance. But in the end, neither of them can be of any help to the public because there are many restrictions.

So, we hope that after we have shared these experiences with the Government today, it will not remain oblivious to the problem. Instead, it should address the problems squarely because these sales persons are bothering the public every day. They approach the tenants in housing estates every day and they even knock on their doors at night asking the tenants to listen to their explanation of the contract. Members of the public may sign the contracts under such circumstances and incur loss as a result.

So, we hope that firstly, the quality of the sales representatives will be regulated; secondly, a cooling-off period and a period for contract verification will be provided. Improvement is warranted in these areas. Meanwhile, as I pointed out earlier, the police do not accept these complaints, and I wonder if the police can provide assistance in respect of these cases by, for instance,

conducting investigation or taking a statement, so that the sales representatives will be more restrained and the deterrent effect will hence be enhanced.

President, let me stress once again that we can no longer tolerate this situation and we hope that the Government will take steps to address it expeditiously. President, I so submit.

MR CHEUNG HOK-MING (in Cantonese): Madam President, in this information era which transcends all boundaries, telecommunications service has become an indispensable working partner in our lives. This is perhaps a major cause of increasingly fierce competition among telecommunications service operators in recent years. These business activities featuring unscrupulous competition practices to promote sales have caused enormous nuisances to consumers and there is even a trend of their proliferation and so, the problem does warrant concern. The saying of "where there is competition, there is progress", which is no stranger to us, nevertheless does not apply to the vicious competitive environment in the telecommunications service industry in Hong Kong. These improper business practices to the detriment of consumer interests are against the prevalent spirit of professional service which stresses the "customer first" principle as well as efficiency and integrity in the provision of service, and are absolutely unacceptable to consumers.

In fact, consumers have also taken actions to denounce these practices. According to the statistics of complaints in the past two years published by the Consumer Council, the telecommunications and broadcasting service industries topped the list for two successive years in terms of the number of complaints received from consumers. Complaints involving broadcasting increased by 32% in 2006 compared with those in 2005, and this the Consumer Council thinks is due to fierce competition in the pay television service market. Complaints against pay television service has continued to increase in recent years, and in the first four months of this year, the number of complaints received by the Consumer Council against pay television service has drastically increased by 40% over that of the same period last year as the number surged from 894 last year to 1 255. The Broadcasting Authority received 56 complaints or enquiries about unscrupulous sales practices last year, but 32 such cases were already received in the first five months of this year. This shows that the problem is expanding continuously and the relevant authorities absolutely cannot drag their feet in dealing with the problem.

The many complaints received can be summed up into some common unscrupulous business and sales practices in the telecommunications and broadcasting service industries. For example, subscribers are deterred from terminating their contracts, and the unscrupulous practices involved include creating hurdles for subscribers who wish to obtain the application form for service termination, and the customer service hotline constantly remaining unanswered. But the most outrageous practices are those used to deceive people into signing contracts. For instance, promoters who claimed to be staff of pay television company approached the residents on the pretext of conducting checks on television reception and then persuaded the residents to install the decoder by lying that the installation was to ensure compatibility with digital broadcasting to be introduced at the end of the year, or else the residents could no longer enjoy free television programmes, or when the promoters tried to sell their service by telephone calls but in vain, they would secretly confirm the new service subscription for the residents using the excuse that they need their personal data for verification purposes.

While the existing Telecommunications Ordinance provides for some degree of statutory regulation over these unscrupulous practices, the strength of these practices is obviously very inadequate. The Office of the Telecommunications Authority which is responsible for enforcing sanctions handled a total of 198 complaints from consumers last year, and 100 of them involved contravention of licensing conditions or the Telecommunications Ordinance by telecommunications service operators. A warning was issued or the licence was temporarily suspended in most cases and only in seven cases a financial penalty between \$80,000 and \$300,000 was imposed. In view of a continual surge in these complaints, how can such penalties create a deterrent effect?

In fact, Madam President, this issue that we are looking into today is not new at all, as the same issue was proposed by Mr CHAN Kam-lam for discussion in this Chamber about two years ago and at that time, we urged the Government to take six measures to enhance regulation of unscrupulous sales practices in the telecommunications service industry, including raising penalties in order to impose severe punishments against misleading or deceptive marketing behaviour, studying the provision of a cooling-off period for customers to consider the details of their service plan, and so on. Two years have passed and these proposals obviously have not been adopted by the Government, or else Dr YEUNG Sum would not have to propose a similar motion today and consumers would not be continuously subject to these nuisances.

Madam President, in announcing the new governing team of the third SAR Government, the Chief Executive described that this governing team is of the "professional service" type. To demonstrate the "professional service" image of the new governing team, the DAB urges the SAR Government to expeditiously study the extension of section 7M of the Telecommunications Ordinance, which regulates misleading or deceptive practices by telecommunications service operators, to cover pay television and introduce a cooling-off period, a procedure for contract verification and standard terms in contract, with a view to preventing the proliferation of unscrupulous sales activities in the telecommunications and broadcasting industries, and only in this way can consumer interests be effectively protected.

Madam President, I so submit.

MS AUDREY EU (in Cantonese): President, I wish to mention two points in particular in my speech today.

The first is that many Honourable colleagues who have spoken today have described the situation in this regard as unregulated. I have gone through the records of meeting and found that in June this year, Mr LEE Wing-tat also asked a question in this regard and at that time, it was Secretary Joseph WONG who replied to it. He mentioned section 7M of the Telecommunications Ordinance concerning "misleading or deceptive conduct", which a number of Members have also mentioned today. The relevant section reads, "A licensee shall not engage in conduct which, in the opinion of the Authority, is misleading or deceptive in providing or acquiring telecommunications networks, systems, installations, customer equipment or services including (but not limited to) promoting, marketing or advertising the network, system, installation, customer equipment or service.". In other words, it is true that this section regulates misleading or deceptive conduct, however, when Secretary Joseph WONG replied to Mr LEE Wing-tat's question on that day, he said that the authorities could only regulate marketing practices but not contracts. That means if there is a contract, it is not possible for them to regulate it.

This is in fact sidestepping the issue because a contract is often the outcome of illegal or misleading marketing practices. Therefore, one cannot say that because a contract has come into effect, it is no longer subjected to regulation by law and the authorities cannot do anything. In fact, from this

perspective, the vision of the Government is too restricted when it examines the relevant legislation. This reminds me of what happened some time ago. When a lot of people complained about certain unscrupulous shops, the Government said it could not do anything. However, after the Chinese Central Television Station had reported this matter, a lot of law-enforcement officers then went to these shops to make arrests. President, what does this show? It shows that the problem does not lie in the absence of legislation, however, when it comes to law enforcement, the authorities refuse to understand the meaning of the law or enforce the law correctly. This is the first point that I wish to make.

The second point is that I hope Members can all look at this issue from a macro perspective. Of course, I also understand that it is possible members of certain sectors want to have a verification or cooling-off period. However, the point is that we should look at the issue from a broader perspective.

Just now, a number of Honourable colleagues said that they had received a lot of complaints concerning pay television services and my ward office has also received this kind of complaints. However, I wish to cite other examples to tell everyone that the nature of some problems is essentially the same actually.

President, you will also remember that in my past speeches, I mentioned that for a period of time, a marketing activity involving the sharing of resorts or what is called "time share" was very prevalent in town. At that time, a lot of people came to my office to lodge complaints. What did they complain about? They complained against the marketing practices of these companies. These companies targeted young people in particular, telling them that they had won prizes and they were invited to collect their prizes. These young people were confined in an office for as long as four to five hours during which they were bombarded by incessant sales talk and persuaded to subscribe to some plans. These companies stressed the benefits of various plans and these young people were not even allowed to go to the toilet or make any phone call until they had signed their names or used their credit cards to buy services worth tens of thousands of dollars. I do not understand why, however, after some people had such things and complaints against them had been made to the police, the police did not even take any action, saying that such conduct amounted only to business activities and the complainants were told to hire lawyers to take legal action. President, this is in fact a kind of sales malpractice.

In addition, President, recently, my office also received complaints from a large group of people. What were their complaints? Their complaints were directed at a company called the Hong Kong Business Directory Limited, which does not have a Chinese name. That company faxed some documents, all written in English, to some small and medium enterprises. The first page of the document requested the recipient to see if the information therein was correct. The recipients were asked to make changes if there was any mistake. Since most of the recipients do not know English, when they saw a document containing forms in which the name, telephone, address, e-mail address or business nature of their companies were set out, they called the company to ask what the document was about. The person who answered the query said that it was just about some yellow pages and the recipients were asked just to check if the information was correct. If there was any mistake, it should be corrected, the recipients should then sign on the document, fax it back and that was it. Some recipients did not realize that it was a scam, so they corrected the particulars and faxed the document back. Subsequently, they received a bill stating that they had signed up for a service contract lasting two years. That company, apart from expressing its thanks, also requested the payment of a charge for two years of service at \$19,000 and there were the options of plans A, B or C or that of a compact disc. If the recipients said that they had made the mistake of thinking that the yellow page service was free of charge and requested the cancellation of the service, the company would say that a cancellation of service entailed payment of at least 80% of the service charge. If the recipients haggled with it, it would then say that 50% of the charge had to be paid, otherwise, it would take legal action in the Small Claims Tribunal.

Since a lot of people were afraid of getting into trouble and thought that the amount of money involved was not great, they just paid up to settle the matter. However, that company did not publish their information in any telephone directory because the telephone directory would be published only when all the money had been collected, so there was no telephone directory to look at. When some people said they wanted to have a look at the company's past telephone directories, it said that it was possible but they had to be purchased at bookstores at a cost of \$180 each. This is also an improper sales practice.

The unscrupulous shops that we talked about in the past sold certain counterfeit goods or products similar to those of certain brands, so that customers were misled into thinking that what they bought was the goods of a

certain brand. As a result, they were deceived. This is also a kind of sales malpractice.

We should not think that we should legislate to regulate individual sectors or should do so as soon as possible merely because there are a greater number of complaints against a particular sector within a period of time. Of course, if we really have some special considerations regarding a particular sector, we should give it special treatment. However, if we are only talking about sales malpractices in general, we should not relate this issue to a particular sector.

President, what I wish to point out in particular is that according to the records of the Legislative Council that I have looked up, in the meeting of the Economic Affairs Panel on 23 April 2001, representatives of the Consumer Council explained in this Council that it wanted to be given greater powers because there were far too many such sales malpractices. At that time, the Consumer Council requested that it be allowed to represent consumers in petitioning the Court to declare the terms of certain contracts invalid, for example, contracts that were extremely unfair or could not be cancelled after signing. Alternatively, injunctions should be issued to prohibit unfair sales practices.

President, I think it is worthwhile for the Government to consider these approaches and recommendations suggested by the Consumer Council, particularly when Members have cited a lot of figures compiled by the Consumer Council today. In fact, it is not desirable at all for consumers to take legal action against law-flouting business men or for us to rely on the Government to institute prosecution. I hope the Secretary will consider giving greater powers to the Consumer Council so that it can stand up for the rights of consumers.

Thank you, President.

MR ALBERT HO (in Cantonese): President, today, I have listened carefully to the speeches delivered by many Members. They talked about their experience of receiving complaints as Members of District Councils or Members who come into contact with the public frequently. In particular, concerning the unscrupulous marketing practices of telecommunications companies or pay television companies, there was often an element of misrepresentation and even deception. Many Members have come across such instances and I do not intend to repeat them here.

I will try to look at this issue from another angle. President, I remember that several years ago, when I went to work in Tuen Mun, I would use a footbridge linking the Tuen Mun town centre and a light rail station. This footbridge have turned into "a lane of wooden robots" in the past few years. Every Sunday, both sides of the footbridge would be lined with easy-pull display stands and at this location, many young promoters would market telephones, telecommunication services, pay television services, and so on.

Whenever they saw me, they would frown because I would often use loudspeakers to appeal to the public to put down their signatures for my cause. Of course, they were unhappy, however, since a Member was present and there was nothing they could do, they could only leave for the time being and have a cup of tea. If I worked for too long a time, someone would come to me and say, "Member, we have a hard time making a living today. Can you turn down the volume of your loudspeakers a little or refrain from working too long?" In fact, I also respect these young people because it is possible for a salesman to become the Chief Executive or a Secretary, is it not? Therefore, sometimes, I would also discuss with them to find a solution.

When people see so many figures indicating that the marketing practices of this sector are so bad, they may think that these young people are of poor quality and are despicable promoters. But was this the impression they gave me? If you ask me, I feel somewhat rueful because in fact, they all look very smart and decent and they are also very hard-working. So why is their overall credibility so poor?

I cannot help but ruminate over this question. Is it because their employment terms are very poor, so much so that they have to resort to vicious competition or cut-throat competition? Second, many of them do not receive any salary or have very little in basic salary, so the harder they work, the more they get. In these circumstances, they have to work very hard and may even become unscrupulous.

President, my aim in saying so much is not to put up a defence for them or air their grievances. If they have done something wrong, it is simply wrong. This is just like someone who feels very hungry, has no money to buy bread and resorts to stealing it. This is simply wrong, however, it is necessary for us to examine what the underlying causes are. I hope that when those large companies hire these front-line workers, they can have a little corporate moral

responsibility and will not link their income to the business deals they make, otherwise, they are in fact no different from being unemployed. Perhaps in economics, they are the invisible unemployed and in fact, they can only earn a paltry income of just \$1,000 to \$2,000. If they are not aggressive enough or do not tell lies, it will be practically impossible for them to earn enough even to meet their transport expenses.

In fact, since these large companies make so much money, can they provide better training to these promoters and enable them to have a stable income to ensure that the services provided by them will not damage the reputation of their companies? This is the first question I want to ask.

In addition, given so many complaints and since Members would also inform these companies of the problems, and we would also give them calls frequently to communicate with their managers, these large companies or some better-run companies will ask their business managers or customer service managers to communicate with us and many problems can then be solved through negotiations. The chances of our resolving these disputes successfully are very high and an Honourable colleague once said that the chance was as high as more than 90%. In other words, the managements of these companies also know that there are problems with their lower-level employees. Therefore, sometimes, they prefer to believe in the claims of the complainants and are willing to offer refunds or even cancel or change the contracts.

Of course, there are also some companies that are reluctant or unwilling to answer queries. What are the people in these companies thinking? In fact, the reputation of their companies will be seriously affected. And if these companies are prosecuted, they may be fined. Are they so brazen as to think that fines only constitute part of the cost and since they have swindled so much money, there is still money to be made after the fines are deducted? Is this not an extremely unhealthy phenomenon? In addition, can these companies shrug off their responsibilities lightly by citing the excuse that they have hired some unpromising young people who are untrustworthy? Can they cite the excuse that it is impossible to judge whether someone is trustworthy from their appearance alone? However, this is not an explanation acceptable to society.

In fact, I believe that these big companies have to respect their own images. If other people respect you, you also have to respect your own image

and must have integrity. And such integrity is founded on the need to train employees to be credible and they cannot merely say that some front-line employees at the lower strata are not law-abiding and they cannot succeed even though they have done their best. This is not an acceptable explanation.

Third, after listening to the views and analyses of various Honourable colleagues, I can say in summary that not only are there problems with the marketing practices with regard to telecommunications or pay television services or with the contracts, even all the consumer protection legislation in Hong Kong has failed to keep abreast of the times. Compared with other countries, such measures as a cooling-off period, written confirmation of oral contracts, the repudiation of unreasonable contracts and the taking of representative legal action on behalf of consumers by a consumer protection body are all absent in Hong Kong.

In fact, as far as I can see, it is not only in these contracts but also in many other instances such as life insurance or various kinds of low-pay marketing jobs or jobs without basic salary that we can often find such a situation. Moreover, our entire regulatory regime is backward and inadequate in offering reasonable protection to consumers.

Therefore, what we see today is only one aspect of the problem. I hope the Government can conduct an overall review of our legislation and of the regulatory regime for consumer protection and improve the relevant protection.

MR LEE WING-TAT (in Cantonese): President, as the debate is drawing to a close, it would be trite to talk about complaints anymore. However, I still wish to talk about the way in which the Government addresses this problem, from a different perspective though. If we merely look at the complaints figures released by the Consumer Council, we will find that the number of complaints against telecommunications services has risen from several thousand cases to 11 000 cases last year in three years' time. It is shocking. The number of complaints (that is, the frequency of complaint) against television services also rose from 230 cases in 2003 to 3 000 cases in 2006, that is, a ten-fold increase in three years. If the Government is really concerned about this area, when we cite these figures, the Government cannot possibly be unaware of them.

I often wonder why the Government does not tackle the work in this area. Is the work very difficult? Of course, the first thing that the Government has to consider is those contracts that have been executed. We have to respect the spirit of contract. However, the Government should also begin to realize and even understand more and more that contracts can be entered into in various ways or they can be entered into as a result of what are arguably unreasonable or even unscrupulous and deceptive practices. Members will find that the majority of the so-called victims were in fact elderly people or people advanced in age, while some of them were children.

This morning, I learned from the radio that someone who was just 17 years of age was asked to sign a contract. That person said he was not yet 18 but the other party said it did not matter and asked him to sign as the shortfall in age was just one year, so one can see that they can even say this sort of things. In fact, such matters are related to the public's livelihood. If the Government is people-oriented, why is it so unconcerned about such matters?

In this legislature, I have asked an oral question on this matter and we have also debated this matter before, so the problem is very pervasive. This being so, what is impeding the Government in doing anything so far? Of course, the Secretary will give us a reply later, however, I personally think that if we let this sort of thing fester, it will in fact erode both the so-called prestige of the Government and its ability to solve problems. Because when the Consumer Council deals with this problem, generally, it does so by way of negotiations and strictly speaking, it does not have a great deal of power unless there is substantive information in a complaint to prove that a promoter of telecommunications services has engaged in deception.

I hope that when the Government considers this issue, it will not just consider it from one angle. I agree with the comments of Ms Audrey EU and Mr Albert HO, that such matters probably represent a transformation to a more modernized society. In the past, when we talked about a good life, we were talking about food-related matters in life, so in other words, food was our fundamental concern at that time. Therefore, many of the complaints lodged by consumers had to do with problems relating to the food they had bought. However, the complaints lodged by consumers nowadays are in fact often related to services and what are called intangible things and such things often involve contracts. In addition, I think the Secretary is also aware that at present, there

are various types of services, for example, joining fitness clubs, that is, those clubs that provide training in jogging. This can also be considered using a service.

Some time ago, Mr Fred LI and I also asked two Secretaries questions about beauty and breast enhancement services and about services claiming to increase the height of people, even though they are already in their twenties. What happened at that time was that if the queries were related to matters of surgery, York CHOW would be responsible for answering them and if the queries had to do with services, it would be answered by Stephen IP. Now, this kind of queries should be answered by — let me see, I do not know which Secretary would answer them now, since they are matters relating to the economy and commerce — maybe they would be answered by Secretary Frederick MA.

In fact, this sort of thing has existed in society for a long time. Today, I have been to the Consumer Council again because a group of ladies patronized a certain beauty services company. The name of this company used to be a Chinese one, however, after Fred LI had exposed it, that is, after he had lodged a complaint against it, it immediately went out of service and no longer used its Chinese name when placing advertisements. Its English name is Japan's Beauty, and it only has an English name but not in Chinese. In fact, this company used to bear another name. Members can see that such is the business practice. If we succeeded in lodging a complaint today and the company was nailed, its name would then be changed again and the new name may become "Such-and-such Beauty", that is, it will resurface in a new name. In fact, such instances are occurring all the time and this reflects the pervasiveness of the problem.

I think that in fact, to the general public, these so-called services, be it using beauty services, joining fitness clubs or accepting telecommunications and pay television services, now account for an increasingly great percentage of their daily spending. This is because, as we enter a comparatively speaking post-capitalist society (I do not know if it is correct to put it this way), the proportion of spending on food is smaller than that on consumption in general, whereas the percentage of spending on other non-material things or that of spending on things that are not daily necessities is getting higher and higher.

Such things are making merchants smarter and smarter. Often, they will exploit the so-called contracts, one-off payments or terms of contracts. As we all know, the print of these terms is very small and even meticulous people will not make a point of reading them all. For example, I like to watch the Premier League and I also switched my subscription to television services in order to watch it. In what way did I do so? I did not look at any contract; all I did was to place a call. However, I think I was already smart because I spent a long time making enquiries about each channel to see what channels I can watch. After making thorough enquiries (in fact, the company concerned did not let me look at the contract in detail, however, we spent some 10 to 20 minutes on the phone), I believed that on the whole, the company would not deceive me, so I confirmed the use of the relevant service in the telephone conversation.

In modern society, such situations are inevitable. In fact, I believe it is not the case that the Administrative Officers and Secretaries in the Government are totally unaware of this kind of information imbalance, that is, the absence of complete equality of the two sides that enter into a contract. But up to now, I still do not understand the reason for this. The Secretary last year was Mr Joseph WONG and it was mainly him who was in charge of the matters in this area. He probably had too much to do, so he could not deal with this matter. Now that the new Secretary has assumed office, I heard Mr SIN Chung-kai say that the two organizations may undergo a merger later on. I hope the new Secretary will not deal with this matter by splitting it. In fact, he should deal with it in parallel because it is actually beneficial to the Government to deal with such a pervasive issue relating to consumer rights at the very beginning. Frankly speaking, such complaints are incessant and very widespread and nearly every political party and directly-elected Member has received them, and in very great numbers at that.

Therefore, I hope that the Government can adopt a new thinking and a macro and broad perspective to deal with this issue properly after the new team is confirmed, that is, when it begins its work. Otherwise, when this motion is proposed for debate again next year, the Government will give one the impression that it has been moving too slow.

Thank you, President.

MR HOWARD YOUNG (in Cantonese): Madam President, with the advent of the information age, the demand of the public for services such as the Internet is ever increasing. Together with the vibrant development of pay television companies in recent years, the complaints against their services as a result of these trends are also heard from time to time.

This is particularly so because at present, there are already four pay television service providers in Hong Kong and the number of clients is over 1.5 million. Of late, they have engaged in keen competition over the broadcasting rights for international football matches. In the first five months of this year, the Consumer Council received 2 203 complaints relating to the charges for television services and the increase, at 94.3%, was nearly double that of the same period last year. These complaints include inducing the signing of contracts by means of misleading or deceptive practices and causing delays or posing obstacles when meeting the requests of clients to terminate service. Although the amount of money involved in each complaint probably ranged from just upwards of a hundred dollars to several hundred dollars per month, the amount would add up to several thousand dollars, so the amount of money is by no means small and such matters should not be taken lightly.

However, it can be said that there is now a lack of regulation on the business practices of pay television services and there is no specific body to act on the complaints. Consumers can only pursue matters relating to service standards or to the contracts with these pay television companies in accordance with the relevant legislation, for example, the Supply of Services (Implied Terms) Ordinance, the Unconscionable Contracts Ordinance and the Control of Exemption Clauses Ordinance.

Even so, if consumers have to go to great lengths to solve the problem by hiring lawyers and taking time off to appear in Court, all for the sake of a few hundred dollars or several thousand dollars, a lot of time and effort will be needed and this is something that ordinary members of the public cannot afford to do. Therefore, to customers of pay television services, the protection is obviously inadequate. It is necessary for the Government to bring pay television services under regulation as soon as possible to enhance protection for customers, so that they can have an expedient and effective channel to deal with such problems.

According to the Telecommunications Ordinance, if telecommunications service providers are involved in misleading or deceptive conduct, they violate section 7M of the Ordinance and are liable to a maximum fine of \$1 million. From July 2000 to December 2006, eight cases were ruled by the Court as violations this provision and fines were imposed by the Telecommunications Authority. It seems that this has achieved some regulatory or deterrent effect.

At present, the Telecommunications Authority and the Broadcasting Authority are studying the prospect of a merger. In view of this, the Government can take this opportunity to include pay television services in the new regulatory regime and adopt section 7M of the Telecommunications Ordinance as the basis and extend its coverage to the business practices of pay television services.

In addition, the motion proposes the introduction of a cooling-off period for contracts and we believe that this arrangement can be considered, so that consumers will not enter into contracts lightly as a result of the exaggerated or inaccurate claims of some promoters. Besides, this will also enable consumers to think clearly and consider the details of the contract with cool heads. However, we must of course make the period reasonable and after a short cooling-off period, the contract cannot be repudiated at will.

As regards the proposal in the motion that the Government formulate standard contract terms and require all service providers of regulated services to adopt them, so as to protect consumer rights and avoid possible disputes, the Liberal Party is of the view that so long as the standard contract covers the major and crucial terms, for example, the arrangements for contract termination and automatic contract renewal, and so long as service providers are allowed to retain some flexibility, support can be given to this proposal.

As regards measures that can be taken in the short term, we hope that the relevant pay television companies can step up training and strictly require promoters or front-line staff to comply with marketing code. They should by no means condone any marketing practice that misleads customers on account of the increasingly keen competition among pay television companies. Furthermore, they must mete out punishment against any unscrupulous marketing practice designed to secure contracts.

Madam President, what is also worthy of mention is that many promoters have successfully misled quite a number of members of the public into signing contracts by citing the ground that high-definition television (HDTV) digital broadcasting would be launched by the Government and television stations soon. The Liberal Party believes that this situation is a serious cause for concern and the Government must step up publicity directed at the public, in particular, at elderly people, concerning HDTV digital broadcasting and the detailed arrangements for it — in some places, it is actually very difficult to receive such broadcasts — so that the public will not continue to be misled, thinking that after buying a certain device, they will be able to receive HDTV programmes immediately.

As regards Mr WONG Kwok-hing's amendment, I believe that be it residents of public housing or the public at large, if they are misled into subscribing to certain services, the Government should seek to impose regulation equitably instead of favouring one party over another. Concerning the proposal therein that the Government should step up protection of five types of consumer rights, it actually gives no cause for complaint. But since we have already requested that pay television services be covered by the Telecommunications Ordinance, together with the introduction of a cooling-off period and contracts with standard terms, as well as a procedure for contract verification as proposed by Mr Jasper TSANG, we believe the protection is already quite sufficient and there is no need to complicate the issue.

Madam President, I so submit.

MR LEUNG KWOK-HUNG (in Cantonese): President, as the saying goes, "A pedant will pages on end of his contract for buying a donkey write/ Without ever to his subject matter coming close". Today, I have heard Secretary Prof CHAN Ka-keung talk about economic issues and it is obvious that this saying applies. Today, this saying also applies to this subject.

I think we have to ask if we are lying. Is it the case that the people in those monopolizing consortia do not know what their subordinates are doing? This is impossible. Even if they do not take a look at the streets, they will know about this on watching television. So many people have lodged complaints and we have had discussions frequently. In view of this, why do we try to exonerate these people? Why do we try to exonerate those monopolizing

consortia and criticize some cheats who receive very low pay and have a very weak will? After selling something successfully, what benefits can those promoters get? The profit is only paltry. Which party is unwilling to make a refund? Not those promoters but those big companies which devised those insane procedures. These are the big companies that one cannot reach despite making calls for nine months.

What are we talking about? We simply dare not confront those consortia. Do they not know about this? A lot of people running small businesses have to assume responsibility even for giving wrong instructions to their subordinates, however, those consortia do not have to assume any responsibility. The Cable Television Company (Cable TV), at which the complaints are directed — of course, it is already on such good terms with the Mainland and all the consortia belong to the LI family, so who dares accuse them of anything? What are we talking about? We are talking about a consortium that deliberately tolerates and condones front-line promoters in deceiving Hong Kong people. What are we talking about? If you try to punish it severely and fine it \$2 million per day; if you invoke section 7M in laying charges against it; if you order it to come out or order the manager of its marketing department or someone from the senior management to appear in Court to answer the charges, all its questionable conduct will vanish automatically and immediately.

What is this talk about sternness? You are stern when you deal with protestors. Several hundred police officers would surround a dozen protestors and some people would think that it was the police officers who were staging a protest. What sort of law enforcement is this? We are not talking about having no law to enforce either. The Broadcasting Authority charged me with illegal broadcasting. Is this because someone has lodged a complaint? No. Has anyone been adversely affected? No. Why is the law enforced in this way? Because the Government chooses to do so.

In this Legislative Council, we are forced to lie every day, otherwise, it will not be possible to chime in with the Government and it will not be possible to chime in with the snobbish views. This is established and proven and people have lied for such a long time. Today, Mr Howard YOUNG said that prosecution has been brought seven times and how much were the fines? Was any penalty imposed? Why were small businesses or people whom I found to have committed only minor offences punished harshly? What our society cannot see is that these consortia can actually exploit loopholes in law and the

unfairness in law enforcement and continue to deceive ordinary members of the public.

We say that there are many methods. A cooling-off period, standard contracts, and so on, are all desirable. They are all desirable. However, what we are talking about is a kind of deceptive conduct, which those people knew full well when they engaged in it. But as long as they could get the benefits and it was others who would be victimized, they did not care. Is this not the situation now? Is the conduct of those promoters something they invented on their own? In fact, it is those consortia, those consortia operating pay television networks that told them to do so deliberately, so those people can only act like moths that fly into a flame. Someone once told me that he could help me switch to the NOW television from the Cable TV, saying that he could get the job done in 10 days. When I found that I could not tune in, I called that person again, however, he had even given up his telephone number because he was just an odd-job worker. How possibly would an odd-job worker deliberately deceive others? This is a kind of institutionalized fraud.

Therefore, in fact, it is only necessary for our law-enforcement departments to step up law enforcement..... I heard many people say that Hong Kong was really chaotic, with this person protesting against this and that person protesting against that, while others were causing disturbances, even in the Legislative Council. Is such conduct anything when compared with what those people do? Can it match that of those cheats who deceive all people regardless except children, be it the elderly, middle-aged people or young people? I heard Ms Audrey EU say that even young people were confined and deceived. That was in fact false imprisonment. Why is the law not enforced, mate?

Why did our Secretary for Security come here to say he does not know to whatever he is asked? Just now, I mentioned the saying "A pedant will pages on end of his contract for buying a donkey write/ Without ever to his subject matter coming close", however, this does not apply to him, rather, in his case, it is "A mediocre official will pages on end his contract for buying a donkey write/ Without ever to his subject matter coming close". He just beats around the bush. When Ms Margaret NG asked him questions, he did not reply; when other Members asked him questions, he did not reply either. However, it is fortunate that I have seven minutes of speaking time, otherwise, during Question Time, he can do something new by spending 10 minutes on his reply. He can

speak for 15 minutes and reply for 10 minutes, so that we cannot raise any further questions.

Therefore, here, I will tell everyone that no matter what we say, such is the situation. It will not do if the Government does not enforce the law. This is what this knife is about. The point that I want to make is: "With the Government on my side, I can have my way. The consortia operating telecommunications networks are cannibals that chew up even the bones of its victims". This knife is bestowed on them by the Government. I will ask Donald TSANG, who will attend the meeting here tomorrow, whether he dares promise openly that law enforcement will be stepped up, so that they can get a taste of section 7M. After they have been prosecuted a dozen times, such conduct will definitely vanish. In my view, he dares not do so because among those 800 persons, quite a number of them are involved in that sector and he also needs the support of the mass media, so how possibly does he dare offend them? Offending me will not cause any problem. He can say at any time, "Long Hair, good night, you are not invited." And he may do so.

Since this Government has come to such a pass, what else can it do? In view of this, I think Members should not delude themselves anymore here. It is necessary to step up law enforcement as the relevant legislation is already in place. Bring prosecution against the consortia and prosecute them 17 times, mete out some punishment to them and such conduct of theirs will simply disappear.

MISS TAM HEUNG-MAN (in Cantonese): Madam President, apart from seeking maximum profit, modern corporations should also have a sense of corporate social responsibility in order to be respected by society. Unfortunately, in such a highly developed capitalist society as Hong Kong, due to the keen competition in the market, some large corporations still adopt some malpractices in doing business in order to increase their market share and corporate profits. Not only does this violate the business codes supported by society in general, it also compromises consumer interest, not to mention social responsibility.

The question under discussion today is related to the liberalization of the telecommunications and pay television service markets by the Government several years ago. The original intention was that, with the introduction of more operators, prices could be lowered and the standard of service improved, so that customers could benefit from a competitive market. However, some

operators went so far as to use misleading, misrepresented and deceptive practices and harassment to cajole customers into signing contracts and subscribe to the services provided by them.

This situation has deteriorated in recent years. According to the Consumer Council, the number of complaints filed against pay television has already reached 1 255 in the first four months of this year, a drastic year-on-year increase of 40%. The bulk of the complaints had to do with the ease of saying "come" but the difficulty of saying "go", that is, it is very difficult to cancel a contract after subscribing to the services provided by a certain major cable television company. If one calls to request the termination of a contract, the call will never be answered. Also, the relevant webpage does not provide the service to cancel the contract and the subscriber has to take the trouble of making a trip to the service provider in Tsuen Wan in order to cancel the contract. Is such a business practice not problematic?

Moreover, the recent complaint cases indicate that there is an upward trend in the number of cases involving securing subscription by deception in relation to digital television broadcasting. When promoting their services to customers, promoters of pay television services would deliberately employ misleading and deceptive practices, misrepresenting to customers that they must subscribe to their services and become customers of the Cable TV in order to view the digital television broadcasting to be launched in the market at the end of this year.

Madam President, these are in fact business practices designed to deceive the public. However, the existing Telecommunications Ordinance can only regulate the business practices of telecommunications operators but pay television services are outside the ambit of the Ordinance.

Therefore, we support the motion moved by Dr YEUNG Sum of the Democratic Party today. We urge the Government to amend the legislation to extend the provision regulating the misleading and deceptive conduct of telecommunications companies to pay television services and introduce a term for a reasonable cooling-off period into the contract to give consumers the right to rescind the contract within a period of time after signing it (for example, 14 days or one month), so as to protect consumer interests.

Most importantly, the authorities should consider amending the Trade Descriptions Ordinance at the same time to bring such services under its ambit. If the services provided by operators involve false, misleading or deceptive practices, the authorities should also have the power to take prosecution action, so that operators will get the punishment they deserve. This is a very important point because only by doing so can consumers be further protected. The Government should also consider enhancing the power of the Consumer Council to enable it to take prosecution action and help protect consumer interests.

Madam President, apart from boosting the number of customers by false and deceptive practices, another very common approach adopted by operators of pay television and telecommunications services is door-to-door promotion that constitutes a nuisance. To take the housing estate in which I live as an example, promoters of pay television service would remain in a building after carrying out repairs for a household and would knock on every door on each floor to persuade these households to subscribe to cable television service. Some promoters would even deliberately hide in staircases, store rooms and refuse rooms and jump out when residents were going into their flats, thus giving them a scare. They would then ask residents to subscribe to cable television services. All such marketing activities constitute a great nuisance.

In fact, not only do such disturbing practices fail to increase the number of customers, they are also not helpful to the image of the company concerned. A company that attaches importance to the prestige associated with its brand name will by no means encourage its marketing department to take this kind of action that would damage the image of their company, as such practices are tantamount to killing the goose that lays golden eggs, which is extremely foolish.

Madam President, in order to curb the unscrupulous business practices of operators, I suggest that the Government introduce business codes in the licences for pay television services to protect consumers, for example, to require that operators must deal with customer complaints properly and deal with customers' requests to terminate contracts and change services properly. If an operator fails to deal with the reasonable complaints lodged by customers within a period of time, the authorities will have the power to openly condemn it, issue a written warning and even to take prosecution action and impose punishment. If the complaints against an operator are persistently ruled to be founded and its business practice is found to be questionable, the authorities should pay

particular attention when handling its application for licence renewal, for example, by considering whether its licence should be renewed or some terms requiring its compliance should be introduced.

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

MR RONNY TONG (in Cantonese): President, what is being discussed today is a motion concerning malpractices related to television, telecommunications and Internet services. However, in a capitalist and commercial society, instances of unfairness are not confined to such sectors as the television, telecommunications and Internet services alone. In a free society, the phenomenon of consortia bullying individual consumers is only a natural one. Many people (including academics in Hong Kong and even the Government) often trumpet the doctrine of free economy, believing that the Government does not have to intervene in such unfair practices and the market will make adjustments and corrections automatically. President, I have always held the view that the doctrine of free economy is, like communism, a very idealistic theory, however, in practice, it will often lead to even more injustices. I myself absolutely believe that in a modern commercial society, appropriate intervention is a must.

On how to regulate unacceptable and unscrupulous business practices, there are many approaches. Just now, a number of Honourable colleagues mentioned section 7M of the Telecommunications Ordinance, however, I ask Members to look at section 7M. In fact, most of the unscrupulous conduct that we are talking about here cannot be dealt with in accordance with this provision because it only covers misleading or deceptive conduct. In fact, even without this Ordinance, in common law, such conduct already gives consumers sufficient ground to lodge complaints or take legal actions.

Dr YEUNG Sum proposes in the motion that we should introduce a cooling-off period or standard contract terms. I think these proposals are of course well-intentioned, however, in fact, they cannot solve the problem. Even if we introduce a cooling-off period, what then? What we are facing is a situation in which one side has overwhelming superiority and there is a serious imbalance in bargaining power. Even if a cooling-off period is introduced, if the old people want to watch television, they have to watch it no matter how.

No matter if they are given a cooling-off period of two months or three months, the outcome will still be the same.

As regards standard contract terms, of course, it is possible to add them to a contract, however, I think interference created by them will even be greater than that of a piece of legislation. At the end of the day, whether or not the problem can really be solved still boils down to the serious imbalance in bargaining power. In fact, among our existing laws, there is the Unconscionable Contracts Ordinance, however, it is a pity that this law is often neglected by the public. This piece of legislation (in particular, section 5) specifies that if, with respect to a contract for the sale of goods or supply of services in which one of the parties deals as consumer, the consumer may, on the grounds of unconscionability in any part of the contract, request the Court to refuse to enforce the unconscionable part in the contract, limit the application of or revise or alter any unconscionable part so as to avoid any unconscionable result.

In fact, at present, we already have a piece of legislation to protect socially disadvantaged groups from being bullied by big businesses or from suffering losses or being oppressed as a result of unequal contract terms. The question is why this ordinance which was added to the law books such a long time ago has never been invoked and is even hardly known to anyone. Ultimately, I also have to ask everyone: Even if there is such a piece of legislation, how helpful is it to consumers? I wish to ask everyone if it is feasible to ask an auntie in Ngau Tau Kok to take legal action against Cable TV, NOW TV or — I do not want to cite any more names — other Internet service providers. She has to apply to the Court for an injunction or a variation of the contract terms, but is this feasible? Even if she is a literate person and believes very much in the rule of law in Hong Kong, from the angle of everyday life, all these cannot be done and there is no way to resolve this. May I ask if anyone would take legal action merely because he has to pay \$10 more per month? Even the Small Claims Tribunal will sometimes find that dealing with such cases takes a lot of time and effort.

When such cases are heard in the tribunal, even though the other party has not hired a barrister to represent it, there is actually a retinue of lawyers behind it to advise the employee or manager representing the consortium on how to answer questions and cross-examine, so as to fight for the rights they are entitled to under the law. Legal protection is basically desirable, however, they are useful only in some situations. What we are talking about now is a small group

in society or a group that has no bargaining power at all. To them, legal protection is useless. In order to solve this problem, ultimately, we must resolve the present situation of a serious imbalance in power and inequality in making transactions. To this end, I have all along requested, firstly, that the SAR Government must introduce a piece of comprehensive consumer law, so as to educate the whole society, including business people; secondly, through this piece of legislation, we should confer adequate statutory power on an independent and equitable body such as the Consumer Council to take prosecution action or legal action on behalf of socially disadvantaged groups and get back the compensation or rights to which they are entitled. Only through these channels can we stamp out the unfair and unjust business practices in society. In addition, there is another thing that must be done, that is, to provide an environment of fair competition (*the buzzer sounded*).....

President, I will leave the rest to my next speech.

MR FRED LI (in Cantonese): Madam President, misleading and unfair business practices will adversely affect Hong Kong's reputation as a shopping paradise.

Recently, I have also received a lot of complaints lodged by members of the public concerning the difficulties in discontinuing the use of pay television services. They have made complaints to the Consumer Council, however, it can offer little help. In particular, after the Cable TV failed to secure the right to broadcast the Premier League, it is impossible for customers to request the termination of their contracts. Even the Consumer Council could do nothing even if it wanted to because it is not specified in the renewed contracts that the Premier League will be broadcast.

Why is it possible for the Cable TV or pay television services to drag their feet as much as they like in discontinuing the services provided by them to customers or charge them arbitrarily? This is in fact the result of some unreasonable terms and business malpractices.

President, I have a contract of the NOW television (NOW TV) here with me. President, can you read it? In fact, you cannot possibly read it because the print on it is too small. I cannot read it either, even though I am wearing this pair of spectacles with progressive lenses for presbyopia dioptré. This is the original copy of the contract. This other contract is that of Cable TV.

Although I have enlarged it a little in this photocopy, still, I cannot read the details therein. In this contract, both its broadband and television services are covered. With so many terms in it, if a lawyer is hired to look at them, the fees will surely be very high. Therefore, it is practically impossible for ordinary members of the public to examine at the terms clearly. In fact, these companies are very domineering and I will cite some examples for Members' reference. In the terms for using NOW TV, the company has the power to renew the contract "fully automatically". Upon the expiry of the contract, if a customer did not request the termination of the contract prior to its expiry, the company will automatically renew the contract for the customer. If a customer has opted for an 18-month plan, the customer's contract will be renewed for 18 months on its expiry. If a customer forgets to request the termination of the contract one month in advance, the company will ask the customer to pay compensation. If a customer terminates a contract midway, he has to pay the charges for all 18 months of service.

As regards Cable TV, of course, the greatest problem is that when a contract expires, a customer has to call the company to get a form and fax it back after filling it out. This is a very primitive method. Customers have to make calls and cannot download the application form from the Internet. The situation I am talking about is that if my contract will expire soon, I have to make an application within the same month, however, in fact, even if I remember this and keep calling during the same month, it is impossible to get through. Recently, I also made a call to the company concerned, not to terminate a contract but just to make enquiries, however, I still had to wait for half an hour. I think I was just an innocent victim because even though I was not terminating any contract, I still had to wait for such a long time. I wonder if it is due to the fact that many customers have requested the termination of their contracts of late that its telephone service is so poor. This will make consumers feel very dissatisfied. Therefore, I have already raised the complaints I received with individual persons-in-charge of pay television companies to discuss how they should be handled.

In addition, customers are issued contracts only after they have subscribed to the services on the telephone. Even if a customer thinks that there is something improper afterwards, since he has confirmed on the telephone that he has opted to use the service for 18 months, and since it is the company and not the customer himself that has recorded the telephone conversation, the customer

may have forgotten what he said then. Given various disadvantages, what protection can the consumer actually get?

Just now, many Honourable colleagues pointed out that the Office of the Telecommunications Authority (OFTA) only monitors business conduct and practices and only targets telecommunications services, whereas the Broadcasting Authority is responsible for monitoring programme contents such as those in the incident involving the movie "An Autumn's Tale" aired on television and deal with matters relating to obscene articles. The Broadcasting Authority has no power to regulate marketing practices relating to such services and the OFTA is not responsible for this area either. Which party is actually responsible for this? No party is. At present, it all depends on people's conscience.

Therefore, consumers can now only hope that the Secretary will do something. Although this is not part of the portfolio of the Secretary, since the Secretary is standing in for someone else, he has to be responsible. I believe the Secretary has already heard the voice of the Legislative Council adequately. The Secretary may wonder why even such a minor matter as watching the television has to be debated here.

However, if the Secretary were to listen to the phone-in programme of RTHK today, he would find that many listeners were complaining bitterly during the programme. Their complaints may sound incredible. They described various kinds of practices verging on deception. For example, it was said that as high-definition television (HDTV) would be introduced soon, if one did not subscribe to the services of Cable TV, it would not be possible to watch the free television programmes broadcast by TVB or ATV. Regarding this kind of promotional practices, we have already made a report to the police. When Members of District Councils receive this kind of complaints, they will go to the police station to make a report. We believe this kind of behaviour is deception and fraud and is extremely improper.

Why have such instances arisen? Of course, employees of Cable TV did not engage in such conduct as this kind of work has been outsourced. However, since those workers carrying out the outsourced work are paid commissions and with keen competition, frankly speaking, their actions have really exceeded what they should do. A member of the senior management of Cable TV said that they would not require staff members at the lower stratum to

do such things, so if staff members of the lower stratum had done such things, they did not have to be held responsible.

In view of this, the Democratic Party proposes that a cooling-off period be introduced and many Honourable colleagues have already expressed their views on this. In addition, it is also necessary to make improvements to unreasonable business terms. Dr YEUNG Sum proposed in his original motion that section 7M of the Telecommunications Ordinance be extended to cover pay television services. This is a measure that can be implemented in the short term.

The Consumer Protection (Fair Trading) Act of Singapore sets out 20 unfair trade practices. In fact, at present, many countries have already enacted legislation on this. In other words, the problems that have occurred nowadays in Hong Kong can in fact be prevented and regulated.

I hope that when the Government reviews the issue of consumer interests — at that time, Secretary Stephen IP also examined consumer interests and the power of the Consumer Council, so I believe it is also possible to do something about pay television services. We hope the Government can expedite its actions to protect our disadvantaged consumers. I so submit.

MR JAMES TO (in Cantonese): President, I rise to speak after listening to what Mr LEUNG Kwok-hung has said. I am 100% in agreement with Mr LEUNG's remarks.

The whole system as it is demonstrates systematic sales and business practices of a fraudulent or quasi-fraudulent and unfair nature under the connivance of some big conglomerates. This is the conclusion I have arrived at after analysing the present situation. And by sheer coincidence, this is no different from what Mr LEUNG Kwok-hung thinks.

Why do I say that this is connivance of systematic sales and business practices of a fraudulent or quasi-fraudulent and unfair nature? As a matter of fact, the management of the relevant companies knows perfectly well that these things exist. They say that they do not agree to these practices. Interestingly enough, these practices remind me, and they are similar to, of the ways banks or telecommunications companies hire some collection agencies to collect debts on

their behalf. These banks or telecommunications companies all say that they would not allow collection agencies to do anything excessive, but they know that this is how the collection agencies will work. It is only when the persons concerned get annoyed or when fear is created by some acts done which are not strictly unlawful that these persons will settle their bills or pay the money back. Or these acts are meant to test their ability to pay off loans or whether or not they can borrow money from their friends and relatives to pay off the loans. This is how debts are collected.

Likewise, this is how such things are done by the staff of telecommunications companies and such like businesses. They know perfectly well that under the commission system, a sales quota is imposed on the staff or some bonus system is in place to spur their staff to be more aggressive. They know clearly that the staff are urged to get their job done by hook or by crook. That is to say, they do not care how the staff are going to get the job done as long as it is done. Of course, at the end of the day, they will certainly resort to what is called in the world of politics, the trick of deniability. Because they have clear guidelines for their staff, stating that certain things cannot be done. And even for some services contracted out, there are also clear guidelines on what are the things they cannot do. However, in practice, they will know that while the staff can reach the sales targets set, there is bound to be a large number of complaints and it is unlikely that all of these complaints are unfounded and all of them are false claims on the telecommunications companies meant to demand compensation.

What are the tricks so employed to this end? Perhaps let me go into some details. In the Jordan area, they are always ready to go everywhere and do everything. They target at some ethnic minorities and I have the chance to come into contact with some of them. They know that these ethnic minorities such as those from Southeast Asia may not understand some of the terms in the contract and the Chinese language, or they may be very interested in some telecommunications networks such as those using the language spoken by Indians, so they would send out a special group of people to keep a close eye on these people. They will tell these ethnic minorities that this is a special service catering for them, especially for these ethnic minorities. This is of course welcomed. Right? It would be good if they are honest in selling their service, but this is far from being the truth. They are using all sorts of ways and means, and as many Honourable colleagues have talked about them, I would not repeat them here. We have collected information on that systematically and we have deduced some points in common from some cases and pointed them out. As Mr

Albert HO has said, after social workers and Members of this Council have intervened and many similar cases are presented as evidence, these companies finally admitted that such things might have indeed happened. In a bid to pacify, they returned the money.

As to how the problem can be addressed, I think that there are just two ways available. One is by enforcing the law. How can the law be enforced? Talking about enforcing the law, it can only be done by resorting to all means. Earlier on the CCTV aired a programme on how a Hong Kong company cheated by selling some so-called brand-name watches. That watch company had to close down later. The event came in the nick of time when the Commissioner for Customs wanted to become a high-flyer and prove his calibre. He knew that the issue had caught the attention of the CCTV and so he got very concerned and ordered his staff to spare no efforts in detecting the case and crack down on one or two of these companies which broke the law. Of course, if such things do happen and provided that there is rule of law, these companies will get caught and they will not be cracked down for no justifiable reason. So in the end, one or two such companies were charged.

As for this kind of cheating practised now, would it be impossible to press any charge against people doing these things? A charge can indeed be press against these people. But the reaction from the police is quite interesting. In general, the police think that the focus of their job is on hard crimes like robbery, rape, kidnap, and so on, and if they are asked to press charges against cases of fraud, I do not know if they would say, "Mr TO, the money involved is just a few hundred dollars or just some tens of dollars are cheated every month, would you still call that fraud? If people from every department come to ask help from us, like someone from the Food and Environmental Hygiene Department or the Tobacco Control Office who calls us after getting beaten up by someone or having a quarrel with someone, how are we to handle all this huge amount of work?" Such is the willy-nilly way they would face the problem.

Unless this Council or some top official — I do not know if I should ask the Chief Executive about this tomorrow — if only Chairman HU gives the word, things like mosquitoes are all killed the next day. It may be that after the question on this is raised tomorrow, the Commissioner of Police TANG King-shing will say that this is something that should be looked into. He may be very concerned about it, for it would be bad if despite the calls for strong governance, the Chief Executive is slapped in the face and disgraced. So the

police boss may order his elite troops to take action or ask people from the Organized Crime and Triad Bureau to act as undercover agents. All in all, there are ways that this can be done and there are indeed such ways, for the truth is that these things exist every day.

Another way is one which I think is more effective. Since these companies are licensees, the way to fix these licensees is just like how, for example, Commercial Radio is fixed. That is to say, when there was a complaint that a DJ from that radio station had used foul language or said something that violated the standards of decency which was unacceptable to the public, the radio station would be fined some \$80,000, \$100,000 or even \$1 million. Since these telecommunications companies admit that they do not have any good system to monitor such activities, then they should be fined. The amount can be anything from \$100,000 to \$1 million. Then naturally these companies would do some simple maths and come to the conclusion that if such sales practices are used, they may get only a very small amount of income against fines each would be amounting to \$100,000, \$1 million or even \$10 million. And as the cases accumulate, they will become precedents in law. This shows if heavy punishment is meted out to these licensees on the charge of practising systematic frauds or failure to prevent their staff from engaging in systematic frauds by unscrupulous means, these contractors or licensees will naturally think twice before they do anything. Right? Because the money they earn may not be enough to pay the fines. Then they will behave themselves and the problem will come to a natural conclusion.

MR ALBERT CHAN (in Cantonese): President, speaking from my many years' experience of working in the districts and ward offices set up in several districts, of the numerous complaints received, those involving telecommunications take up the third position in terms of number. Every week, my ward offices would get many complaints. Over the years, I believe I must have handled hundreds of such cases.

The complaint cases are greatly varied in nature and I have handled all such kinds of cases mentioned by Members earlier. Almost every week the ward offices would send letters to the telecommunications companies and these letters are all about cases like elderly persons being swindled or forced to sign contracts, and so on. As many as 90% of the complainants are those who are not very well-educated, the elderly or some new arrival women, and so on.

Ninety per cent of the cases received belong to such sorts. Rarely do I see people who have a doctorate degree coming to a Member's office to lodge a complaint about these matters.

Now I would like to group the problems into five categories. First, the sales practices are no more than fraud and deception. As many Members have said, the sales persons would tell them that they must make the installation, otherwise they cannot even watch TVB. Or they may say that the building they live has satellite TV installation and if they do not subscribe to the relevant system, they would not be able to watch satellite TV. The only difference is with the ways these excuses are made. Second, bills are chaotic. That is to say, after the telecommunications system is installed, there is no clear description in the bill of the items charged and there are no subheadings given under each item. Third, fees are charged for no reason. This situation is mainly found in telecommunications services. At times the tariff for long-distance calls is not clear. Some of these services require the client to dial a few numbers first before making a long-distance call. Otherwise, the tariff would be higher. In some of the cases, the tariff for one month is close to \$2,000 and when the client raises objection to the bill, they would not take the responsibility.

Fourth, poor service. This applies to Internet access which is often disrupted and access is denied after disruptions. When the client calls for repairs and maintenance, he has to wait for one week or more before anyone comes to fix the problem. There is a huge number of this kind of complaints. Fifth, disgusting collection practices. Many Members have just said that even if the amount owed is merely \$200 or \$300, these companies would get a collection agency and calls will be made not only to the client's home but also their workplace. Thus their work is affected.

At first we may think that these problems are only found in those small companies or services provided by companies not subject to government regulation. But it turns out that these are the telecommunications or pay television services offered by companies run by the richest and most powerful syndicates in Hong Kong. What we are talking about are giant groups with billions of dollars of investment and the practices they use are so disgusting. The situation is simply out of control. I can sum up the situation with these words: the weak are bullied by the powerful and the people have nowhere to turn to as the Government does a lousy job in regulation.

Moreover, these big syndicates love to take the cases to Court. The defendants in these cases are often the disadvantaged and the elderly. Many of them are on CSSA. More than a year ago, I asked Cable TV why it got so many complaints and whether or not there were ways of dealing with the problem properly. The reply it gave was that improvement had been made to the internal administrative measures and in future contracts entered into with Cable TV sales persons on the streets had to undergo internal audit and some independent persons from the company would make a phone call to the person who signed the contract and the contract would only come into force after a clear confirmation was made. After this procedure was adopted by Cable TV, complaints cases against it fell instantly by half.

The internal administration of these companies is often chaotic. In case the client has a dispute with the telecommunications company over a bill, as all incoming calls are taped, the client may request to listen to the recording. But a charge is levied. A charge is levied on just listening to the recording of the calls. The sum may be a few hundred dollars. But the bill under dispute may just be some \$200 or \$300. It can be said that the telecommunications companies are exploiting these administrative measures to rip off and bully the public.

What then has our Government done? The issue is brought up for discussion not only today. Over the past few years, I have mentioned the subject many times in this Council. Several Members have mentioned it on numerous occasions as well. In Hong Kong, there would be hundreds of this sort of complaints day in and day out. This happens in every corner of Hong Kong, be it a poor place like the public rental housing estates in Tin Shui Wai, a family on CSSA or an old person in his or her sixties or seventies. They are all cheated. What has our Government done? The Government is lending a helping hand to the big syndicates as they bully the people. It is blind to the fact that these big syndicates are exploiting the loopholes to fleece the people and rob them of their life savings. Some of these old folks may be put off by the possibility of being prosecuted that they would really dig out the last dollar from under the mattress and pay these companies. They should not have done it and there is no reason they should pay because the contract is obviously signed in misleading and deceptive circumstances. But they have to do it for fear that a charge will be laid on them. The party which will bring actions against them is a big syndicate so mighty that when the President of the country comes to Hong Kong, he would eat breakfast with its bosses. The old folks are so scared and

so they dig out every dollar of their money and pay the damage. Our Government just sits back and does nothing about these acts of deception.

Hence the Government is the culprit and the root of the problem. Why is no regulation imposed on these licensees? Why was prosecution taken against those problematic sales agents immediately after reports by the CCTV? Even in the oil fish case, someone was prosecuted. But why are millions of cases in the telecommunications sector that resemble the oil fish case not handled? What kind of a government is this? It goes even as far as allowing them to place sales booths on the streets. But if you hawk something on the streets, even if what you are selling is only a banana, you will be arrested as an illegal hawker. But a booth set up on the street to tout people into signing service contracts is lawful and it is connived and condoned. These booths are no different in essence from hawking on the streets. What kind of a government is this? We can only see blatant bias and a total tilt over to the side of the big businesses.

Thank you, President.

DR FERNANDO CHEUNG (in Cantonese): President, I do not think I can ever speak as agitatedly as Mr Albert CHAN, but I agree with every word he says. And I face the same problems faced by him. As Members like us from the functional constituencies do not have any ward offices in the districts, we do not have any regular channels of direct contact with members of the public. In spite of that, we still get many complaints from the public on telecommunications, pay television and Internet services. It can be imagined that the situation is getting out of hand.

We often like to picture Hong Kong as a society with rule of law, but for some unknown reason, our Government is powerless in face of these companies. We may even say that the sales practices of these telecommunications companies have reached an extent that they are out of control. It is a lawless situation. I do not know if nothing can be done about them or if a blind eye is turned on them.

From the rampant and unchecked activities of telecommunications companies on our streets, we know that great contradictions exist in our Government. On one hand it says that no effort will be spared to outlaw unlicensed hawkers, but on the other, it is applying double standards in the face of these telecommunications companies which carry out sales activities on the streets. The Government argues that these sidewalk sales activities do not

involve the sale and purchase of any physical goods and so there is no corresponding law that can be invoked to regulate it. On the contrary, unlicensed hawkers selling goods on the streets clearly constitute an obstruction of public access and so they must be wiped out.

If it is said that the signing of papers does not constitute any transaction of physical goods, then it seems to me that the person who shines shoes on the street does not carry out any transaction of physical goods, but he is nonetheless required to get a licence and approval from the authorities. Are these not double standards? In my opinion, in these sales activities of the telecommunications companies on the streets, not only are the people required to disclose their personal data, these mobile stands also obstruct major accesses on the streets. Some of these stands may be located at traffic interchanges and meeting points and pose obstruction to public transport or pedestrian movement. In some cases, the obstruction so caused is even more serious than that by unlicensed hawkers. Why does the Government apply double standards in this? The only explanation is that all these telecommunications companies are rich and powerful and the Government has to give way.

Apart from this kind of sidewalk sales activities, what we are discussing now are acts of commercial deception which are far more serious. As many Members have said, many of the victims are the elderly, women new arrivals and other disadvantaged groups. These are the people I am most concerned about.

Recently I made a visit to residents of the Po Tin Estate in Tuen Mun. Some residents complained to me that there was a sales person from pay television who, in a bid to get more business by deception, went as far as falsely claiming that he was from the Housing Department. He said that owing to network problems, if the residents did not subscribe to his company's services, they would not be able to watch TV in future. The sales person said that fees for the first three months would be waived and people could terminate the service contract starting from the fourth month. The result is of course there is no such thing. President, in Po Tin Estate, as you may not be aware, there are interim housing blocks. In recent years, some of these have been turned into public rental housing blocks, but many of the facilities there are not fully provided. Some residents would be taken in when they come across people who claim that they are from the Housing Department. Of course, they cannot contact that sales person later on when they want to do so. The income of these residents of interim housing blocks is very limited and they cannot afford the pay television

subscriptions. The fact that these sales persons target the poor and the disadvantaged is a clear indication that they set out to cheat.

What is most outrageous is that many of these telecommunications sales persons resort to enticing and threatening the frail and vulnerable elderly by all sorts of ways and means. In Po Tin Estate, I have heard that sales persons from the pay television would say to old folks that if only they pay an installation fee of \$5, they can watch pay television and it is against the law if they do not subscribe to such service. As many old persons are illiterate and afraid of breaking the law, they just hand over their ID card and the bank account passbook to the sales person for registration.

There are also cases of elderly persons on CSSA who suffered a heart attack and had to be sent to hospital when they got a bill of a few thousand dollars. There are also old folks who are asked to pay a fee for removing the decoder on termination of service after they were enticed by a sales person to subscribe to pay television. If they refuse to pay, the telecommunications company will get a collection agency to do the job. Would these things happen if the elderly persons know clearly what the contract terms and fees are?

After the liberalization of the telecommunications market, competition between telecommunications service providers is heated. In a bid to save on costs, the telecommunications companies will hire sales persons through a contractor. At times one sales person may be employed by many telecommunications companies all at one time. So there is practically no regulation by the telecommunications companies of their sales staff. And they have very limited powers to monitor their sales persons. There are cases of sales persons of some telecommunications companies who are alleged to have engaged in all sorts of scams using their staff ID, the personal data of the clients and the relevant application forms. They put up the excuse of checking transmission signals and gain entry into flats to sell services. Some of these sales persons may even tell the residents that these concessions cannot be offered in public and as they have to settle accounts at the close of day, they demand that cash be paid. The client may not get suspicious and make the payment. Of course, in the end, no money can be recovered. At times, the personal data of the clients are used indiscriminately by these swindlers as tools in their scams.

The existing Telecommunications Ordinance makes it an offence for telecommunications operators to engage in any misleading or deceptive conduct. The OFTA as the regulatory agency in telecommunications services should enforce the Telecommunications Ordinance apart from issuing codes of practice

to the telecommunications operators. If necessary, the OFTA should issue warnings on serious breaches to operators and consideration should even be made to revoke their licences. I believe it is only by doing all these that the unscrupulous conduct of telecommunications operators be checked.

President, I hope that after the debate today, we would see the occurrence of these acts of deception no more, especially by the rich and powerful telecommunications companies which shirk their responsibilities entirely by contracting out their services. Thank you, President.

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

MR ALAN LEONG (in Cantonese): The original motion of Dr YEUNG Sum proposes to examine the extension of the existing section of the Telecommunications Ordinance which regulates misleading or deceptive conduct of telecommunications operators to cover pay television, and introduce a cooling-off period and standard terms in the contracts. The amendment by Mr Jasper TSANG proposes to introduce a procedure for contract verification. The amendment by Mr WONG Kwok-hing further proposes that full protection must be given to consumers to ensure that they have the rights to know, choose, verify, appeal and claim for compensation, and so on. The authorities are also asked to regulate unscrupulous business practices in the housing estates of the Hong Kong Housing Authority (HA). President, I shall focus my speech on the business practices of the major telecommunications service providers within the boundary of public rental housing estates.

The HA has signed agreements with pay television operators on the placing and maintaining of pay television distribution network and these operators are authorized to enter the buildings in public rental housing estates to set up and maintain communal aerial systems and provide repairs and maintenance services to the tenants there. However, as frequently reported, the operators make use of the opportunity to carry out unscrupulous and misleading business practices in the estates. There are netizens who give examples in the Wikipedia website of how some of these sales persons gain entry into the buildings by cheating the security guards. An example is that the sales person may give an excuse that he is going to discuss the service contract with some

existing subscribers. But later he is found to be engaging in door-to-door sales activities and hence creating a nuisance.

The Wikipedia website also lists other improper sales conduct and malpractices. For example, people will impersonate as staff of the Housing Department (HD) and say that they want to check television reception. However, after they have entered the flat, they will start to sell their services. They would also stand outside the doors of the same tenants and promote their services persistently until these tenants are fed up with the disturbance caused and sign a contract with them. Or, as some Honourable colleagues have said, they may give a false reason to the tenants, saying that the HD has commissioned their company to install pay television in the entire estate and if the tenants refuse to install pay television, they will not be able to watch free television as well. Or they may make a false statement that the pay television contract is the contract for subscribing to the Personal Emergency Link Service. They may say that a combination of services can be offered at a very low price, such as that for the telephone, television and Internet access. Then the installation of each one of these services is delayed and in the end only one or two services are made available to the subscriber. Some sales persons even pay the service charges as specified in the contract for the first few months for the clients and then lie to them that the service is free. It is only a few months later that the clients know that they have to pay a service charge.

President, it is easy to see that the elderly persons are most vulnerable to being cheated in these fraudulent practices mentioned above. The elderly persons do not want to get into any trouble, they are afraid of the authorities and they are easily attracted by some minor benefits and concessions. Some of these sales persons are prepared to do everything for the sake of commission and they hit on this kind of mentality of the old folks and swindle them. The Civic Party agrees with the proposal made by Mr WONG Kwok-hing, that the authorities should face squarely the unpleasant experience of the public rental housing tenants, especially the old people. There should be more publicity inside the buildings on what the pay television operators are entitled to do and not entitled to do within the buildings. Training for the security guards should be stepped up and they should be given more powers to eradicate more effectively the disturbance and damage done to tenants by these unscrupulous sales persons.

Even if the sales persons have not caused any nuisance or done anything against the law, the existing ways in which telecommunications operators deal

with the consumers are often to the disadvantage of the later. Many old people have pointed out that the sales persons often make doorsteps sales visits when their children are out for work and they are left alone at home. These sales persons would promote some services or suggest changing others. The telecommunications operators do not give enough training and product information to the sales persons, so we can often find sales persons urging the clients to sign the service contract while making a promise that enquiries will be made to the head company for details. A frequently used tactic is the contract forms which are printed in tiny font size and full of incomprehensible terminology.

The Civic Party supports proposals such as a cooling-off period and standard terms in the contracts which are mentioned in the motion and the two amendments. A suitable cooling-off period can enable the consumer to talk over the contract terms with his or her friends and relatives so that careful considerations can be made before the services are accepted. This would prevent consumers from signing a contract in haste and in stressed circumstances. The drawing up of standard terms for service contracts can give consumers a rough idea about what kind of terms can be expected from a reasonable telecommunications service contract. The consumer can also compare the contract offered by the operator with the standard contract, hence identifying what kinds of rights he or she can expect.

President, in order that the abovementioned measures can be effective, the Government must enhance consumer education among the public, especially the elderly. The concept of a smart consumer should be advocated. An example is insisting that contract terms should be discussed only when family members are on the scene. More questions should be asked about fees and services, as well as on how the contract can be terminated. Care should be taken to examine whether the contents of the contract are in line with normal telecommunications services. Some time ago, the Government invited some well-known TV artistes to produce a commercial to strike home the message of choosing telecommunications services with care. The authorities may act on this basis and design publicity initiatives which are specific and can create a lasting impression on consumers so that they can understand better their rights and make a good choice of the telecommunications services that best meet their needs.

President, I so submit.

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

MR ALBERT CHENG (in Cantonese): On the motion debate proposed by Dr YEUNG Sum today, at first I did not see why there was a need to propose this motion debate and why it was not proposed in the Panel on Information Technology and Broadcasting chaired by me. However, after listening to the speeches delivered by 18 Honourable colleagues, I am also convinced that the matter is serious. I am very grateful to Dr YEUNG Sum for proposing this motion debate, because I think this is a suitable topic for discussion in this Council. Why?

Actually, the existing Telecommunications Ordinance has penalties and provisions which outlaw misleading conduct. It is only in pay television that consumer protection is not provided. After listening to what many Honourable colleagues have said today, I come to know that Members understand very well the business practices of pay television operators and it can indeed be said that consumers do not get any protection.

I am one of the founders of the Senior Citizen Home Safety Association and when I attended meetings on the Personal Emergency (PE) Link Service, some colleagues told me that many pay television companies had indeed adopted a bundling tactic, that is, they would tell the senior citizens that if they wanted to apply for PE Link, they had to make a joint application for pay television service as well. This kind of practice affects the PE Link Service of the Senior Citizen Home Safety Association.

Speaking from another perspective and as pointed out by many Honourable colleagues, the Government must legislate now to ban this kind of misleading conduct and exploitation of consumers. In my opinion, the Government is duty-bound to legislate to regulate the pay television operators, especially with respect to their misleading conduct. This would serve to protect consumer interests. I think not only tenants of public rental housing and senior citizens are disturbed, all the people of Hong Kong are disturbed by this kind of sales and promotion activities of pay television operators. This is what is called hard sell but actually it is much more than hard sell and I am really at a loss of words to describe this kind of acts which borders on robbery.

From another angle, this kind of conduct is not just related to consumer interests. I might as well look into the issue together with workers in the trade. I do not know if Members are aware of the fact that those who work in this trade are mostly young people and most of them are fresh graduates from universities. They have not yet found any other kinds of job and they work for the pay television operators all because of the large amount of commission they can get. It is sad to see how some bad elements in society are cultured and trained up in this way. Why? If young persons cannot find any other job but only that in a pay television company, in the eyes of other people, they are still working for a big company all the same. All pay television companies are big. They are blue-chip companies, so to speak. Also, these young persons will come to think that all these tricks and hoaxes, ripping off and plundering are perfectly normal and lawful. It also produces a bad effect on them and they may come to think that they are licensed to rip off plunder. And working in a big company allows this kind of unscrupulous activities and they are immune from sanctions. These explain my grave concern.

Members have talked a lot about the harms and so I would not repeat them. I just hope that the Government can legislate to regulate the sales practices of pay television operators for the protection of consumers.

I so submit. Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I will call upon Dr YEUNG Sum to speak on the two amendments. The speaking time is five minutes.

DR YEUNG SUM (in Cantonese): Madam President, earlier on Mr SIN Chung-kai has presented on behalf of the Democratic Party our views on the two amendments and for that matter I would not repeat. Put simply, we support the amendment by Mr Jasper TSANG because adding a contract verification procedure is in line with the cooling-off period proposed by us so that it can be put into practice.

As for the amendment by Mr WONG Kwok-hing, in fact, his amendment bears a lot of similarities with our motion. His amendment mainly agrees to our proposal on extending the application of section 7M of the Telecommunications Ordinance to cover pay television and to set up a cooling-off period. Other details in the amendment are already included in section 7M. Therefore, we would abstain from voting on Mr WONG's amendment.

Thank you, Madam President.

SECRETARY FOR DEVELOPMENT (in Cantonese): Madam President, standing in for the Secretary for Commerce and Economic Development who is presently out of town on official business, I am here to respond to comments raised by Members in this motion debate. I believe there will be many occasions in future on which I can explore with Members issues in the portfolio of the Development Bureau.

First of all, I am grateful to Members for the speeches they have made and their valuable advice.

The SAR Government practises people-centred governance and it follows that all issues of public concern, irrespective of their size and scale, must all be addressed and responded to positively. Members in the three-hour debate today have put forward some very useful comments, many of which are backed up by findings of surveys, interviews and even complaints lodged by members of the public. I believe these are of tremendous value to our colleagues at the Commerce and Economic Development Bureau.

In recent years and as a result of the rapid technological advances made and the drastic drop in service charges, pay television and telecommunications services have become an indispensable part of people's life. Now 90% of the households in Hong Kong use fixed-line telephone services; there are some 9.3 million mobile phone subscribers with a penetration rate as high as 135%; subscribers for broadband Internet services and pay television services, including broadband television, number some 1.8 million. There are many service providers in the market which offer various kinds of service to consumers. A natural outcome of this is that our telecommunications and pay television markets are among those markets in the world with the fiercest competition.

With respect to sales activities for pay television and telecommunications services, we are taking a two-pronged approach, that is, regulation is effected by the law and licensing conditions while the industry is expected to engage in voluntary co-operation and compliance. The situation is never one of lawlessness as described by some Members.

In pay television matters, it is beyond doubt that the present Broadcasting Ordinance and the Broadcasting Authority Ordinance do not empower the Broadcasting Authority (BA) to regulate sales practices of pay television licensees. It should be noted, however, that local pay television licensees shall comply with the licensing terms and conditions, including formulating at their initiative a code of practice for customer service, and receiving and handling complaints. Local pay television licensees have to formulate guidelines of work for their staff. They should set up mechanisms to forbid their staff from engaging in sales practices of a dishonest nature and that which causes disturbance. The Television and Entertainment Licensing Authority (TELA) will act on complaints received about sales practices in pay television and refer the case to the relevant pay television licensee for investigation and follow-up action after considering the facts of the case and gaining the consent of the complainant concerned.

As for telecommunications services, regulation is exercised by the Telecommunications Authority pursuant to the Telecommunications Ordinance. Members have discussed at length section 7M of the Telecommunications Ordinance which provides that a telecommunications operator (and that would of course include Internet service providers as well) shall not engage in conduct which is misleading or deceptive in promoting, marketing or advertising their services. The Office of the Telecommunications Authority (OFTA) will look into the *prima facie* evidence upon receipt of a complaint and decide whether or not any investigation should be undertaken. If the licensee concerned is found to have breached stipulations in the Telecommunications Ordinance or the licensing conditions, the Telecommunications Authority may issue a written warning to the licensee and demand the adoption of remedial measures or impose a fine.

Co-operation from the industry is required if any effective and comprehensive protection of the interests of subscribers to pay television or telecommunications services is desired. The TELA and OFTA will resort to dialogue with the industry and providing guidelines for voluntary compliance to encourage and urge pay television and telecommunications operators to improve

their sales practices. I shall now refer to a number of examples in this respect. In 2004, the OFTA issued the Code of Practice for Service Contracts for the Provision of Public Telecommunications Services for voluntary compliance by public telecommunications service providers which suggests that they should ensure that service contracts should conform to certain principles such as the contract provisions should be fair, just and reasonable, and be written in plain and simple language. There are also requirements on the font size of the service contracts.

In March 2005, the Telecommunications Authority introduced the nine "Best Practice Indicators" to assist the industry in improving its much-criticized sales practices and for better protection of customer interests. Members have cited many examples today and they are all included in the appendix to this Best Practice Indicators and these examples are regarded as cases of undesirable sales tactics. The OFTA will keep in touch with telecommunications operators on a regular basis to see how they enforce these Best Practice Indicators. Most of the issues raised by Members earlier are covered by these nine Best Practice Indicators and they include issues such as the training of sales representatives, especially guidelines on how to avoid promoting services to elderly persons. Other issues such as the remuneration of sales persons are also covered. These are all compiled in the hope that operators will understand that remuneration should not be designed in a way which imposes excessive pressure on sales persons to reach sales targets.

Worthy of special mention is that one of the Best Practice Indicators is the procedure of a confirmation telephone call to confirm the acceptance of service offered. This is actually what Mr Jasper TSANG has suggested. Before the telecommunications operator starts to provide a service, a call should be made to the client to confirm the main contents of the service contract. This is to ensure that the consumers know clearly the main terms and conditions of the service contract before they put their signature on it. This serves to reduce the risk of customers being misled and a chance is given to them to back out or change the service application. This suggestion is accepted by the main fixed-line telecommunications operators in Hong Kong and it has been put into practice. Therefore, the procedure for contract verification suggested by Mr Jasper TSANG to enable consumers to make an informed choice without being misled and that they can back out from a contract signed during the telephone confirmation without any doubt, is to a certain extent already in existence as a result of this government and industry collaboration. Having said that, I am

aware that Mr TSANG still has some reservations about the telephone call procedure.

Although there is no provision governing pay television like section 7M of the Telecommunications Ordinance, in August 2005, the Director of TELA sent a letter to all local pay TV service licensees to require them to take action to improve the sales and marketing practices. Thereafter, on regular meetings with pay television licensees, the TELA also urged them to review the complaints received and take remedial action in a bid to regulate sales practices. As I have just said, with respect to the procedure of service confirmation by telephone, as a result of the letter sent to pay television service licensees by the Director of TELA and subsequent meetings held with them, most pay television service licensees have adopted a similar telephone confirmation mechanism and a call will be made to clients to confirm the main contents of the service contract.

I understand very well that an important part of the motion is to extend the application of section 7M of the Telecommunications Ordinance to regulate sales practice relating to pay television services. This point was actually raised previously. At present, our position on legislating to regulate sales practices of pay television services is that consideration will be made on the next occasion when broadcasting law is reviewed to see if such a regulatory provision should be introduced to protect consumers from misleading or deceptive conduct. In any case, before the relevant laws are amended, the Government will take the initiative to require pay television operators to introduce practicable improvement initiatives. Actually, follow-up actions have been taken by these pay television operators and examples of these are some voluntary measures which I have just mentioned, like putting into practice the telephone confirmation mechanism.

Among the examples cited by Members, many are related to disputes over contents of contracts between customers and pay television licensees or operators of telecommunications services. These disputes relate to service standard, bills, fees, and so on. Although the Telecommunications Ordinance, Broadcasting Ordinance and the Broadcasting Authority Ordinance do not impose any regulation on contractual disputes, the OFTA and the industry are presently studying to launch a pilot scheme on mediating consumer disputes. The scheme being contemplated is a mechanism of professional mediation specializing in telecommunications services for the resolution of disputes in related contracts, services or bills. Telecommunications operators may join the scheme voluntarily and pledge to be bound by the mediation decision. In the long run,

if this pilot scheme proves to be successful, we would consider extending it to pay television.

Of a broader scale is the contract problem pointed out by Mr Ronny TONG. At present, service contracts entered into between consumers and service providers come under the regulation of a number of laws, including the Control of Exemption Clauses Ordinance, Supply of Services (Implied Terms) Ordinance and, as mentioned by Mr Ronny TONG, also the Unconscionable Contracts Ordinance. If a consumer thinks that there are unreasonable terms in a contract, he can act according to the Unconscionable Contracts Ordinance and seek a court ruling to declare the contract null and void. The Court in making a ruling will consider factors like whether or not any undue influence or pressure is exerted by the service provider on the consumer or if any unfair practice is used. As for other contractual disputes, the consumer may seek help from the Consumer Council and also bring civil claims against the operator through the Court or the Small Claims Tribunal.

Mr WONG Kwok-hing has mentioned a great variety of deceptive practices. If the sales practice concerned falls into the kind of criminal deception mentioned by Mr WONG, such as in cases like forgery, the accused may have already contravened the Theft Ordinance or the Crimes Ordinance. Moreover, in cases where the person concerned has entered private residential property without the consent of the landlord or the tenant concerned, this can be regarded as an act of tort. The landlord or the management company of the building concerned is entitled to demanding the person to leave the premises. In case of urgency, help can be sought from the law-enforcement departments.

Certainly, I am deeply aware of what Members have said that, though in normal circumstances, these legal procedures mentioned by me may apply, but for individual consumers with little bargaining power, they should be assisted by some third-party agencies. The Financial Secretary in a bid to enhance consumer protection announced in his Budget speech delivered in February 2007 that help from the Consumer Council would be called in to conduct a review of current measures in consumer protection. Work will be done on improving the relevant laws to combat misleading and undesirable sales practices. In this connection, the Consumer Council has set up a committee specifically tasked with improving consumer laws and it will undertake a full-scale review of the consumer protection system, taking into account industry-specific features and

needs, and make recommendations on consumer protection measures to address problems identified. By the end of this year, the Consumer Council will submit to the Government a report of the full-scale review undertaken and we would then consult the community and this Council on the report.

Mr LEONG stressed the importance of consumer education. This is a very important thing. In our opinion, consumer education is crucial to effective protection of consumer interests apart from government regulation. This is because irrespective of whether the consumers enter into any service contract in the service centres of the operator, public housing estates, shopping malls, on the streets or even at their home, it makes no difference as to the rights they are entitled to and the obligations they should fulfil. Over the past couple of years, the OFTA has alerted consumers through various channels like the television, radio, newspapers and websites that when they enter into any service contract with a pay television or telecommunications service operator, they must be note and understand the terms and conditions of the contract and know their obligations as consumers. In the May issue of *Choice*, there is an article reminding members of the public what they should note when they consider signing a service contract for pay television. The TELA and OFTA will maintain close collaboration with the Consumer Council and engage in consumer education. The Government is duty-bound to engage in consumer education especially when some operators or service providers make use of new government initiatives such as those on high-definition television or digital television broadcasting and engage in misleading publicity.

Mr WONG Kwok-hing has pointed out that there are pay television operators carrying out sales activities within public housing estates. Pursuant to the agreement between the Hong Kong Housing Authority and i-Cable Communications Limited, the latter is to set up and maintain communal aerial systems for public housing estates built between 1995 and 2005 (later extended to 2008). However, the agreement does not give i-Cable the right of entry into buildings for sales and marketing activities. So Mr WONG has the impression that the company seems to have exclusive rights of entering into public housing estates for service promotion. As a matter of fact, no such rights exist.

Upon authorization given by the Telecommunications Authority pursuant to section 14 of the Telecommunications Ordinance, all telecommunications and pay television operators may enter the public places of a residential building to place and maintain telecommunications lines and installation for the purpose of

providing pay television, broadband network and audio telephone services to occupants of the building concerned. Hence the authorization is applicable to public housing estates of the HA. However, I must stress that the authorization does not vest any right in any network operator to enter buildings for the purpose of engaging in sales and marketing activities.

This change from system installation work to sales and marketing activities warrants our close attention and this is the reason why the Housing Department (HD) in December 2006 issued a letter to remind network operators that no sales and marketing activities were allowed in public housing estates. Also, the HD has reiterated the policy many times in its regular meetings with the operators. The HD has also instructed its front-line staff, estate management companies and security service contractors that estate management must be enhanced to prevent the occurrence of promotional activities so that residents will not be disturbed. The HD has also reminded residents that the four local television stations provide their service free of charge and refusing to subscribe to pay television service will in no way affect their watching of programmes offered by the abovementioned four local television stations. Should residents discover any such sales activities being carried out within the estates, they may inform the estate management office immediately for follow-up action. The examples cited by Miss TAM Heung-man occur in a private housing estate. As with the case of public housing estates, the matter should be followed up and handled by the estate management office concerned.

I can testify to the fact that HD has done a good job in this respect. This is because when working in the Home Affairs Bureau, I found that it was very difficult for our staff to enter public housing estates for the purpose of visiting the elderly as part of the 10th anniversary of reunification celebrations as well as other kinds of work. This is because these elderly residents are worried that our volunteers would carry out sales activities. Therefore, I can say that the HD staff are very strict and careful when it comes to permitting outsiders to enter the estates for the purpose of paying visits or engaging in sales activities.

Madam President, like all Members we attach great importance to consumer interests. I am very grateful to Members for the valuable advice they have given in this motion debate. We will continue to keep a close watch on the business practices of pay television and telecommunications operators and we will conduct reviews of the relevant laws and guidelines from time to time to

ensure that consumers are provided with the pay television and telecommunications services under fair and reasonable conditions.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Mr WONG Kwok-hing to move his amendment to the motion.

MR WONG KWOK-HING (in Cantonese): President, I move that Dr YEUNG Sum's motion be amended.

Mr WONG Kwok-hing moved the following amendment: (Translation)

"To add "there are many loopholes in the operation and sales practices of telecommunications service providers," after "That, as"; to add "and such complaints from the public are often not followed up effectively by government departments," after "in recent years,"; to add "stipulate corresponding penalties" after "to cover pay television,"; and to add "; furthermore, as the Hong Kong Housing Authority has signed agreements with pay television operators, these operators can enter the buildings to set up and maintain communal aerial systems and can deploy front-line promoters to approach the residents to sell other various commercial services, using the provision of exclusive maintenance and supply services as a selling point and adopting unscrupulous means to entice or mislead the residents into signing an agreement with them, causing great disturbance to the residents; in this connection, the Government must adopt measures to combat such sales malpractices, take the initiative to inform public rental housing tenants of the rights and responsibilities of the operators and, when the operators resort to malpractices or malpractices are reported by residents, take immediate action to investigate the matter and issue warning to and penalize the operators concerned; the Government must also review the problem of inequity in accessing system information by consumers and the telecommunications service providers, whereby consumers have no means or right to obtain true and accurate information about the systems that they are using and can only pay the fees according to the volume, system and time slots of their calls shown on the records provided unilaterally by the service

providers, and in case of queries about such information, the decision of the service providers prevails and there is no channel for the consumers to dispute or verify; to this end, the Government should expeditiously study how to ensure that consumers have the rights to know, choose, verify, appeal and claim for compensation in the provision of telecommunications services (including pay television, local and cross-boundary telecommunications and internet services)" after "in the contracts". "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Kwok-hing to Dr YEUNG Sum's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

Mr SIN Chung-kai rose to claim a division.

PRESIDENT (in Cantonese): Mr SIN Chung-kai has claimed a division. The division bell will ring for three minutes, after which the division will begin.

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

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

Functional Constituencies:

Ms Margaret NG, Dr Philip WONG, Mr WONG Yung-kan, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Dr Raymond HO, Mr CHEUNG Man-kwong, Mr Bernard CHAN, Mrs Sophie LEUNG, Mr SIN Chung-kai, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Daniel LAM, Mr Jeffrey LAM and Mr Andrew LEUNG abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Chin-shek, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LI Kwok-ying, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr CHEUNG Hok-ming and Mr Albert CHENG voted for the amendment.

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mrs Selina CHOW, Mr James TO, Dr YEUNG Sum, Ms Emily LAU, Mr Andrew CHENG and Mr LEE Wing-tat abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, 11 were in favour of the amendment and 12 abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, 15 were in favour of the amendment and nine 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 Jasper TSANG, you may now move your amendment.

MR JASPER TSANG (in Cantonese): President, I move that Dr YEUNG Sum's motion be amended.

Mr Jasper TSANG moved the following amendment: (Translation)

"To add ", a procedure for contract verification" after "a cooling-off period"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Jasper TSANG to Dr YEUNG Sum's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Dr YEUNG Sum, you may now speak in reply. You have five minutes 52 seconds.

DR YEUNG SUM (in Cantonese): A couple of days ago I was interviewed by an English broadcaster. The host said I would normally like to talk about topics like democracy and the rule of law, but why I picked pay television on that occasion. I replied that the Democratic Party is equally concerned about issues relating to democracy as well as people's livelihood. I am very grateful to the 19 Members who have responded enthusiastically and spoken on this topic. Now I would like to make some brief comments on the response made by the Government.

First, the Government says that it works with the Office of the Telecommunications Authority (OFTA) to issue some codes of practice and that some voluntary guidelines are formulated in which companies are asked to improve their operation, sales practices, fees charged, and so on. However, Madam President, I think all Honourable colleagues, especially those who work in the districts and whose offices have received many such complaints would say that for profit and market revenue reasons, these companies will as a general rule not act in full compliance with these voluntary guidelines. Moreover, as these guidelines are voluntary, if any harm is done to the interests of consumers, no action can be taken to recover their losses.

Hence the Democratic Party is of the view that while these voluntary guidelines have been implemented for quite some time, the fact is that they are not effective. There must be legislation to put all relevant parties under regulation. When any harm is done to the interests of consumers, they may resort to legal channels to recover their losses. I think that this is very important to consumers. Hong Kong is now a mature civil society and members of the public regard their rights highly. I hope the Secretary can pay attention to this.

Second, the Secretary said earlier in her response that staff from the Broadcasting Authority (BA) would respond to complaints made by the public on pay television. Members of the District Council in Tuen Mun once approached the BA and they got a letter from it. I had a chance to read that letter yesterday. Staff from the BA made it clear that they had no authority to take any follow-up action. So if the Secretary has said that they have the right to follow the matter up, would she examine on our behalf if they really have this right to take action or not? As a matter of fact, the letter we get says that they are sorry for they have no statutory power to follow up.

Third, the Government says that when a review is conducted of the Broadcasting Ordinance, perhaps consideration will be made to extend section 7M of the Broadcasting Ordinance to cover pay television. I would think that this could well be a situation of water from afar cannot put out a fire so close. I hope the Government will not delay the matter too long. This is because when this review of the Broadcasting Ordinance takes place, there is a possibility of combining the OFTA and BA. But as the merger will take time, a great amount of complaints is already piled up. So I hope the Government will not make the delay too long.

Madam President, from the complaints this time I can find some points worth noting. First, most of these incidents have happened in public rental housing estates and the victims are mostly old people. Yesterday we held a press conference and an old man, Uncle WONG from Tuen Mun, was very agitated and cried as he told his story. Some young reporters were quite surprised because he only lost a few hundred dollars and they did not understand why he cried over such a small sum of money. The old man said that the only entertainment he had was watching the television. It turns out that watching the television has become an important part of the lives of old folks in Hong Kong. These sales persons are exploiting this soft spot of the old folks and use all sorts of tricks to entice them into signing a contract. The old man wants to watch the television and he feels so wronged for being cheated. This is why he burst into tears when he spoke up. I hope the Secretary will see the point that these giant conglomerates are rich and powerful and they are listed companies, but they would often resort to some dubious means to grab a greater market share and enlarge their customer base.

In the interest of protecting the disadvantaged and the interests of consumers, I hope the Government can enact relevant legislation expeditiously, revise section 7M of the Telecommunications Ordinance and set up a cooling-off period in the contracts. I would also like to raise the point of commodity laws. The commodity laws we have as a general rule only regulate commodities but not services. I hope when the Secretary considers the matter, the scope of the law can be extended to include the relevant services.

May I take the opportunity to thank Members once again for their many comments made and I hope the Government will listen to the voice of the disadvantaged and take speedy action to enact legislation.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That Dr YEUNG Sum's motion, as amended by Mr Jasper TSANG, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second motion: Developing environmental industries to create job opportunities.

I now call upon Mr KWONG Chi-kin to speak and move his motion.

DEVELOPING ENVIRONMENTAL INDUSTRIES TO CREATE JOB OPPORTUNITIES

MR KWONG CHI-KIN (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

Madam President, Hong Kong produces some 15 000 tonnes of municipal solid waste every day and the majority of it is disposed of at the landfills. Yet, Hong Kong is a place with a scarcity of land but a dense population. The disposal of waste at the landfills is not only cost-ineffective, but is also prone to cause environmental disturbances. For instance, stench emitted from the Tseung Kwan O Landfills has caused serious air pollution in the area, thereby affecting the residents' daily life.

The huge amount of waste generated in Hong Kong has exerted a heavy burden on the landfills. The Government estimated that the three strategic

landfills will be full within six to 10 years, so new landfills must be developed. However, it is not easy to identify new sites for the development of landfills in Hong Kong without affecting the dwellings.

In order to significantly reduce the amount of waste, the Government must promote waste recycling and recovery. Like our neighboring region Taipei, the amount of waste has reduced drastically since the implementation of mandatory waste separation in 2005. It thus serves as a very good example.

In fact, the recovery and recycling industries do not only help to reduce pollution and beautify our environment, they also offer very good prospects. Environmental industries have been promoted in many countries since long ago for they are not only environmentally-friendly, but can also create business and job opportunities, thereby bringing huge social and economic benefits.

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

With a heightened awareness of environmental protection, environmental industries all over the world recorded a growth of more than 14% between 1996 and 2000. It is anticipated that the relevant operating capital will rise to US\$600 billion by 2010, so such industries can be big businesses. Take the United States and Europe as examples, with an annual turnover of nearly HK\$200 billion, such industries offer enormous business opportunities. What is more, these business opportunities will in turn create a lot of job opportunities to help relieve the unemployment problem resulted from the economic restructuring of these developed countries.

Over 50% of the environmental industries around the world are operated by small and medium enterprises (SMEs), rather than being monopolized by large consortia. This has created room for SMEs' operation. Coupled with the labour-intensive nature of the environmental industries, job opportunities have been made available for people of different ages, academic qualification and skill level. While more than 1 million people engage in environment-related industries in Germany, the total workforce in China's relevant industries also reached as high as 1.8 million people as at the end of 2000. Furthermore, the environmental industries have provided many jobs with flexible working hours. For instance, about 30% of the part-time workers in the Netherlands engage in

environment-related jobs, which are most suitable for female workers who have to care for their families at the same time.

Deputy President, the successful development of environmental industries and the creation of enormous job opportunities in many countries can be attributed to the implementation of various complementary policy measures. The governments concerned have supported the enterprises in terms of capital, land, infrastructural facilities and manpower training. While 15 European Union countries made a direct investment of €12.7 billion in 1999, Singapore has also injected S\$200 million recently into the establishment of the Innovation for Environmental Sustainability Fund to promote related research and technological developments. And, in order to encourage the participation of SMEs in environmental industries, the European Union has offered them grants of up to 75%. The injection of capital, either by providing direct or indirect subsidies, is the best way through which various local governments supported their environmental industries.

The long-term government support may also come in the form of manpower and market development. To cope with the structural unemployment caused by economic restructuring, the Singaporean Government has launched a job redesign project to help retrain unemployed persons as landscape architects and garden attendants. In respect of market development and development strategies, the Japanese Government has expanded the scope of responsibilities for producers, whereby producers and distributors are required to recover the used products on their own initiatives. The Korean Government also implemented a policy relating to green certification as early as 1992 to encourage various government departments to procure green products every five years. These measures necessitated the establishment of a new line by producers for the recovery of products for decomposition. This has not only created more job opportunities, but also provided the environmental industries with a stable market, thereby enabling the steady development of the SMEs.

Deputy President, while different countries of the world are actively exploring development opportunities for the environmental industries, our recovery industry is operating in a very difficult environment. In 2005, the Environmental Protection Department estimated that there were over 540 waste recyclers in Hong Kong. However, wastes are mainly collected by such people as scavengers and cleaning workers in the community, who only work irregularly in a piecemeal manner. Therefore, the stability and quality of waste

supply cannot be guaranteed, and this has seriously restricted the development of the recovery industry.

In fact, the existing recovery industry of Hong Kong merely covers such work as cleaning, packing and transportation. Over 90% of the waste are transported to the Mainland direct for recycling after packing. In 2005, the net export price of recyclable waste reached \$4.5 billion, and it has not yet taken into account the job opportunities and profits generated in the course of recycling. The reason why such enormous business opportunities were let slipped is the absence of relevant government policies to support the industries, and the failure to properly collect waste at source due to a lack of concrete measures to promote waste separation. For instance, a number of small waste recyclers had requested the Government to set up recovery stations at the district level so as to reduce transportation costs. Unfortunately, no concrete measures have been implemented by the Government so far. Other complementary policies, such as the green procurement policy, the promotion of green certification, the implementation of the Producer Responsibility Scheme (PRS) and the provision of subsidies for scientific research and development, are wanting.

Deputy President, the motion "Developing environmental policies to create job opportunities" moved by me aims at urging the Government to implement the PRS to develop economic activities relating to recovery and reuse; to strengthen publicity and education to enhance public awareness of waste separation; to comprehensively implement separation of wet and dry waste by setting up recovery stations and complementary facilities in various districts for the recycling and reuse of commercial and domestic food waste; to formulate the Government's green procurement policy; to subsidize the research and development of environmental protection skills, as well as to implement a green certification system for green products and services. It is hoped that the implementation of the above policies will enable Hong Kong to establish environmental industries that have a bright future and allow for the participation of social enterprises.

Deputy President, I so submit.

Mr KWONG Chi-kin moved the following motion: (Translation)

"That, as the increasing amount of waste in Hong Kong has exerted heavy pressure on landfills and the over-exploitation of global resources has led

to tight supply of certain resources, such objective conditions have created opportunities for the development of environmental industries; in this connection, this Council urges the Government to formulate a comprehensive policy on environmental industries, which includes:

- (a) expeditiously implementing the Producer Responsibility Scheme to develop the work processes and economic activities relating to the recovery, disassembling, and recycling and reuse of resources;
- (b) strengthening publicity and education to enhance public awareness of waste separation, so as to increase the types and amount of recovered waste;
- (c) comprehensively implementing separation and recovery of wet and dry waste so as to pave the way for the recycling and reuse of commercial and domestic food waste; for example, the Government procures fertilizers converted from locally recovered food waste for use on plants grown in gardens and on roadsides;
- (d) retaining and setting up recovery stations and complementary facilities for wet and dry waste in various districts to facilitate the waste collectors' midway collection, sorting and transportation of waste;
- (e) formulating the Government's green procurement policy and requiring all departments and contractors to comply with it, so as to provide a steady outlet for green products and services; and implementing a green certification system for such products and services to facilitate the Government, private organizations and the public to identify those green products and services that meet the certification requirements when making procurement;
- (f) subsidizing the research and development of environmental industries, upgrading the technology, as well as improving the production environment of such industries, and building up a professional image for the industries, so as to attract more people to take up the related work; and

- (g) assisting social enterprises to participate in those environmental industries with prospects,

thereby promoting the economic development of environmental industries and creating related job opportunities."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr KWONG Chi-kin 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 will call upon Miss CHOY So-yuk to speak first, to be followed by Mr Jeffrey LAM and Ms Audrey EU; but no amendments are to be moved at this stage.

MISS CHOY SO-YUK (in Cantonese): Deputy President, I am very grateful to Mr KWONG Chi-kin for moving this motion on environmental industries.

I had a chance to visit the EcoPark yesterday..... Secretary, my congratulations to you first. Following my visit to the recovery park, I went on to visit a plastics recovery workshop in Sheung Shui. Having looked at the situation there, I can only use the adjective "miserable" to describe it. The entire system..... Even if I just focus on the recovery park, the story will still be very long. But overall, the layout is not satisfactory, and access for large vehicles is very difficult. The land formation works of the recovery park cost some \$300 million, but only three companies can operate there. And, the space allocated to each company is even smaller than the entrance area of any factory in the Pearl River Delta. I think even if a factory can really be built in the space available, it will not be possible to equip the factory with any toilets, not to speak of other facilities. The area is simply too small.

The biggest problems are not connected with all such infrastructure and hardware facilities. Rather, the main problem is about the source of waste. Where are all the raw materials supposed to come from? If we cannot establish

an integrated waste management system, all these environmental industries will only be reduced to industries handling "foreign garbage". We must then continue to process "foreign garbage" while our own garbage must still be disposed of at landfills. Therefore, Deputy President, we should be discussing the role of environmental industries in the overall waste management context, rather than focusing on one particular issue. We must discuss the entire waste management system.

Mr KWONG Chi-kin's motion also touches upon the necessary parts of a waste management system, and they are precisely the areas where the Government has failed to make enough efforts. I wish to point out that in order to establish any environmental industries, there must first be raw materials. And, in order to obtain raw materials for environmental industries, there must be a waste separation system. If not, environmental industries will be unable to obtain any raw materials. If they want to obtain raw materials, they must pay very high costs, such as transportation fees.

Source separation of waste is the only means through which a waste separation system can be established. In regard to source separation of waste, the Government has so far allocated just a mere \$5 million for providing buildings with a 50% subsidy to purchase the required plastic bins. Some buildings have joined the programme on a voluntary basis. So far, only some 500 buildings have pitched in. I naturally support source separation of waste. I have no objection to it. But I must add that this is a far cry from a sound waste management system.

All countries in the world take three steps to establish a sound waste management system. The first step is the reduction of waste generation. How can we reduce the generation of waste? The answers are a PRS, the "user pays principle" and the enactment of packaging laws and bottle bills (that is, bills on bottling). Such laws restrict the dimensions of packaging, specifying that they must not exceed certain measurements. They may provide that bottles must be recycled and reused, or they may require the payment of fees. The purpose is always to reduce the generation of waste. We have so far implemented just one measure — a landfill disposal charge for construction waste. There are no other measures. The disposal of any waste by anyone is always free of charge. My home disposes of five bags of garbage every day without having to pay any charges. Households that do not dispose of any garbage also do not need to pay

any charges. There are thus no incentives. Besides, there are no requirements on the sizes of packaging bags. There are no incentives for people to reduce the generation of waste.

The second step is separation. Since there is no source separation, it is impossible to obtain any raw materials. Without any raw materials, how can there be any environmental industries? The only way out is to buy such raw materials from other countries. I have discussed the matter with people engaged in environmental industries, and according to them, purchasing waste from abroad is more economical than recovering waste locally. The reason for this is that we have not set up an integrated waste management system. As mentioned by Mr KWONG Chi-kin just now, the integrated development of environmental industries will create large numbers of employment opportunities. I myself have tried out a separation of wet and dry waste programme. Separation alone can already create as many as 30 000 low-skilled jobs for grass-roots workers. The Government can thus save some \$2 billion a year. Even if we do not talk about environmental industries, we can still notice that in Shanghai, for example, a plastic bag recovery factory can already employ 400 workers. A toner recycling plant in Zhuhai also employs 500 workers. Some have estimated that if we set up several similar factories for the recovery of local waste as raw materials, around 100 000 jobs can be created. This is simply something that can benefit all sides.

However, we observe that the Government has never taken the two steps mentioned just now. As for the last step, the Government has similarly done very little. Only three factories have been established in what is called a recovery park. But only a very small area is allocated for the purpose. Then, it plans to construct a large incinerator to burn all the garbage. It says that garbage incineration can generate electricity and gives the electricity a very nice name — renewable energy. It says that such electricity is renewable energy because it is generated by garbage incineration. In this way, Hong Kong can claim that a certain percentage of the electricity it consumes is renewable energy; and thus the two power companies do not need to conduct any more studies on renewable energy because we can rely on garbage incineration. The whole approach of the Government runs counter to any good sense. In other countries, the most resources are spent on the first step of waste reduction and the second step of separation of waste, and the least resources are spent on the terminal treatment of waste.

Deputy President, if the Government can follow the examples of other countries, the volume of garbage left for terminal treatment in Hong Kong will just be 15%. In other words, separation, recovery and recycling are possible with 85% of our garbage, and just 15% of our waste will remain for landfill disposal. We think that it is alright to dispose of such a small volume of waste at landfills. We also think that it is alright to incinerate it. We may simply build a small incinerator to burn the remaining waste. The biggest problem is that the Government has failed to set up an integrated waste recovery system for environmental industries.

There is still one point I have not mentioned. Currently, some 60 000 old women, or scavengers, are engaged in the business of collecting waste and selling it to waste recovery operators every day. There are still so many voluntary participants even in the absence of any government co-ordination (These old women cannot rely wholly on scavenging; it is just an extra source of income). Therefore, if the Government can establish an integrated waste management system, the whole thing will certainly work.

Deputy President, I must also discuss one more point. In my amendment, I express the hope that the Government can introduce a licensing system for environmental industries and trades. I strongly support the development of environmental industries and trades, but I still think that if we do not put in place any proper supervision and set down any appropriate licensing conditions, these industries will certainly cause various nuisances to nearby residents or environmental damage. The reason is very simple. The collection of waste, for example, must naturally be conducted late at night. At present, many refuse collection points are located near downtown residential settlements. Therefore, residents may be affected by the clinks of metal after 11 pm every day. And, in the small hours, from 5 am to 6 am, all those old women will bring along the waste they have collected to waste collection stations. What is more, there will also be the nuisance caused by pests and foul water. All this warrants supervision.

I visited one such factory yesterday. The conditions there were extremely horrifying. Even the mainland friends of mine who were with me during the visit remarked that such conditions would not be tolerated even in the Mainland. But we have not put in place any supervision, requirements and a licensing system. It is therefore highly necessary to introduce a licensing system.

Deputy President, I think the entire waste management system..... Our new Secretary is here now. I hope he can listen seriously to the views of the people. We have the required technologies, means and everything. We also have all the support facilities. He only needs to make a start.

MR JEFFREY LAM (in Cantonese): Deputy President, it is now the 10th anniversary of Hong Kong's reunification with the Motherland, and everybody is busy reviewing the past and looking into the future. Environmentally, I think we can describe the situation as "requiring more efforts". And, when it comes to the development of environmental industries, we must even "redouble our efforts".

Let me first of all cite some statistics. In 2006, the total volume of municipal solid waste generated in Hong Kong was 6.227 million tonnes, showing an increase of 3.6% when compared with the corresponding figure in 2005. The volume of municipal solid waste disposed of at landfills stood at 3.387 million tonnes. This means that the volume of recoverable municipal solid waste was 2.84 million tonnes, accounting for 45% of the total volume of municipal solid waste.

According to the First Sustainable Development Strategy for Hong Kong formulated in 2005, the recovery rate for municipal solid waste should attain 45% by 2009. This was already the recovery rate in 2006, so it can be said that we have achieved the target ahead of schedule. However, although the target recovery rate has been achieved, the volume of waste has been rising incessantly. Should we thus be satisfied and accept the situation?

Another noteworthy point is that the volume of municipal solid waste recovered and recycled in Hong Kong actually dropped from 160 000 tonnes in 2005 to 110 000 tonnes in 2006. This means that Hong Kong continues to rely on the export of recovered waste as the chief means of recycling municipal solid waste. Why has Hong Kong been progressing so slowly in the development of environmental industries and the promotion of the circular economy?

The three strategic landfills in Hong Kong will reach capacity within 10 years. The development of the EcoPark is an alternative to landfills, because

with the EcoPark, waste can be recycled into useful products, thus easing the accumulation of waste. Therefore, in my amendment, I make it a point to say that the tendering process for the EcoPark must be expedited. But the discussions on developing the EcoPark have dragged on for many years. The Government has repeatedly stressed that the development of the EcoPark has been progressing as scheduled. The truth, however, is that the timeframe has been extended over and over again. Tenancies for the first batch of three lots in Phase I were granted only as recently as May this year. It is estimated that the operators will only be able to commence operation one by one in the coming one year. To those interested in developing environmental industries, the wait is just too long and the progress too slow.

As for the remaining three lots in Phase I of the EcoPark, tenders will only be invited in the following two months. It is estimated that operation can only commence in late 2008 to early 2009. And, we must remember that there is still the second phase in the development of the EcoPark. But the land formation works will not commence until next year. Tenancies will only be invited in 2009, and tenants will not be able to commence operation until 2010. I am really worried that the project may well become another example of "three years of waiting after three years of waiting". One simply does not know when a greater number of recovered materials and high-tech products can be recycled in the EcoPark.

Deputy President, the reorganization of government Policy Bureaux has seen the establishment of one separate bureau with sole responsibility for environmental matters. I am very glad that the Secretary can attend this meeting today. I must congratulate him once again. As the saying goes, a new official is always full of initiatives. I therefore hope that the Environment Bureau can make focused efforts to speed up the work of environmental protection in Hong Kong. It is hoped that the Bureau can co-operate with other relevant departments and render assistance to environmental industries. The ideal solution is the establishment of a high-level inter-departmental industries facilitation council comprising government officials from the relevant bureaux and departments as well as industry representatives to formulate more effective strategies to support environmental industries.

The development of environmental industries is now a world trend. The EcoPark in Northern Kyshu of Japan has become the largest recycling centre of vehicles and domestic electrical appliances in the country. The SMEs in Hong

Kong are full of creativity and they know how to grasp any opportunities and business prospects. One must never think that only scrap paper, used plastic bottles and discarded aluminum cans can be recycled. Actually, discarded wood and even used tissue and diapers which have been sterilized can all be recovered and recycled. Recently, the stables in the Olympic equestrian venue in Sha Tin have been floored with rubber mats made from waste tyres.

All along, the industrial and commercial sector has been actively responding to the market demand for environmental products. Therefore, the Government should really speed up the formulation of policies and measures to enhance the support and assistance required. A sound platform should be established for turning recyclable materials into products of high economic value and with stable market demand, so as to enable environmental industries to flourish in Hong Kong.

The rapid development of environmental industries will also create employment opportunities. Currently, the environmental industries in Hong Kong are directly employing 3 300 workers. In addition, 15 000 to 30 000 people are indirectly or occasionally employed. After its completion, the EcoPark will be able to accommodate some 20 tenants and provide roughly 750 new jobs. As estimated by the industries concerned, the development of environmental industries in Hong Kong will see the direct or indirect creation of some 40 000 employment opportunities and jobs. And, I personally support the participation of social enterprises in such development to create employment and retraining opportunities for low-skilled workers, on condition that they must not compete with the people for profits. The EcoPark located in Tuen Mun can take on the workers living in Northwestern New Territories, enabling them to secure jobs in Tuen Mun without leaving the district.

Deputy President, I maintain that when it comes to environmental products, the Government can certainly play a leading role. The Government must formulate a green procurement policy. But, more importantly, it must put the policy into practice. It must be true to its words, and concrete actions are most important. The Government has formulated a set of guidelines entitled "Environmentally-Responsible Product Specifications for Government Procurement Items" for compliance by government departments. It is recommended that as far as possible, environmental products featuring suitability for recycling, higher contents of recycled materials, simple packaging, durability

and greater energy-efficiency should be purchased. Major examples of such products are photocopying paper, toilet paper, refillable ball-pointed pens and refills, toner and batteries.

However, the Government should continuously update and expand the list of items. For instance, the authorities are considering the imposition of a plastic bag levy. But has the Government specified in its procurement guidelines that only plastic bags made from recycled plastics should be purchased? Are there any guidelines on reducing the use of plastic bags? I think the Government can play a leadership role here. It should set a good example, so as to usher in a climate of using environmental products.

In the other amendments, it is proposed to introduce a licensing system for environmental industries. I agree that it is necessary to impose an appropriate degree of legislative control. But how are we going to define environmental industries and waste recovery industries? Should all those elderly people scavenging in the streets also be required to apply for a licence? What is more, even now, people intending to open a factory already have to apply for many different types of licences. I am afraid that the introduction of a new licensing system will only make the situation even more complicated, thus hindering the operation of the industries concerned.

Deputy President, public support for waste recovery and the adoption of environmental products are of the utmost importance. It is generally recognized in society that the "3R" principle (standing for "reduce", "reuse" and "recycle") should be adopted. I personally think that there should be one more "R" — "remember". Everybody must remember the importance of pitching in for environmental protection.

Deputy President, I so submit.

MS AUDREY EU (in Cantonese): Deputy President, recovery, recycling and reuse are three inter-locked segments. Given a satisfactory mechanism and sound complementary measures, our work of reducing waste will be much more effective. The reason is that the whole process of recycling recovered materials into useful products for sale will add to the value of the materials themselves. What is more, this will also help bring forth a circular economy and create business prospects and employment opportunities.

Therefore, the development of environmental industries is conducive not only to sustainable development but also to economic progress, to the benefit of the people. Unfortunately, in Hong Kong, as mentioned by Members, environmental industries, especially the waste recovery industry, have been unable to grow in size due to the shortage of support measures and policy assistance over the years. According to the statistics provided by the Government to the Legislative Council in March this year, Hong Kong's recovery rate for municipal solid waste last year stood at 45%, a rise of 2% over the rate in the year before last. The total volume of waste recovered also increased from 2.59 million tonnes the year before last to 2.84 million tonnes last year. There was thus an increase of 250 000 tonnes. However, when it comes to the local recycling of recovered waste, the total volume dropped from 160 000 tonnes the year before last to 110 000 tonnes last year. And, the proportion of locally recycled waste in the total volume of recycled waste also dropped from 6% the year before last to 3% last year. All these statistics point to the phenomenon mentioned by Mr Jeffrey LAM just now — the over-reliance of the local waste recovery industry on export.

Such an almost total reliance on export makes the industry susceptible to outside influences, easily leading to market fluctuations and adversely affecting the outlet for waste in the end. Last month, the *Ming Pao* reported that due to the soaring costs of re-exporting waste plastics to the Mainland, huge volumes of waste plastics were amassed in Tuen Mun and Tin Shui Wai, and the recovery prices of waste plastics had thus plummeted. It was also reported that as some waste recovery operators even refused to buy used plastic bottles, the recovery of plastic bottles was affected.

Another problem is the recovery of domestic waste. The overall recovery rate for municipal solid waste in Hong Kong has attained 45%, but the recovery rate for domestic waste is only 20%. This shows that there is still much room for improvement in this respect. Over the past five years, the Government has tried out many programmes to tackle this problem, including the Dry and Wet Waste Separation Pilot Programme, the Source Separation of Domestic Waste Programme and the adoption of "designated garbage bags". Such pilot programmes were introduced one after another. Now, there is even a different Secretary. But none of these pilot programmes has been permanently implemented to establish a formal waste recovery system which covers the whole of Hong Kong, and which can enable waste recovery operators to develop their business.

Unlike other countries, the Government has not yet established a recovery system for toxic domestic waste. Recently, when the Legislative Council discussed the legislation on energy efficiency labelling, many experts told us that many fluorescent tubes and compact fluorescent lamps actually contain mercury. But we have not established any recovery system for these products, so scavengers may well be engendered.

Recently, the authorities have eventually managed to find tenants for the EcoPark in Area 38 of Tuen Mun. These tenants will be engaged in the business of recycling waste plastics, waste tyres and waste wood. But the pace is really too slow and small. We must not forget that the idea of establishing an EcoPark (formerly called a recovery park) was actually mooted by former Chief Executive TUNG Chee-hwa in September 2001. They have started to implement Phase I only after six years, three years behind the scheduled date of 2004. As for Phase II, the original commencement date is 2006. But it is now estimated that tenders for tenancies will only be invited in 2009. This means that no tenants will move in until 2010. There is again a delay of four years.

Discussions on the introduction of a Producer Responsibility Scheme (PRS) have been going on for a very long time. The Government has recently disclosed that it will introduce a bill on the imposition of a plastic bag levy. This is the first time ever that a PRS is mentioned. But no details have been formally announced. Besides, the Government has also promised to submit a bill on introducing a PRS for tyres and food containers and packaging. But we are still waiting. We have not seen such a bill, nor do we know when it will be tabled. And, the date promised by the Government has already passed.

In the absence of a satisfactory waste recovery system, all must depend on the voluntary efforts of the people. When Miss CHOY So-yuk spoke just now, she talked about some old women. She was actually talking about elderly scavengers who, despite the scorching sun or stormy weather..... Some Civic Party members once took photographs of them when they were scavenging in strong winds and the Black Rainstorm Signal. The main reason is that when soaked with water, cardboard will weigh heavier, and there will not be many competitors. Therefore, in times of strong winds and heavy rain, when streets are all empty, we will see some old women scavenge with their handcarts. Actually, it is really ironical that such a scene should appear in a metropolis like

ours. Even in Shenzhen, we can see that there are separate types of litter bins for reusable waste and non-reusable waste. But in Hong Kong, we must rely on scavengers to sustain a very small-scale recovery industry.

When Mr Jeffrey LAM spoke just now, he questioned whether a licensing system would lead to the need for all old women engaged in scavenging to obtain a licence. The main point is that a licensing system can, on the one hand, foster the proper development of waste recovery operators, and, on the other, it can also enable the employees of the industry to enjoy due protection, including work injury compensation and training. That way, they will not need to work under unsafe and unhygienic conditions. This explains precisely why we now propose to set up a licensing system.

Besides, I must also explain one point, which is very important to the development of the waste recovery industry. I have recently met with some waste recovery operators. These operators collect practically items of any kind, even used clothes. I heard from them all these grievances. First, the requirements set by the recovery park are totally beyond the capability of SMEs. For this reason, such enterprises cannot possibly gain entry to the recovery park. Second, they are facing a very difficult business situation. For one thing, they must maintain a team of employees, so that they can start working once they have received a business order. And for another, they are faced with exploitation. What kind of exploitation is it? Since there is no regulation for this industry, caretakers or owners' corporations of buildings will often sell their waste to the operators offering the highest prices. Or, they may simply exploit waste recovery operators. Sometimes, although they are not supposed to charge any fees, they may still sell the most valuable waste to other people. As a result, people wishing to engage in waste recovery simply cannot obtain any supply of waste. As pointed out by Miss CHOY So-yuk just now, there is a short supply of waste, and the supply of waste is often unstable. The reason is that some may seek to line their pockets as middlemen, and we simply do not know whom they have given all the waste to. This explains why we propose to set up a licensing system.

There is another point. What do District Council members complain most frequently about when they have regular meetings with Legislative Council Members? The most frequent subject of complaints is that the piling up of waste paper or other kinds of waste on pavements will not only cause obstruction but also pose various dangers. As pointed out by Miss CHOY So-yuk just now,

waste recovery may sometimes cause noise nuisance or bad smell. Some people want to lodge complaints, but they do not know which government department is supposed to be responsible. With a licensing system, everybody will know that there is regulation, and that if any waste recovery operators perform unsatisfactorily or contravene any licensing conditions, the Government may stage prosecutions or take other actions to improve the situation. This can also help create a better living environment for the general public and ensure that traffic and pavements will not be obstructed.

Why do I propose to establish a licensing system in my amendment this time around? The reason is that it is advantageous to different groups of people. It is advantageous to the general public, those currently engaged in waste recovery and, naturally, investors. Scavengers can also be accorded protection.

Deputy President, I still wish to raise one more point. I once met with some people from Germany. According to them, waste is in fact a kind of valuable, and as long as we can work out a sound system of support measures, investments and regulation, we will succeed not only in building a clean city but also in fostering economic development. In many German cities, they told me, there are simply no landfills at all. Therefore, Deputy President, I hope that the new Secretary can seriously address the problem of waste, because this is indeed a very acute and pressing problem. Thank you, Deputy President.

MR SIN CHUNG-KAI (in Cantonese): Deputy President, first of all, I wish to discuss the introduction of a licensing system. Most importantly, we must make sure that all those old women who must still scavenge cardboard in stormy weather conditions in Hong Kong are not made to pay an annual licence fee of several hundred dollars while they can only earn several dozen dollars by scavenging cardboard.

There are both advantages and disadvantages in introducing a licensing system. But no matter what we decide to do, we must make sure that operating costs will not turn excessive, lest small operators may be heavily burdened. Usually, the Government will impose regulation, and therefore introduce a licensing system, only when problems have arisen. In brief, the Government should introduce a licensing system only under such a situation.

Deputy President, I can remember that two years ago, a motion on environmental and waste recovery industries was also moved in this Council. Two years have passed, but the development of local environmental industries has not made any progress. For example, at the very beginning, the Government pledged that Phase I of the EcoPark would commence operation in the fourth quarter of last year, but the operation of Phase I did not start until very recently — this was what the Government told us in its reply to us last week. And, there have also been very few policies on assisting environmental industries. In the following part of my speech, on behalf of the Democratic Party, I shall explain its views on the reduction of waste in Hong Kong and the policy of assisting the waste recovery industry.

Last year, the volume of municipal solid waste generated in Hong Kong amounted to 6.22 tonnes, a rise of 30% when compared with the 4.75 tonnes in 1997. Given the slow demographic growth in the past 10 years, the rate of increase mentioned just now is really astounding. The Government says that since the recovery rate for municipal waste last year already achieved 45%, the target set down in "A Policy Framework for the Management of Municipal Solid Waste" (Policy Framework) has been attained ahead of schedule. But, as I already queried at the very beginning, since Hong Kong is such a highly urbanized and densely populated place presumably enjoying a big advantage in the collection and recovery of waste, is the target concerned much too conservative? Besides, our recovery rate for domestic waste was just 20% last year. When compared with other developed countries and cities, such as Taipei, which recorded a rate of 35%, and also South Korea, which attained 47%, Hong Kong is really lagging far behind in the recovery of domestic waste.

The Democratic Party has always supported all initiatives to reduce waste at source, such as the full implementation of source separation of domestic waste and the introduction of a PRS. And, we also support the imposition of a "green" tax for plastic bags, vehicle tyres, electrical and electronic appliances, food containers and rechargeable batteries. As a matter of fact, in the Policy Framework published as early as 2005, the Government already mentioned its intention of completing the legislative work required for introducing a PRS in phases from 2007 to 2009. However, except for the groundwork relating to introducing a plastic bag levy, no legislative timetables whatsoever have been drawn up for other types of products. We have repeatedly emphasized that a "green" tax must be revenue-neutral. The imposition of a "green" tax is not

supposed to increase government revenue. Rather, while the tax should aim at reducing the generation of waste, all the proceeds should be spent on rendering support to the development of environmental industries, including the provision of financial assistance and funding for technological research.

In regard to the policy on environmental industries, the Democratic Party is of the view that the Government has been providing such industries with too little assistance. I have once heard a story about how local plastic bag recovery operators must import discarded plastic bags from overseas for recycling. We may thus ask whether there is a shortage of discarded plastic bags in Hong Kong. As a matter of fact, every day, more than 23 million plastic bags are disposed of at our landfills. Therefore, the only explanation is that there is the absence of a system for collecting clean plastic bags in Hong Kong. According to waste recovery operators, the reason for importing discarded plastic bags is that discarded plastic bags in Hong Kong are often intermingled with other types of waste, such as food morsels and domestic waste. As a result, such plastic bags cannot be recycled for further uses. Has the Government drawn up any guidelines that can teach the public how to collect clean and recyclable plastic bags? Are there any facilities in the market for the recovery of plastic bags? Several years ago, the Government launched a trial programme on plastic bag recovery in some housing estates. But subsequently, we heard no more of it. Will the Government consider the possibility of continuing with the trial programme? What is even more discouraging is that last year, the volume of locally recovered and recycled materials even hit a record low in recent years, standing only at 110 000 tonnes. All this can show that environmental industries in Hong Kong do not actually lack any market potentials. The only problem is that our support facilities are just too unsatisfactory, thus leading to the stagnation of these industries in development.

We propose the Government to offer tax concessions to the local recycling industry. It is not true that the Democratic Party always asks for tax concessions. But policy-wise, there is indeed a need for developing environmental industries. And, without any tax concessions, it may be impossible to get things started. The remaining facilities in Phase I of the EcoPark must be made available for use as soon as possible. And, works for Phase II must also commence as early as possible. Promises must be made for the granting of long-term tenancies to waste recovery operators at low rents, so as to reduce the operating costs of environmental industries. The Government should also actively promote the latest recycling technologies, with a view to

increasing the proportion of locally recycled materials in the total volume of waste recovered for treatment and to enriching the variety of products. At the same time, as mentioned just now, the Government must strive to raise the waste recovery rate and enhance the market competitiveness of recycled products, so that the local recycling industry can be assured of an adequate and stable supply of recovered materials and also a stable client base. This is the only way to increase the confidence of manufacturers in investing in our industries.

Lastly, I wish to add that the Democratic Party is a bit apprehensive of, or has some reservations about, the separation and recovery of wet and dry waste as proposed in the original motion. The reason is that a programme like this will require the use of large numbers of plastic bags for separating wet and dry waste, thus itself increasing the generation of waste. Therefore, we must conduct careful studies on this. However, we will still support the original motion and all the amendments today. I so submit.

MS LI FUNG-YING (in Cantonese): Deputy President, the development of environmental industries is no new motion topic in this Council. But I think the debate today is particularly meaningful, because a couple of months ago, the Environmental Protection Department (EPD) finally granted three tenancies of the EcoPark in Tuen Mun, signifying a new chapter in the development of local environmental industries. But if we are to make Hong Kong's environmental industries thrive, there is still a very long way to go.

Environmental industries are closely related to waste recovery and recycling. Throughout our discussions on this issue, we have naturally focused our concern on how to recover domestic waste and separate the waste collected. The reason is that without waste recovery, it will not be possible to have any sizeable environmental industries. As a result, the Member who has moved the original motion and those who have proposed amendments all propose that people's awareness of waste separation should be enhanced, the mechanism for waste recovery and separation should be perfected and a PRS must be introduced. These proposals are no doubt very important to the development of environmental, but recently, I have been studying the information supplied by the EPD, and I notice that there is actually no lack of waste recovery operators in Hong Kong. The only problem is that there is a short supply of environmental industries to recycle waste.

In 2006, the volume of municipal solid waste in Hong Kong amounted to 6.23 million tonnes. But the volume of locally recycled waste only stood at 110 000 tonnes, accounting for merely 4% of the total waste recovery volume. What is more, 2.73 million tonnes of the recovered waste were exported to other places for recycling. And, the remaining 3.39 million tonnes of solid waste were disposed of at landfills. The solid waste disposed of at landfills accounted for 55%, or more than half, of the total volume of solid waste recovered. In other words, more than half of the waste separation and recovery bins we place in housing estates and public places to encourage the public to separate waste before disposal have failed to achieve the aims of reducing disposal at landfills and fostering waste recycling. There has emerged a gap between waste separation and recovery in society on the one hand and the recycling of waste on the other. Our feeble environmental industries are simply unable to absorb the municipal waste recovered.

Today, we urge the Government to formulate an integrated policy on environmental industries. And, the most pressing task is to find out how we can bring forth more environmental industries in Hong Kong to deal with the municipal waste collected. It does not matter whether such waste is to be recycled locally or exported for recycling. But we must at least ensure that all the municipal waste recovered through source separation is not wasted and simply disposed of at landfills.

According to media reports, the companies which were granted the three tenancies of the EcoPark in May this year are all sizeable ones. They are respectively engaged in waste plastics recycling, waste vehicle tyres recycling and construction materials recycling. I of course hope that these three companies can boost the development of environmental industries in Hong Kong and create employment opportunities. However, apart from these sizeable companies, there have always been many small and medium waste recycling companies in society. They have also contributed to the development of environmental industries in Hong Kong. Unfortunately, my office has received many complaints from these small and medium waste recycling companies. They all criticize that the Government's criteria for granting tenancies are much too harsh, so harsh that some people are simply unable to meet all the requirements despite their intention of contributing to the environmental cause.

I can fully understand that the Government must set some requirements and criteria in the contracts concerned, so as to ensure that the contractors can

meet the required standards of works and services. But at the same time, I also hope that the Government can squarely tackle the gap between the feeble environmental industries and the recovery and recycling of waste. While seeking to ensure works and service standards, the Government must also offer assistance to local environmental industries, particularly the small and medium ones. Now that "Clean Air for a Cool Hong Kong" has become the environmental objective of the Government, Hong Kong's environmental industries also need some clean air from the Government.

Thank you, Deputy President.

MR WONG KWOK-HING (in Cantonese): Deputy President, first of all, I wish to congratulate Mr YAU on his promotion to the rank of Bureau Director.

Deputy President, in regard to Mr KWONG Chi-kin's motion, Miss CHAN Yuen-han will speak on the separation of wet and dry waste as well as the setting up of recovery stations and complementary facilities in various districts. I shall focus on the creation of employment opportunities by environmental industries. The three of us, Members belonging to the Hong Kong Federation of Trade Unions (FTU), have just received a petition from the Social Affairs Committee of the FTU outside the Legislative Council Building. The petitioners made it a point to ask us to display this rice bowl before the Secretary, just to symbolize their hope that environmental industries can create more employment opportunities. This is a rice bowl with rice. It is not empty, because they want to deliver the message that there must be rice to eat.

Deputy President, the latest quarterly unemployment rate is 4.3%, the same as that of the previous quarter. The number of unemployed persons is still 155 500. And, the number of underemployed persons is close to 80 000. The economy is in such good shape, but why are some 200 000 people still tortured by unemployment or semi-unemployment?

The root cause is that our economy is structurally imbalanced, devoid of the support of industries and marked by a shortage of low-level jobs and posts in the industrial and research and development sectors. Deputy President, even San Miguel, a local brewery which is very much a part of Hong Kong people's collective memory, and which boasts of itself as a "true friend" or the only real fresh beer, will leave Hong Kong soon. The reason is that in September this

year, the brewery will end its nearly 50 years of presence in Hong Kong. This is really a great pity. Therefore, if there are no industries in Hong Kong, how can we find any employment opportunities? The purpose of Mr KWONG Chi-kin's motion today is precisely to promote environmental industries and create a greater variety of jobs.

Environmental work can actually be developed into industries that are both labour-intensive and high-tech, capable of sustainable development and providing employment opportunities to people of different age groups and with different levels of academic qualifications and skills. There may be posts for low-level workers, technicians, managers, sales and administrative personnel, accountants, mechanics, transportation workers, logistics professionals and even scientists.

The rate of female participation in environmental work is also quite high. In Austria, Germany, the Netherlands and Switzerland, for example, the female working population engaged in environmental work accounts for 40% of all employees of environmental industries. This shows that environmental industries can provide women with a greater number of employment opportunities. And, in the context of Hong Kong, environmental industries may alleviate the problems connected with women in working poverty, low income and unemployment.

Deputy President, the waste paper recovery industry in Hong Kong is comparatively well-developed. The average age of people employed in the waste paper recovery industry is about 45. Their educational level is generally not very high, but their incomes are not too bad. For example, the office workers of this industry can each earn something between \$5,000 and \$7,000 a month. And, the income of a driver may even be as high as \$8,000 to \$11,000. If other types of recyclable materials are adequately utilized, the development of environmental industries can be enhanced, thus greatly increasing the number of jobs for low-level workers.

Deputy President, as we all know, drivers in the transportation industry currently face the problem of underemployment. Because of low cargo volumes, van drivers, in particular, now find it extremely difficult to earn a living. As for taxi drivers, the problem of inadequate income is very common as there are just too many of them. According to government statistics, the wage index of the transportation industry has been dropping rather than rising.

In the first quarter of 2007, the wage index was -1.3%. If there is an increase in the recovery and transportation of waste, job opportunities in the transportation industry will also increase. But this will not result in any vicious competition.

As a matter of fact, low-level workers are not the only ones who can benefit. Many professionals may also give full play to their abilities in environmental industries. Since there is a lack of industries in Hong Kong, many university graduates are unable to secure jobs relevant to their training. For example, graduates of environmental management, biology, chemistry, professional logistics and environmental engineering may have to join industries such as insurance and financial management which they do not know so well and which are a far cry from their original career aspirations. The Government's investments in university education are in a way completely wasted as a result of such a mismatch.

Deputy President, according to the statistics of the Organization for Economic Co-operation and Development, more than 1 million people in Germany are engaged in environmental industries. In Spain, there are close to 220 000. In China, some 1.8 million of the workforce are employed in environmental industries. The development of environmental industries in these countries can show that as long as we are willing to develop these industries, a very considerable number of employment opportunities may be created.

What Hong Kong lacks is nothing but effective channels for waste recovery. At present, waste is mainly collected by scavengers, cleaning workers, non-profit-making organizations and schools. All these waste recovery channels are unsystematic, so the volumes of waste recovery are bound to be limited, thus thwarting any further development of the waste recovery and recycling industry.

Another factor hindering the development of environmental industries is related to the poor conditions in workplaces. Places like plastic bag and waste paper recovery workshops will inevitably give off bad smells. Consequently, it is very difficult for these industries to attract young people. The disassembly of electronic parts, on the other hand, may result in the seepage of toxic substances into the soil and rivers, causing health hazards to nearby residents. Therefore, the Government should provide environmental industries with research funding

support, so that they can upgrade their technology, improve their production environments, build up their professional images and induce more people to join the related trades.

There is now a working population of some 3.6 million people in Hong Kong. The educational levels of more than 1 million of these people are lower than Secondary Three. To enable all these grass-roots workers to earn a living, we cannot rely solely on the existing financial services. Rather, we must develop industries to absorb these workers. The development of environmental industries has become something like an economic locomotive in many advanced and developing countries, providing unlimited business prospects and huge numbers of "green" jobs.

Therefore, at the end of my speech, I must express the hope that for the 1 million or so workers, 1 million or so grass-roots workers, the Secretary can strive to create more "green" industries, more "green" rice bowls with rice in them.

Thank you, Deputy President.

MR LI KWOK-YING (in Cantonese): Deputy President, with the emergence and development of environmental industries, many people have gradually turned positive and optimistic about environmental protection. Instead of regarding environmental protection as a burden, they now realize that the development of environmental protection (especially environmental industries) will bring forth many opportunities for the economic progress and sustainable development of society and create many more employment opportunities.

Locally, waste disposal and waste recovery are both unsatisfactory. Although the total volume of waste disposed of at landfills is declining year after year, we are still a long way behind the target set down in "A Policy Framework for the Management of Municipal Solid Waste", that is, the reduction of the total volume of municipal solid waste disposed at landfills to below 25%. The proportion of recovered and recycled waste in the total volume of municipal solid waste is declining year after, and last year, the rate was still lower than 50%. This can aptly show that disposal at landfills still plays a principal role in the handling of waste in Hong Kong, and the role of recovery and recycling is only secondary.

Deputy President, the population of Hong Kong is as big as some 7 million. A large population inevitably generates more waste. That is why on average, Hong Kong generates huge volumes of waste every day, thus exerting a very heavy pressure on landfills. But this will offer many opportunities to the development of local environmental industries. Because one prerequisite for industrial development, whether we are talking about conventional industries or environmental industries, is the supply of raw materials. In order to develop environmental industries, we must therefore provide manufacturers with a large and stable supply of recyclable materials. However, the greatest difficulty faced by local environmental industries is precisely the low rate of waste recovery. Therefore, in order to promote the development of local environmental industries, the authorities must first improve the rate of waste recovery and enhance people's awareness of the need for waste separation at source. Following this, the authorities must change the long-standing practice of exporting recyclable materials, and encourage more organizations to participate in waste recovery and recycling, so as to bring forth a circular economy.

To enhance people's awareness of waste recovery, the authorities launched the Source Separation of Domestic Waste Programme in 2005, and waste separation facilities are installed in buildings for the purpose. The Programme has achieved some effects by now. As at April 2007, more than 570 housing estates all over Hong Kong had signed up. And, with the participation of all these housing estates, the volume of waste disposed of at landfills declined by roughly 3% to 4%. In order to further increase the waste recovery rate, the DAB proposes the authorities to set up recovery stations and complementary facilities for wet and dry waste in various districts. It is hoped that this can increase the recovery volume of domestic waste.

There is a huge variety of domestic waste, but the types of recyclable waste are very limited. For this reason, we are used to, or we are forced to, mix wet and dry waste for disposal. As a result, even some recyclable materials must be disposed of at landfills or composted, thus thwarting the rise of the recovery rate. The mechanism for waste separation and recovery is certainly not satisfactory, but at the same time, building designs are not geared to waste separation and recovery either. For example, the refuse chambers located on the different floors of buildings are generally very small, so it is very difficult to install any waste separation facilities there. Some buildings are therefore unable to join the source separation of waste programme.

It can thus be observed that apart from improvements to people's awareness of waste recovery, the physical environment is also very important to increasing the waste recovery volume. The designs of buildings, refuse collection vehicles and even litter bins will all produce an impact. For the purpose of creating a living environment conducive to waste recovery and recycling, the authorities must provide integrated complementary facilities. One of our proposals is to amend the ordinances and guidelines relating to building facilities, with a view to further increasing the waste recovery rate.

Environmental industries can help promote the development of a circular economy. But it is a pity that judging from the Government's approach to waste recycling, we seem to see that it has not yet realized that what is "green" can actually be turned into "gold". According to statistics, some 2.4 million tonnes of materials are recovered from municipal solid waste, but more than 90% of these recovered materials are exported to other places for recycling. The Government has even spent \$760 million recently on enabling contractors to transport 10 million tonnes of construction waste to Taishan in Guangdong for reclamation. Green groups have therefore criticized the Government for giving others a big gift plus cash.

Many aspects of the Government's practice of exporting recyclable materials are worth discussing. At the macro level, the international community has gradually tightened the restrictions on waste transfer. Therefore, in the long run, we will no longer be able to handle waste recovery by means of export. Frankly speaking, the export of waste is not conducive to the sustainable development of the local waste recovery and recycling industry. As I mentioned just now, environmental industries are in dire need of a stable and sufficient supply of recyclable waste. To achieve development of circular economy, the authorities must first increase the waste recovery rate in Hong Kong. Then, such waste should be recycled into useful products and put back into the economic chain. It is only by doing so that we can promote the development of the local waste recovery and recycling industry.

Deputy President, the authorities should seek to increase the involvement of society in waste recovery and recycling. I am not just talking about individuals. I am also talking about institutions and organizations, such as social enterprises. The authorities may consider the possibility of allowing social enterprises to play a certain role in the development of environmental industries. For example, they may be engaged in waste recovery or the sale of

recycled products. In any case, while ensuring the sustainable development of environmental industries, we must also ensure that other institutions such as social enterprises can also benefit from the implementation of the policy concerned.

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

MR FREDERICK FUNG (in Cantonese): How serious is environmental pollution in Hong Kong? The actual state of the environment is already self-evident. We need only to look at our Victoria Harbour. We surely cannot see any blue sky, and even the scenes on the other side of the harbour are all blurred. The scenes 10 years ago were so very different. We may go a bit farther, away from the urban areas. We will then observe that landfills of varying sizes have already encroached upon many rural sites in the process of incessant expansion. The situation has become so critical that immediate actions must now be taken. Although the environmental awareness of society has been increasing in recent years — if not, the Government would not have responded to public opinions and set up the new Environment Bureau, and this also reflects the seriousness of environmental pollution — people are still mainly engaged in academic discussions. More is said than done. The reason for this is that the Government has not been doing enough to implement any environmental protection policy, and people's ways of life and the operation of industries and commerces have not changed in any significant manner. Those who squander resources simply continue to do so. There is actually much room for improvement.

The state of environmental industries in a certain place is indicative of its people's general awareness of environmental protection and the strength of government environmental efforts. All is just about supply in relation to demand. For example, if people are keen on participating in waste recovery, and if the Government also offers various forms of assistance to the waste recovery and recycling industry, environmental industries will certainly flourish. Unfortunately, in Hong Kong, environmental industries are obviously still in a feeble state. They account only for a negligible percentage as a share of our GDP. Isn't this a warning, reminding us that when we are faced with global warming, a shortage of resources on Earth and the worsening of environmental pollution, we are still doing nothing and both the Government and the people are reluctant to show any commitment?

Deputy President, in the consultations on the policy address and the Budget over the years, the Hong Kong Association for Democracy and People's Livelihood (ADPL) has repeatedly reminded the Government to make more efforts to develop environmental industries. Because we hold that while environmental industries can reduce our reliance on landfills and thus foster the reuse of resources, they can also provide an answer to the redevelopment of industries in Hong Kong. This can help add diversity to our present unitary economic structure. The main reason is that environmental industries can provide large numbers of employment opportunities to low-skilled workers and create more types of jobs, employment opportunities and development prospects for grass-roots workers.

When we look at the rest of the world, we will observe that the rapid development of knowledge-based economy has unexpectedly led to the deterioration of urban poverty. On the one hand, mainstream workers possessing the required knowledge and skills can benefit from the development of knowledge-based economy and become increasingly affluent. On the other hand, grass-roots workers are ostracized by mainstream society for lack of competitiveness and development opportunities. Facing such a situation, countries all over the world have put forward different positive measures. And, the development of environmental industries is one of the possible measures.

However, Deputy President, it is a pity that owing to the dogma of "positive non-intervention", our Government has simply ignored the survival of environmental industries. Rather, it has selectively invested resources in some so-called "high value-added" economic activities. The ADPL thinks that at the inception of this new Policy Bureau, the Government must take the opportunity to correct its mistake and biased development mindset. With the reorganization of responsibility for labour issues and the leadership of the Environment Bureau, the Government should involve itself actively in the development of environmental industries. Specifically, the ADPL maintains that the Government should first intensify its efforts of formulating and implementing a policy on promoting environmental protection. One example is the introduction of a PRS. The rationale behind such a scheme is that producers must bear the costs of dealing with the environmental impacts of their products. In this way, producers will be induced to add environmental elements to the designs and ingredients of their products. What is more, they will also be made to pay the costs of recovery in relation to their products in one way or another. Besides, the Government should also offer incentives to enhance people's awareness of

waste recovery, so as to create the condition essential to developing the market for environmental industries.

In addition, the Government should also increase its involvement in environmental industries. The aim is to provide the feeble environmental industries with the soil required for their nurturing and growth. The Government may consider the provision of land at low prices, the establishment of seed loan funds, co-operation with universities to provide technical assistance to these industries and the introduction of tax concessions. When it comes to support for industries, there is already a precedent. The authorities already proposed to provide funding for film-making, so as to promote the development of the film industry. Moreover, the authorities have also offered subsidies to vehicle owners to buy environmentally-friendly vehicles for the sake of improving air quality. All this shows that while simply acting as the "referee", the Government may also get involved to a certain extent when necessary. This is not to speak of the fact that the development of environmental industries can actually solve two problems at the same time. The natural environment can be improved and employment opportunities for low-skilled workers can be created. The Government should invest more resources and manpower in the development of environmental industries.

Deputy President, the ADPL cannot agree to the "unjustifiable" attempt made by the Liberal Party to put social enterprises and SMEs in "antagonistic positions" and create the false impression that social enterprises would compete with the private sector for profits. We must emphasize that in most countries with the prosperous development of social enterprises, including the United Kingdom, Spain, Europe and even Taiwan and the Mainland, there is simply no such problem. Quite the contrary, in a capitalistic society which emphasizes profits, the existence of social enterprises — in whatever forms, such as the provision of employment opportunities and services to the underprivileged — and the integration of them into society can aptly realize the values and concepts of "for the people" and "social responsibility". Therefore, the spirit of social enterprises should be integrated into business operation concepts. Social enterprises should develop and complement conventional enterprises. We must not blindly adhere to the conventional market mentality of old and resist all changes. Therefore, I will vote against the Liberal Party's amendment.

Deputy President, I so submit.

MR ALAN LEONG (in Cantonese): Deputy President, in Mr TUNG Chee-wah's last policy address, the Government proposed to formulate preferential policies to facilitate the development of environmental industries and build a recovery park in Tuen Mun for specific use by recovery industries. Later, the recovery park was turned into the EcoPark. However, whether it is a recovery park or an EcoPark, it is evident that the entire scheme has been postponed for an excessively long period. As the strategic highlight of recycling and recovery industries, the EcoPark will not be fully operational until 2010. Furthermore, it can accommodate only 20 clients. Relative to the annual growth rate of Hong Kong's total amount of waste of 3.5%, the EcoPark is like distant water which cannot put out a fire close at hand.

Deputy President, the EcoPark, even if fully commissioned, can merely satisfy the hardware requirements of environmental industries. Without the software complement in the form of the Producer Responsibility Scheme (PRS), recovery policies, and so on, it is simply impossible for the EcoPark to play a vital role in environmental industries. It might even become an ornament without substance that can do nothing at all to help reducing waste in Hong Kong.

To enable the EcoPark to achieve satisfactory results, the recycling enterprises operating in the EcoPark should draw on recovered waste and recycled materials obtained locally and, at the same time, alleviate the pressure on disposal of local waste. However, it is found that most of the materials strenuously recovered locally will be exported for foreign exchange. In 2005, for instance, nearly 2.59 million tonnes of municipal waste was recovered in Hong Kong. However, only 6% of the waste was recycled in Hong Kong, and the remaining 94% was exported to the Mainland or other countries in exchange for some \$4.5 billion in foreign exchange proceeds. If the vast majority of recovered materials will eventually be exported abroad or to the Mainland, how can aspiring recycling industries in Hong Kong obtain the raw materials for recycling?

In addition, Deputy President, the progress of recovering municipal solid waste in Hong Kong is still unsatisfactory. Although the overall recovery rate of municipal solid waste has continued to rise in recent years, and even to 45% last year, the rate of domestic waste recovery is merely about 20%. On the contrary, the recovery rate in Taipei city already climbed to 45% by the end of last year, whereas the recovery rate even reached 47% in South Korea.

Without the implementation of an effective recovery policy, our recovery rate will not be able to further improve. On the one hand, recycling industries cannot but import raw materials for recycling from overseas and, on the other, local recyclable waste will continue to be exported or dumped at landfills. The EcoPark will merely become the biggest mockery to our environmental industries.

In the face of the crisis caused by the imminent saturation of landfills, coupled with the fact that the EcoPark has anyhow entered the countdown stage of commissioning, it is imperative for the Government to expedite the implementation of software support to assist environmental and recycling industries to take their positions. A number of Honourable colleagues already pointed out earlier in their speeches that the most direct way to stimulate recovery incentive and reduce waste production is to expedite the implementation of the PRS to encourage society to first consider disposal, recycling and recovery of solid waste instead of hasty disposal of refuse.

Through legislative requirement, there will be a growing demand in society for recovery processes and, naturally, more and more people will enter the recovery and related industries, thereby raising the rate of waste recovery locally. However, if the standard of waste collectors varies and their mode of operation is targeted merely at making quick profit without any awareness of proper waste disposal, not only will the environment hygiene of communities and the health of practitioners be jeopardized, public confidence in recovery industries will also be undermined, thus in effect lowering the effectiveness of recovery industries. Therefore, it is imperative for the Government to establish a licensing regime for waste collectors to effectively monitor their mode of operation and ensure the quality of recovery industries.

Deputy President, driven by effective recovery industries, the employment market will be benefited far more than the EcoPark itself. Even if we do our calculations in terms of domestic waste alone, the cost-effectiveness derived from recovery of waste paper will create 2 500 posts. In addition, a total of up to 16 000 posts can be created with the setting up of separation and recovery systems in major refuse bins and refuse collection stations, the provision of transport teams, the formation of community waste reduction networks, and even with the processing, export, sales and marketing processes involved in recycling industries. In comparison, only 750 new posts will be created even if the EcoPark is fully operational. Notwithstanding this, we still agree that the

EcoPark must, like other policies promoting recycling industries, assume its position expeditiously so that a comprehensive environmental industry policy can be established.

Deputy President, I so submit.

(THE PRESIDENT resumed the Chair)

MR VINCENT FANG (in Cantonese): President, our landfills are overloaded as a result of the constant rise in the volume of waste in Hong Kong. Resources on earth will also be exhausted one day as a result of over-exploitation. These facts are not only absolute, they are a cause for concern too. However, in order to resolve the problems, one-stop measures are required. Furthermore, the problems can only be alleviated by promotional efforts made from three aspects. First of all, members of the public should be educated to raise their awareness and then reduce waste production in their daily lives; second, manufacturers and retailers should strive to reduce the production of unnecessary waste and use degradable materials; and third, waste recycling has to be stepped up and ultimately discarded waste has to be reduced.

However, much of the waste generated is virtually unavoidable. For instance, it is impossible for beverages, such as bottled water, milk, juice, soft drinks, beer, and so on, to do without containers. Actually, much of the waste can be recycled. Recycling plus reprocessing can not only reduce wastage of resources, thereby alleviating the burden on landfills, it is also a business which can bring economic benefits and create job opportunities. I wonder why such a beneficial development strategy has all along been neglected by the Government. Therefore, I support in principle the motion proposed by Mr KWONG Chi-kin today regarding developing environmental industries, as well as most of the contents of the motion.

I have once proposed to the Government to increase the types of recovered waste, including plastic bags and glass containers, and provide incentives for green, recycling industries with a view to promoting the development of the industries, thereby achieving the goal of waste reduction. Needless to say, Members are well aware of the Government's response: glass containers as a kind of waste are large in volume and not easily recovered, and the cost involved

is too high. Or it may be said that the Government adopts an active non-intervention policy towards all kinds of investment, and so on. However, late last year saw the birth of the first enterprise recovering glass to produce glass bricks in Hong Kong. Hence, I think that the Government should enhance subsidizing the research and development of green, recycling industries, expand the types of recovered items and introduce more relevant support facilities.

However, both the industries and I have reservations about the PRS, given that the plastic bag levy launched in May for public consultation was the first initiative introduced under the Scheme. In our opinion, this kind of punitive tax will easily give consumers a wrong message that they can feel at ease and justified in discarding waste after paying the tax, as the Government is naturally obliged to solve the problem after collecting the levy. Consequently, not only will the objective of fully enhancing the awareness of environmental protection not be achieved, the burden on the general public will also be increased.

Though I understand that the vast majority of Members here will support the PRS, I wish to point out here that the Scheme, if fully implemented, will actually become a "consumption tax", given that the proposal is underpinned by the "user pays" principle. In other words, the ultimate persons disposing of waste will be responsible. This explains why officials of the Environmental Protection Department have stressed in particular that the \$0.5 plastic bag levy is not to be paid by retailers. Instead, the levy is to be collected from consumers by retailers on behalf of the Government.

Let us re-examine the target products proposed by the Government to be included in the PRS. There are six major types of target products, namely plastic bags, vehicle tyres, electrical and electronic equipment, packaging materials, beverage containers and rechargeable batteries. Except vehicle tyres, they are all daily necessities.

Hence, I think that the PRS proposed by the Government is an entirely new tax type, be it called consumption tax, value-added tax or green tax. It is just a matter of naming. Of course, the amount of tax thus collected will not be the same as that collected by the all-embracing Goods and Services Tax. The Government is now using environmental protection, which will not be rejected by the general public, to launch a new tax type. Furthermore, the tax will be

increased bit by bit unnoticed. However, the public will ultimately be made to bear the burden.

A number of advanced countries share the view that they are obliged to assume the responsibility of protecting the environment while promoting waste recycling. I hope the new government, with its emphasis on the people-oriented approach, can handle the PRS with caution and plan the future waste disposal methods in a comprehensive manner. Waste is actually not rubbish. It is actually a kind of resources. Hong Kong is accustomed to procuring everything from outside the territory. It is now time to properly examine how these internal resources can be developed and turned into golden eggs.

I so submit. Thank you, President.

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

MR LEUNG KWOK-HUNG (in Cantonese): I recall someone proposing a green sleeve scheme before Mr TUNG stepped down — sorry, it should be called a green collar scheme. Despite Mr TUNG's failure, the scheme could have created 100 000 jobs. What was discussed at that time was mostly about waste recovery.

Members should have gathered from television reports that no government support has actually been provided for the industry. From my personal contact with some people and relevant television reports, I know that it is actually very difficult for the industry to sustain. Why? Because of a lack of space. This has led to a conflict, which is no different from any other conflicts in Hong Kong. One example is screen-like buildings. Even housewives in Ngau Tau Kok should have known that a newly built building should not be taller than those at its back. However, there is no such a requirement in Hong Kong. In other words, there is no requirement stating that buildings situated at the waterfront must not block the buildings behind them. This should be general common sense.

But what is the present situation? Our acquisition of land through reclamation will actually damage the harbour. It is naturally hoped that the reclaimed land can be sold at high prices. In the present circumstances,

however, property developers will definitely not construct buildings at a low plot ratio on the site won at a high price in bidding. It is here where the problem lies. This problem is actually identical with the one experienced by environmental industries.

Insofar as their similarity is concerned, will the Government allowed them to utilize sites considered by society as very precious? Actually, there is no lack of land. I hope Secretary Edward YAU can drive to the New Territories to take a look when he is free. As if they are container depots, many sites in the New Territories are used for storing containers. No one takes notice of the situation because the status of these sites is still not certain. In other words, no one has exchanged land with the Government by way of letter of exchange. Nor is it known if the sites will be developed. This problem has led to a marked shift in Hong Kong, and that is, when the usage of certain lots has yet been determined or is being considered, the lots will be used for container storage. This will certainly lead to dissatisfaction among the residents living in the vicinity because of the generation of noises. When it comes to environmental pollution, noises will certainly constitute one form of pollution.

Now let us look back again. We have time and again earnestly requested the Government to develop environmental industries. However, have we requested the Government to provide land or allocate land for such industries? Should the Government fail to allocate land, those industries which have originally been undertaken in Hong Kong at a cost higher than that on the Mainland will have to raise their cost higher still.

Hence, the Government should come up with a plan if it is responsible. First of all, land should be identified. With land identified, the Government should then find manufactures or users who are interested in undertaking such industries. If the Government starts with identifying manufactures or users and asks them whether they are willing to undertake the industries even though land is not yet available, how can they commence work? Years ago, Mr TUNG was nearly cheated when he indicated his wish to construct a certain park. In the end, he was not cheated. He was very smart because he had been asked to first allocate a piece of land for the construction of the park. However, the Government granted land for the construction of the Cyberport without even taking a look. Therefore, the existing problem is merely about the degree of importance.

Therefore, insofar as the issue of environmental industries is concerned, first, we must first request the Government to allocate land and formulate policies; and second, a labour-extensive principle must be adopted or the unemployment problem will not be resolved. Should the labour-extensive principle be adopted, environmental industries can still be undertaken locally even if the Government decides not to procure high technology from abroad. In this connection, not only does the Secretary need to do some thinking, officials responsible for financial, monetary and economic affairs should also think hard to work out solutions. Otherwise, it is impossible for our green efforts to achieve results.

From my personal angle, as a public housing estate tenant, I have no idea whether the red, white and blue bags placed in my housing estate are used for environmental protection purposes and whether materials can thus be recovered for recycling. However, the bags allow us to separately dispose of useless aluminium cans, plastic items, paper, and so on. Actually, these bags may serve a window-dressing purpose only. No one has taken any notice of them. Even if some people act accordingly, they may not have thoroughly washed the stuff they are going to dispose of before discarding them. Sometimes, I was in a hurry to go out and I ended up throwing the stuff into the bags without washing it. Actually, at this level alone, intensive labour is already called for to undertake such work as separation, cleaning, screening, and so on. If we are to undertake community industries or social enterprises, these are the relevant tasks. Actually, the problems are identical in the sense that land is crucial.

Even the prime land in public housing estates has now been sold to The Link Real Estate Investment Trust (The Link REIT). Yet, this is what The Link REIT said, "Sorry, if the land has not yet been sold to us, you should make your request to the Housing Department." At present, The Link REIT is concerned merely about calculation of prices, without caring anything about environmental protection or employment. Therefore, Secretary Edward YAU, you must understand that if the Government's policies continue to be focused on property speculation or make capital speculation as its prime financial concern, coupled with the casino-style economy, then it is unnecessary for us to make any more comments on this topic.

I have to repeat that, first, land is needed; and second, the Government must promote environmental protection enterprises with its policies and capital. I hope Mr Donald TSANG can say a few words on this when he appears before

this Council tomorrow instead of talking about a blue sky all day long. My dear friends, are we talking about Greece? It is most important to revive Hong Kong and develop a green collar industry or else, the Chief Executive will be regarded as lying.

PROF PATRICK LAU (in Cantonese): Madam President, advocacy on the concept of promoting recycling, environmental industries is vital to the sustainable development of cities. It is also a manifestation of sustainable development because the objective of sustainable development is to achieve a proper balance between the supply and exploration of the resources of the Earth. For the avoidance of over-exploitation of the limited resources of the Earth, recycling is the most effective way of saving resources. Therefore, I support all the policies and measures proposed in the motion for promoting recycling and, most importantly, effectively converting useless waste into useful materials to achieve genuine sustainable development.

Actually, the Government can help vigorously promote the development of many highly creative environmental industries at present. For instance, Secretary Dr Sarah LIAO proposed last week that vehicle tyres be broken down into tyre particles which could then be used for the manufacture of soft mats as flooring for children's playgrounds or artificial turf. I have also had the experience of converting vehicle tyres into many useful construction materials.

For instance, a large number of formworks will be used after the sprouting of concrete on construction sites. Not only do such formworks require a lot of space for storage, they no longer carry any value upon the completion of construction works. In the interest of cost-effectiveness, these formworks should be recycled rather than being wasted to produce large volumes of refuse. The timber may be assembled and crushed so that the crushed fragments can be used for producing chipboards. I have once visited some prisons. Actually, all the furniture in government prisons are made from chipboards which can be used as materials for manufacturing new furniture. Therefore, promoting environmental industries is not confined merely to encouraging recycling. It can even resolve environmental pollution problems and promote economic development.

In addition to plastics and timber, a lot of food waste is generated by our daily meals. Such food waste can be recycled and converted into fertilizers. At present, some environmental protection companies are studying ways to decompose and transform the otherwise wasted food waste by way of biotechnology, such as through the use of earthworm, into useful fertilizers for plants.

Such excellent examples of reuse should be expanded further to encourage families and restaurants to collect their food waste. But the problem hinges on how to promote source separation of waste. Actually, a song sung by primary students a long time ago was about "yellow aluminium cans, blue waste paper, brown bottles". However, because of our congenital inadequacy in terms of our badly crowded living environment, there might be a lack of space for waste separation at home. As far as I know, the Housing Authority has commenced work in public housing by assigning a place on each floor for collecting these types of waste.

In addition to resolving the problem caused by the design of buildings to make waste recovery possible, I think that appropriate complementary measures are also called for. To achieve this, the Government should provide appropriate incentives to encourage the provision of larger kitchens or workplaces so that even families will have the space available for source separation of waste. Moreover, efforts to educate the community to participate should also be complemented by the development of environmental industries.

In the long run, planning is of paramount importance, and every sub-district should be taken into consideration as well. Even if waste can be collected, it is inconvenient if the collection point is far away. At present, we cannot collect waste from all over the territory as only Tuen Mun is available, but it is remotely located. Therefore, planning is very important.

Madam President, it is vitally important to expedite the work of the EcoPark. Regarding the comment made by Members earlier that planning is extremely important, no planning is possible without land. Furthermore, land in Hong Kong is very precious. I think that consideration can be given to making use of multi-storey industrial buildings. With proper control, we may capitalize on existing unoccupied factories to undertake environmental industries. Of course, the Government must consider the environment as well. More importantly, the Government should provide financial support to assist

some experts in conducting scientific research for the purpose of exploring more creative technology, enhancing the development of environmental industries, promoting recycling and developing technology to alleviate pollution, and promoting the economic development of environmental industries more effectively, thereby creating more job opportunities. I so submit. Thank you, Madam President.

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

MISS CHAN YUEN-HAN (in Cantonese): Madam President, insofar as this topic is concerned, I still remember when Mr CHENG Yiu-tong and Mr CHAN Wing-chan were Members of this Council in 1995, the Hong Kong Federation of Trade Unions (FTU) initiated a social movement to discuss the prospects of the recovery industry, given the hardship experienced by workers in seeking employment at that time. In addition to a rally staged by the FTU, I also visited a number of places and conducted a series of research.

Hence, the figures cited by Mr KWONG Chi-kin and Mr WONG Kwok-hing earlier have actually been kept in our office. In various countries, recovery must be effectively performed before environmental protection efforts can be made. Actually, this type of work can really create a lot of employment opportunities.

Madam President, has our decade-long discussion on this matter made any progress? I think that disjointed progress has indeed been made. While something has been done, some has been left untouched. I find that in their speeches, many Honourable colleagues told of our situation during the past decade or so. Concern would be aroused whenever this topic was raised. There were also some people who had personally made some effort and gained some experience.

Should the Government fail to address these problems, we should feel sorry in facing the green global village. We are actually under pressure. As pointed out by Mr KWONG Chi-kin and other Members earlier, our landfills have reached a critical stage and will reach capacity within only five to 10 years. The situation will become even worse should waste continue to grow at the present rate.

As the SAR now stands, the new Secretary (the young Secretary I know very well. He is not only young, but also has the experience of dealing with labour and education affairs. There were exchanges between us too.) is expected to tackle this problem and come up with a "three-win solution". On the one hand, we must understand our role in the global village and consider what can be done to effectively perform recovery and, on the other, we should properly resolve the problems experienced in waste disposal locally. Furthermore, this type of work can also create huge job opportunities.

Next, Madam President, I will quote some data. As once pointed out by my colleagues, even though Hong Kong is a tiny place, the amount of waste and refuse generated by us is not small at all. As pointed out by Members earlier, the total amount of solid waste generated by us has reached 9 377 tonnes. Despite much effort made over the past decade by us, including the Government and green groups, we can see that the amount of solid waste generated by individuals has continued to rise by 25%. It is quite alarming that an average of 1.36 kg is discarded daily.

This explains why Dr Sarah LIAO pointed out in her speech on her last day as an accountable Secretary of the last term that the amount of solid waste was so alarming that solid waste, mostly food waste, played a key role in landfills.

Madam President, when we look back at the Government's existing policies, we will find that, except for the disjointed progress made in general, some issues have frequently, frankly speaking, not been dealt with seriously. If the Government still insists that it can rely mainly on landfills, I think this is not to going work should the situation remain unchanged.

Since the mention of food waste by Dr Sarah LIAO in her speech on the last day of her presence in this Council, I have been compelling others who go dining out with me to finish all the food we have ordered. I would tell them to bring the unfinished food home because we must avoid producing waste. I think all of us are willing to do so. Even restaurants workers who are well acquainted with me agree with me. I think this is the right thing to do. Actually, a study is being conducted by the Government at the moment. But when will the study be completed? Several months ago, a lady from a group called "green bean curd" approached me, saying that they made bean curd. I was told the situation confronting them at that moment. Although they had found the right plant for production, they did not know what to do because there

were no more pigs owing to the gradual decline, or disappearance, of the pig-rearing industry. In the past, pigs were fed with the waste generated during the production process. She said that there would be a problem if she had to find someone to recover the bean curd, for the cost would rise significantly. However, the waste could absolutely be turned into something useful through recovery. Nevertheless, the Government has not given any consideration to this. I must point out to the Secretary that the situation is acute.

On the other hand, we keep producing waste and, at the same time, throwing away lots of things. These tasks cannot be accomplished by relying merely on publicity. A comprehensive set of policies is required too. Insofar as domestic waste is concerned — I am specifically referring to food waste — the recovery rate is 14% in Hong Kong, 35% in Taipei, and as high as 47% in Korea. Frankly speaking, the policies implemented in the places mentioned by me have proved to be able to arouse wide public concern. MA Ying-jeou once said he would launch a reform, and Radio Television Hong Kong produced a special programme demonstrating how MA Ying-jeou played a number of roles in promoting the food waste campaign. In the course of performing these tasks, the Government must formulate feasible policies and, among other things, provide land.

Frankly speaking, the Government has to address Hong Kong's reputation as a gourmets' paradise. Given the former Secretary's remark that food waste was the most serious problem, I hope our new Secretary, Edward YAU, can respond later. I wonder what solutions the young and capable Secretary will come up with to resolve the problem of food waste. I am throwing down the gauntlet to him.

When it comes to waste production, indeed a lot of food waste is generated in restaurants. In addition to calling upon customers to bring their unfinished food home through publicity, what can be done to really put this practice into implementation? A very important procedure, that is, midway recovery, is involved. Without midway recovery, what has been said is nonsense. I recall someone in Sham Shui Po attempting to turn food waste into chemical fertilizers for planting. However, enormous problems were encountered as a result of a lack of follow-up policies, manpower for recovery and supply of food waste.

Hence, when we blame Hong Kong people for having no intention and no feelings, we should also ask the Government what policy it has formulated.

While it upholds the importance of environmental protection and waste disposal, it has failed to make persistent efforts. As evident in my recent argument with the Government, very often, many other government departments simply do not bother and keep producing waste. To tackle this issue, small recovery stations must be set up in urban areas. However, the present situation is not like this. Anyone who dares to say anything like this will be removed.

I think the Secretary must be a man of great courage, for he has to break down barriers and streamline procedures in this respect. Is he willing to do so? The FTU is a non-government organization which is concerned about environmental protection and employment in Hong Kong. Actually, we have been making a lot of efforts in this aspect. But very often, we ended up facing a stone wall when we approached different government departments.

Today, Madam President, we support the original motion and the amendments. Thank you.

DR FERNANDO CHEUNG (in Cantonese): President, the topic for discussion today is how environmental industries can be promoted. I still recall during the Chief Executive election campaign, my party comrade, Mr Alan LEONG, mentioned in his campaign platform the need to promote the development of environmental industries. However, he was refuted by Chief Executive Donald TSANG who stressed in the election forum that employment opportunities should be created through infrastructure projects, given that environmental industries were too small in scale. Now that the election is over, I hope the contempt demonstrated by Chief Executive Donald TSANG for environmental industries was merely out of his emotional response during the election campaign.

Whether environmental industries can boost employment certainly hinges on the scale of development of environmental industries. However, environmental industries can certainly bring enormous social benefits. For this reason alone, the Government should promote environmental industries.

The Government is of the view that, given the availability of limited land in Hong Kong, it is very difficult to develop environmental industries. Even the EcoPark developed by the Environmental Protection Department (EPD) is limited in scale, and the economic benefits that can be generated will not be substantial too. Nevertheless, environmental industries may reduce the damage

inflicted by domestic and industrial waste on the environment. These social benefits are actually evident. In particular, the development of certain "upstream industries" will be conducive to raising the rate of waste recovery of "downstream industries".

For instance, owing to fluctuations in market prices, a lot of plastics accumulated in the New Territories could only be sold for miserable profits, making it difficult for the business to sustain. However, since the operation of some larger plants for recycling plastic bottles, manufacturers have set up certain separation systems for effective crushing of plastic bottles and removal of impurities therefrom for production of recyclable materials for export to other places where products will be produced eventually. To provide favourable opportunities to facilitate the development of these upstream environmental industries will not only promote the rate of recycling local waste, but also raise the prices of local recycling, thereby leading to a multi-win situation.

Actually, certain posts of waste disposal plants are suitable for people with disabilities. For instance, 10-odd deaf-mute persons are employed by the plastic factory mentioned earlier to undertake separation of plastic bottles. In fact, disadvantaged groups are employed by many overseas environmental factories on a long-term basis.

In a motion debate held not long ago, I mentioned that many non-government organizations are actually highly creative. It can even be said that the enormous social benefits brought by environmental industries and green life were discovered by these organizations even earlier than the Government.

The Hong Kong Women Workers' Association, for instance, has set up a green domestic cleaning team by organizing women in the district to provide home cleaning services with the help of such natural materials as soda powder, salt, rice vinegar and lime. The Association has also organized a women's recycling team by setting up recycling stations in the district to collect second-hand clothing, small electrical appliances, toys, books, and so on, for onward sale to grass-roots families at low prices. A campaign to recycle used cooking oil has also been launched by Green Wise of Yan Oi Tong with success. The group has even opened a production plant in Tuen Mun to produce soap and detergent from used cooking oil for sale in farm produce fairs and markets. These green activities, albeit of limited scale, can evidently help environmental

protection, promote waste recycling while integrating environmental protection with employment in the district for the promotion of community economy.

For the "upstream green industries" to succeed, a comprehensive recycling network must be set up in the communities. Unfortunately, the three-bin system is not very effective, whereas the Source Separation of Domestic Waste Programme is still in infancy. On the contrary, some district groups have exercised excellent organizational power. Provided that the Government is willing to help, these recycling activities actually have great potentials.

For instance, the Hong Kong Women Workers' Association has set up a women's co-operative for plastic bottles whereby mobile stations are set up in the district for collection of plastic bottles which will then be brought back to recycling centres for separation and compression. The treated plastic bottles will then be transported to recyclers for recycling. The Hong Kong People's Council on Housing Policy has also set up a centre for green resources recycling and treatment to treat the plastic products delivered by residents. After compression, the plastics will be sold to recyclers.

Over the past six months, the prices of recycled plastic waste have continued to drop, making it difficult for these self-financing organizations to operate. At present, only small-scale recycling activities are operated by these groups and organizations. Although the EPD has set up some funds to subsidize the green community projects, the funds will operate for a limited period only. Upon the expiry of the funds, the organizations will often need to take great trouble in resolving their future funding problems, and individual projects might have to be discontinued. In my opinion, the Government should have planning and foresight in examining how longer-term assistance can be provided to steer those organizations in developing environmental industries. This can, on the one hand, help improve the environment and, on the other, develop community economy to create job opportunities. Actually, these efforts can help the disadvantaged in particular. Therefore, I have spoken in support of the original motion.

President, I so submit.

MR ALBERT CHAN (in Cantonese): President, as Hong Kong is a capitalist society, it is only reasonable that businessmen here should strive for profits.

However, Hong Kong can be said to be particularly mercenary or, to put it somewhat crudely, extraordinarily mercenary, as environmental pollution in Hong Kong is particularly serious too. Every component, from our air, our harbour, our natural streams and rivers to our trees, has been seriously damaged.

On the one hand, this is attributed to the lack of public awareness of the damage done to the environment, a result of the most heinous crimes committed by the former British Hong Kong Government. While the Opium War inflicted mental and physical harm on the people, colonial rule also caused damage to the environment. Therefore, after the reunification, the SAR Government should be obliged to cherish our land, as we now have our own land managed by our people. However, with the lapse of a decade after the reunification, no progress has been made at all in environmental protection policies, particularly in terms of conservation policies and development of green industries. This is really disappointing.

In the past, in handling the disposal of waste and refuse, the Government has kept swinging like a yoyo, from the use of incinerators and landfills in the past to its present proposal of recovery. I have recently found that the Government is reacting indecisively because of its indefinite policies. Even if the policies are implemented, no resolve on the part of the Government is shown.

Let us look at Taiwan. Under the governance of CHEN Shui-bian and MA Ying-jeou for one and two terms respectively, Taipei experienced dynastic reforms in environmental protection over the past 12 years. I still recall when I visited Taiwan during the latter half of the '80s, Taiwan was a far cry from Hong Kong. Taiwan used to be very dirty. However, I found that Taiwan had kept improving on my visits to the place every one or two years. When I visited Taiwan last year, MA Ying-jeou was still the mayor of Taipei. We paid him a visit to listen to his introduction of Taiwan's green efforts. In a matter of 12 years, Taiwan has experienced drastic changes under his strong leadership. I hope the Hong Kong Government will stop talking about strong governance. It should look at Taiwan to examine how strong governance has been manifested by Taiwan's green policies, how the Taiwanese are guided to formulate green policies, how recovery is undertaken, and how employment opportunities are created through green efforts.

Just now Dr Fernando CHEUNG suggested that Chief Executive TUNG did not put too much emphasis on environmental protection. Dr CHEUNG should have pointed out to the Chief Executive that, in the report on the "11th Five-Year Plan", environmental protection is a state policy. Let me read it out for him, OK? The Central Committee of the Communist Party of China has clearly proposed in the 11th Five-Year Plan regarding national economic and social development that economizing on resources is a basic state policy. Hence, the Chief Executive would be considered disrespecting the state policy should he fail to show respect towards environmental protection, OK? "To develop a cyclic economy, protect the ecological environment, expedite the construction of a resource-saving and environmentally-friendly society and expand the integrated exploitation of resources are the basic state policies for economizing on resources". The report then proceeds to discuss a number of issues relating to green industries.

Basically, guidance in the integrated exploitation of resources can be divided into three well-defined areas, namely guiding ideology, basic principles and development objectives. When it comes to guiding ideology, let me read out a few sentences: "seriously and fully implement the basic state policy of economizing on resources to be guided by the scientific development viewpoint, and uphold the principles of "taking actions that suit local circumstances, promoting exploitation, target breakthrough and comprehensive promotion" to achieve the objective of enhancing the efficiency and effectiveness of exploitation of resources." In addition, there are several basic principles focused on the market, technology and social participation. As regards development objectives, the percentages required to be raised in respect of a number of projects and materials have been set out. For instance, it has simply been proposed that from 2005 to 2010, the total recovery rates of mineral resources and mineral products have to be raised by 5% to 35% and 40% respectively. The objectives set are well-defined. Then, a wide range of things such as copper, gold, and so on, are discussed, and clear indicators have been set accordingly.

However, the Hong Kong Government is still asleep. Before her departure, the former Secretary Dr Sarah LIAO stated that the issue of plastic bags must be dealt with. Two months ago, I raised a question concerning plastic bags in this Council because of the terrible conditions witnessed by me when I visited a beach and on the roadside of a country park. I saw that the refuse collected from the beach was put inside a number of black plastic bags. However, the amount of waste generated by those plastic bags was even large

than that by the collected refuse. The entire beach was full of black plastic bags containing refuse, though the plastic bags was probably only 30% full, not 100% full. Apart from this, the leaves and branches cut from the trees on the roadside were also contained in big, black plastic bags. It has been advocated in foreign countries for a long time that black plastic bags should not be used to collect organic waste, which should be disposed of by other means instead. This shows that the Government is absolutely lack of such awareness of environmental protection. Very often, it merely cares about administrative expediency. Secretary Edward YAU is a relatively young Secretary and he shows great respect for the policies of the Central Authorities, as evidenced by his frequent mention of the "11th Five-Year Plan". May I invite him to refer to the guiding ideology of the "11th Five-Year Plan" and examine what should be done to deal with green industries. I hope Chief Executive Donald TSANG can show some respect for the state policies and refrain from demonstrating an attitude of contempt when discussing green issues.

MR LEE CHEUK-YAN (in Cantonese): President, the issue of environmental industries has been discussed for many years. I believe Secretary Edward YAU, who has just assumed office, can still not conjure up magic, am I right?

Although this issue has been dragging on for so many years, I have not seen any concrete efforts made. I am certainly aware of the existence of the EcoPark. However, the number of jobs provided by the EcoPark is actually very small, for the jobs will be confined to within the EcoPark only. Therefore, it is impossible for a real environmental industrial chain involving work processes from recovery to recycling to be formed. What we need is a full green industrial chain, for every work procedure can create a wide range of job opportunities.

It is a great pity that, despite years of debate and Members' annual appeal to the Government to promote environmental industries, we have still not seen the Government take concrete steps to activate the machinery to do anything. Its speed is actually too slow. Like a snail moving inch by inch forward, the Government has merely been able to provide literally a handful of jobs. Now, the EcoPark can only provide 100-odd jobs. It is extremely disappointing that only 100-odds jobs can be provided after so many years. Although the Government has often emphasized the need to create job opportunities, it has

failed to take full advantage of those environmental industries which are capable of creating job opportunities. Instead, it has kept procrastinating.

In the past five years, I would ask the Financial Secretary the same question every year whenever I met him as to whether the Government could promote environmental industries expeditiously. This is because the Government is absolutely not required to provide any resources. I wonder if the Secretary is aware of the amount of money spent on landfills. When I made an enquiry years ago when campaigning for environmental industries, I was told that the Government had to spend \$1.15 billion per annum to operate the landfills.

On the one hand, landfills are a very backward way of thinking because the idea of environmental protection is completely lacking. On the other hand, money has to be injected continuously. We used to ask the Government why it chose not to use the money, amounting to \$1.1 billion, spent on the landfills for recovery. It was indeed unnecessary to deliver everything to the landfills for some of them could be recovered and then recycled. The \$1.1 billion supposedly to be spent on landfills could otherwise be used as wages to pay for recovery and create job opportunities. Why did the Government not do so? Job opportunities could thus be created straight away.

Of course, a number of support measures will be required. For instance, for recycling purposes, collection centres have to be first set up in different districts. Second, collection teams have to be set up in every corner of every housing estate throughout the territory for recycling purposes. Alternatively, training may be provided to members of the public so that they will be willing to separate their domestic waste in different categories, such as dry waste, wet waste, paper, and so on. Upon collection, the waste will be delivered to the collection centres for a chain process of separation and recycling.

Today, having talked about this for years, we still have not seen the Government take one step forward. I certainly know that the Government has conducted a number of tests. The Government would say that a test would be conducted each time this subject was mentioned. After conducting experiments and domestic recovery tests for so many years, why is full recovery still not implemented so that more job opportunities can be created? We are not only greatly disappointed, but also very anxious.

In Hong Kong, there are a great number of low-skilled workers with low educational attainments who are in need of jobs to maintain a living. If environmental industries can be successfully promoted, the workers will be provided with a sustainable job. However, no answer from the Government is forthcoming to date. I wonder if Secretary Edward YAU will come up with any new ideas. But I have never heard that the Government has any clear and concrete plans to promote environmental industries in Hong Kong. I very much hope that a reply can be given to me later. Should that be the case, we would no longer need to discuss with the Financial Secretary year after year. And then, the Financial Secretary would forward our questions to Secretary Dr Sarah LIAO, which would then disappear, leaving us with no idea of what had happened. Now, the questions are handed to you, Secretary Edward YAU. Let us see what will happen — I hope that more job opportunities can be created.

Thank you, 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 Mr KWONG Chi-kin to speak on the amendments.

MR KWONG CHI-KIN (in Cantonese): President, three Honourable Members, namely Miss CHOY So-yuk, Mr Jeffrey LAM and Ms Audrey EU, have proposed amendments today. I welcome their amendments because they have not only supplemented my original motion from different angles, but also enriched the contents of the motion. As I do not see any differences in principle, I welcome and support the amendments.

After listening to the debate among Honourable Members earlier, I would like to respond to several points. First of all, Miss CHOY So-yuk has further proposed a more specific amendment to my proposal of separating wet and dry waste by suggesting source separation of domestic waste and separation of wet and dry waste. When speaking on behalf of the Democratic Party, Mr SIN Chung-kai expressed his slight reservations about this point on concern that the

use of plastic bags for separation of wet and dry waste would cause more pollution. Such concern is indeed reasonable. However, I believe Secretary Edward YAU, being a wise person, will not create more pollution in resolving pollution. In my opinion, this piece of advice is worthy reference. I hope the Government, in implementing separation of wet and dry waste in the future, will not use black plastic bags to carry organic waste, as criticized by Mr Albert CHAN earlier, thus making the Government a laughing stock. I think the use of plastic bags can be further studied. Perhaps degradable plastic bags can be used instead. I believe this is merely a technical problem, which should not be very difficult to resolve.

Nevertheless, separation and recovery of wet and dry waste is a major principle. Without separation, all kinds of waste will be mixed together. As pointed out by a number of Members already, this means that there would be no clean sources of waste. Miss CHOY So-yuk has specially emphasized this question: Without clean sources of waste, how can recovery be possible? Therefore, I agree that this principle of separation of wet and dry waste warrants emphasis.

Mr Jeffrey LAM's amendment is not bad. While I propose assisting social enterprises to participate in environmental industries, Mr Jeffrey LAM's amendment suggests assisting small and medium enterprises in joining environmental industries. I certainly welcome Mr LAM's amendment for he has mentioned participation of social enterprises too. Insofar as this aspect is concerned, our directions are consistent in the sense that we propose enabling social enterprises to participate in environmental industries. However, Mr LAM has proposed a very strange premise, that social enterprises must not compete with the private sector for profits. In my opinion, such a confrontation is unwarranted because social enterprises are part of the private sector. Hence, how can social enterprises compete with the private sector for profits? I think such unnecessary conflicts are unwarranted when this issue is raised again for discussion. Our directions are actually consistent. Given that social enterprises are part of the private sector, I really cannot see how social enterprises will compete with the private sector for profits.

In her amendment, Ms Audrey EU proposes the establishment of a licensing regime for waste collectors. Just now, Members expressed different views on the licensing regime, and there was concern that operational difficulties would be caused once licensing was introduced. From the regulatory angle, or

even from a more positive angle of supporting the development of the industries, regulation will be difficult without a registration system because the identities of operators will not be known. Perhaps the Government will come up with some good measures. Therefore, I support the licensing regime in principle. However, I trust that the Government will not be so stupid as to require old women collecting refuse or cartons to obtain a licence. I believe the Government will not act in this way. It would be a pity should Secretary Edward YAU really act in this way. Miss CHAN Yuen-han will definitely describe him as a big fool and press us to oppose him. However, I believe the Government will not do anything like that.

Hence, despite the divergence in views on some minor details of the amendments, there is a great consensus among Members. I hope Members holding different views can reach a greater consensus progressively and foster better co-operation in promoting environmental protection. Thank you, President.

SECRETARY FOR THE ENVIRONMENT (in Cantonese): Madam President, this is the first time that I speak in the Legislative Council after my assumption of office as Secretary for the Environment. I must first express my gratitude to Mr KWONG Chi-kin for moving the motion today, which gives the new Government at its inception an opportunity to explain to Legislative Council Members and the general public its efforts of promoting environmental industries and creating job opportunities. I must also thank Ms Audrey EU, Miss CHOY So-yuk and Mr Jeffrey LAM for their respective amendments and other Members for their valuable advice. As rightly pointed out by Mr KWONG Chi-kin just now, Members' remarks and the contents of the various amendments basically share the same direction as that of the Government's efforts. Over the years, the Government has actually been making immense efforts to promote environmental industries. I must take this opportunity to thank my predecessor and the staff of the Environment Bureau. In the past few years, they did make many efforts in this direction. Admittedly, such efforts may not have achieved their goals entirely and satisfactorily, but the important thing is that the work in this direction has already commenced.

When they spoke just now, many Members mentioned the pressing problems caused by solid waste. I believe that, to a very great extent, Members and the Government do share many common views on this topic. As a matter

of fact, Hong Kong produces more than 15 000 tonnes of solid waste every day, most of which is disposed of at landfills. Members can see that if the present situation continues, our three existing landfills will be filled to capacity one by one within the next 10 years. This poses not only an environmental problem but also a great challenge to Hong Kong's sustainable development. Given such a severe problem of solid waste, we can no longer rely solely on the terminal treatment of waste. Instead, we must implement an effective waste management policy based on the "polluter pays" principle, so as to reduce the production of waste at source. We must also collect reusable materials for recycling, with a view to promoting circular economy and easing the pressure of social development on the natural environment. In this regard, I believe that the Government's policy should be the same as Members' wishes.

In December 2005, the Environmental Protection Department (EPD) published a document entitled "A Policy Framework for the Management of Municipal Solid Waste" (Policy Framework). This Policy Framework sets out a blueprint on tackling the problem of waste in Hong Kong at different levels on the basis of the policies and measures we have just mentioned. Regarding waste at source, we propose to fully implement the Source Separation of Domestic Waste Programme. And, for the long run, we also propose to introduce a municipal solid waste charging scheme, with a view to directly reducing the generation of waste. As for used products, we propose to introduce a Producer Responsibility Scheme (PRS) to encourage the recovery and recycling of reusable materials. Besides, we also propose the adoption of integrated waste management facilities as a means of terminal waste management in a multi-tier waste management system. To successfully implement all these measures, both the active participation of the people and the support of environmental industries are required. For this reason, I agree with Members that the development of environmental industries is an indispensable link of the whole process.

Members have also mentioned the EcoPark in Tuen Mun Area 38. I myself hope to pay a visit to it in the near future, so as to see the latest progress of this new project. By providing long-term land at affordable rents to environmental industries, the EcoPark aims to encourage these industries to introduce technologies that can recycle locally recovered materials into useful products of value. The 20-hectare EcoPark will be developed in two phases. As Members have already mentioned, the site formation works of the first phase has been completed, and tenancies of the first batch of three lots were granted in

April this year. The successful bidders will operate in the EcoPark facilities to recycle locally recovered waste plastics, vehicle tyres and wood. The tenants concerned are expected to employ more than 100 skilled and non-skilled workers. Actually, a tenant of the EcoPark will be responsible for manufacturing some of the rubber pads in the future equestrian venue mentioned by Mr Jeffrey LAM. In other words, within just a very short time, they are already able to return recycled products to the consumption loop in Hong Kong. Tenancies of another three lots in the first phase will be put on public tender in the coming three months and granted within this year. This means that apart from the three lots mentioned previously, there will be three more lots. The EcoPark will adopt an incremental approach in its development, making adjustments and improvements step by step. Therefore, all the advice given by Members just now will be fully considered. It is hoped that Members' views can be incorporated at different stages in the tendering process. We hope that ultimately, the EcoPark can accommodate some 20 tenants and provide roughly 750 new job opportunities.

Besides, in order to support the development of the waste recovery industry, the Government has granted short-term tenancies for 36 lots measuring totally 7.4 hectares all over Hong Kong Island and Kowloon to operators in the industry. This can precisely address the concern raised by Members just now. The EcoPark is not the only initiative. We will also grant short-term tenancies to the waste recovery industry for other lands not yet designated for any long-term uses.

The other measures of the Government, such as the PRS and the Source Separation of Domestic Waste Programme, will also help provide environmental industries with a more stable source of raw materials. In the Policy Framework we have mentioned, it is also proposed that a PRS should be introduced for plastic shopping bags, vehicle tyres, electrical and electronic appliances, beverage containers, packaging materials and rechargeable batteries, requiring manufacturers, importers, wholesalers, retailers and even consumers to share the responsibility of handling waste. The PRS can reduce the environmental impacts of waste products on the one hand and ensure their proper disposal on the other.

In this connection, the Government put forward a concrete proposal in May this year on the imposition of an environmental levy as an economic incentive to encourage people to use fewer plastic shopping bags and remind

them of the importance of reducing the generation of waste in their daily life. I understand that when the proposal concerned was put before the Legislative Council Panel on Environmental Affairs, most Members rendered their support. I hope that after considering the various views, we can submit the Product Eco-responsibility Bill to the Legislative Council as soon as possible before the end of this year and commence the work required. Once a legal framework is put in place, we can start with the imposition of a levy on plastic shopping bags and then proceed with the task step by step.

The Government will also follow up the implementation of a PRS for other materials, including electrical and electronic appliances. As a matter of fact, since 2003, the EPD has been commissioning Caritas Hong Kong and St. James Settlement Hong Kong to recover computer products and electrical appliances all over Hong Kong. A workshop has already been established in Kowloon Bay to inspect, repair and disassemble such products. Reusable computers and electrical appliances are given to those in need through voluntary agencies, and reusable materials are at the same time recycled. Employing several dozen workers, the workshop provides low-qualification youngsters with training opportunities through the scheme concerned. This is precisely an example of how social enterprises can participate in environmental protection as mentioned and advocated by Dr Fernando CHEUNG, Mr LI Kwok-ying and Mr Frederick FUNG. I believe that in the future, a favourable environment and good opportunities can be created in this respect, not least because the new Government also hopes to promote the development of social enterprises.

After implementing a PRS for individual types of products, the Government will review the landfill disposal of specific products on the basis of the Policy Framework mentioned. We will also explore whether and when an order should be issued to ban the disposal of certain types of discarded products at landfills. In other words, for certain types of waste, they should no longer be disposed of at landfills once we have implemented proper arrangements for their recovery. Miss CHOY So-yuk's amendment proposes to restrict the disposal of toxic waste at landfills. In this regard, there is already stringent control under the existing Waste Disposal Ordinance, which provides that certain types of toxic substances must first be sent to the chemical waste treatment centre in Tsing Yi for treatment, and that only the safe residuals remaining after treatment can be disposed of at landfills.

The EPD launched the Source Separation of Domestic Waste Programme in 2005. The aim is to facilitate people's direct participation in source separation of waste by encouraging and helping property management companies and residents' organizations to set up source separation of waste facilities on the different floors of their buildings. This can reduce the generation of waste on the one hand and hopefully lengthen the lifespans of landfills on the other.

As at June 2007, nearly 600 public and private housing estates covering 30% of Hong Kong's population — not single blocks of buildings, but housing estates — had joined the programme. Although most of the population had not taken part, this was already a very good start. The waste generated by participating housing estates thus saw a decline in volume. When compared with the volume in 2005, the volume of waste generated by these housing estates in 2006 dropped by 3%. With the source separation of domestic waste programme and other waste reduction measures, the total recovery rate for domestic waste in Hong Kong rose from 14% in 2004 to 20% in 2006. And, the territory-wide recovery rate for solid waste, as already mentioned by some Members, also rose to 45%, attaining the target three years ahead of schedule. There is of course still room for improvement. What we must do is to make people understand what materials can be recycled or reused. We must also let them know where source separation and recovery can be possible, so as to enhance the effectiveness of our environmental efforts.

As for Mr SIN Chung-kai's question on plastic bag recovery venues, I must point out that the recovery bins for plastic materials under the Source Separation of Domestic Waste Programme can already be used for the recovery of plastic bags. But he is not present at the moment, so I may perhaps inform him personally later on. The EPD will continue to launch active education and publicity activities in housing estates and the whole community, with a view to improving the Source Separation of Domestic Waste Programme. If necessary, we will deploy our staff to deliver talks in housing estates, so as to encourage greater participation.

Madam President, the motion also touches upon the separation and recovery of dry and wet waste. I understand that with the help of an organization, a pilot scheme was implemented on Hong Kong Island in 2003, whereby dry and wet waste were handled separately in participating housing estates and subsequently handed over to recovery operators for treatment. The volume of waste collected under this pilot scheme showed some increase, many

problems were detected in the process. For example, the handling of the waste collected required very complicated procedures, thus leading to very high costs. Some housing estate cleaners did not pitch in fully because they did not think that they could share the benefits generated by the recovery of such waste. Moreover, the collection of wet waste also gave rise to some environmental hygiene problems. For all these reasons, the pilot scheme did not succeed in attaining perfection. We must therefore take stock of the experience and explore ways of improvement before taking any further steps to promote the recovery of dry and wet waste. But, overall, we are of the view that the Source Separation of Domestic Waste Programme is a source separation and recovery scheme that is convenient, cost-effective and geared to local needs. We shall continue with this programme.

Prof Patrick LAU and Miss CHAN Yuen-han both talked about what should be done to food waste. Every day, as much as 3 200 tonnes of organic waste is disposed of at our landfills. Of this, 700 tonnes are generated by the industrial and commercial sector. One feature of the organic waste from the industrial and commercial sector is that the sources are comparatively concentrated. The recovery value is therefore comparatively high. The Government now plans to launch a pilot scheme on organic waste disposal, in the hope of ascertaining whether it is possible to develop the recycling of the organic waste from the industrial and commercial sector (especially the waste from restaurants, food processing, and so on) through large-scale composting.

Last week, when I visited a school in Tin Shui Wai, I observed a very strong awareness of environmental protection. They no longer used any lunch boxes but instead distributed food to students according to their needs. Such a practice is still not quite so common now. I hope that environmental organizations and schools can join hands to promote this practice, and we will also do our part to provide encouragement, so as to see whether it is possible to reduce organic waste. Owing to the adoption of whole-day schooling, students must now eat at school, and they must use lunch boxes to hold their meals. The use of lunch boxes generates waste, but leftovers also pose a great problem.

Miss CHOY So-yuk's amendment proposes to adopt the "polluter pays" principle as a means of reducing waste. This is in line with our general direction. The Government's proposal of introducing a municipal solid waste charging scheme is meant to offer a direct financial incentive to encourage

people to reduce the generation of waste and recover and recycle reusable waste. We have recently completed a pilot scheme on assessing the feasibility of imposing a solid waste charge through the adoption of designated garbage bags. Studies were conducted under the pilot scheme to identify ways of assisting single residential blocks in waste recovery, because such buildings will encounter greater difficulties in operation. Besides, we also have to try out various means to encourage greater public participation, ascertain whether there would be any difficulties in implementation, find out ways of preventing people from discarding waste illegally to avoid the charge, and co-operate with property management companies and waste recovery operators. I believe Members will also agree that the "polluter pays" principle is an effective means of waste reduction. But the public must accept the fact that they must pay a price of some kind for the implementation of the scheme concerned. We will discuss further with Members and consult the public as soon as the findings of the pilot scheme are available.

There must be a stable market for environmental industries. In 2000, the Government amended the Stores and Procurement Regulations, requiring all government departments to procure environmental products and avoid single-use disposable items. This has already been established as a government policy. The various Policy Bureaux have also issued letters to the public bodies and subsidized organizations under them, encouraging them to follow the Government's practice of drawing up green procurement regulations. We will also consider Mr Jeffrey LAM's proposal on amending the procurement list from time to time to make sure that new items are added.

I understand that some commercial organizations have adopted similar practices, such as green product labels. And, the Electrical and Mechanical Services Department has also implemented the Energy Efficiency Labelling Scheme. It is believed that all this, together with other overseas certification schemes, should be able to provide consumers with further information on the procurement of environmental products.

Some Members have mentioned the development of and subsidy for environmental industries. Actually, through the Innovation and Technology Fund, the SME Development Fund and the Environment and Conservation Fund, the Government has already been providing environmental industries with funding. The funding amounted to some \$10 million last year.

Some Members have proposed to implement a licensing system for the regulation of environmental industries and waste recovery operators. But at the same time we have heard opinions different from the proposal. I believe that we must consider the proposal very prudently. Currently, the handling of waste is already regulated by the Waste Disposal Ordinance and other relevant ordinances. Will the implementation of a licensing system add to the burden of the industry, making the work of waste recovery even more difficult? Or, will a licensing system deter companies planning to invest in environmental industries? All these are the practical problems we must consider. We must think carefully before taking any actions in this respect.

Mr Jeffrey LAM proposes the establishment of a high-level inter-departmental industries facilitation council. Actually, after the current round of Policy Bureau reorganization, the Environment Bureau is already an agent with special responsibility for this matter. We will spend more time and make more efforts in this regard. It is our intention to entrust the Environment Bureau with sole responsibility for the task. But if necessary, we are prepared to discuss with other relevant departments, so that appropriate assistance can be offered to environmental industries.

In regard to promoting the further development of environmental industries, several Members have raised the idea of combining environmental industries with social enterprises for the purpose assisting the vulnerable. We do agree to this point. We will consider the ideas put forward by Members in this regard. As some Members have pointed out, in the course of promoting social enterprises, we need to consider the availability of a level playing field, so that all enterprises (private and social enterprises alike) can enjoy equal opportunities of participation.

I am very glad to hear of Members' concern about the development of environmental industries today. The successful development of these industries will not only improve the natural environment but also provide new job opportunities. According to the statistics supplied by the industries concerned, some 40 000 people are currently engaged directly or indirectly in environmental industries and recovery activities. When compared with our total workforce of more than 3 million, this is of course a very small number. But from a positive perspective, there is still much room for expanding these industries and the job opportunities they provide. We hope that with the continued development of

environmental industries, there can be further increases in the number of people they employ. We also hope that we can work with Members to take concrete actions to implement measures of green procurement and source separation of waste in their constituencies or functional sectors. That way, we will be able to support the development of environmental industries, create more jobs and bring forth a circular economy capable of sustainable development.

Members will surely understand that all the initiatives mentioned in my speech today cannot possibly be any major innovations worked out by me during my two days in office. Actually, my reply today encompasses the outcomes of discussions and co-operation involving the Government and the Legislative Council over all these years and also the tentative achievements of the policies concerned. More importantly, at the inauguration of the new Government, the Chief Executive undertook to improve people's life. It is mentioned in his political platform that strenuous efforts will be made to protect the environment, abate pollution and upgrade people's quality of life. With this conviction in mind, the Environment Bureau and I will be more than happy to continue to listen to Members' views, so as to make sure that the proposals, bills or funding requests we put before the Legislative Council in the future, even if they may still be controversial in one way or another, can still be accorded rational and thorough discussions and given greater support by Members.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Miss CHOY So-yuk to move her amendment to the motion.

MISS CHOY SO-YUK (in Cantonese): President, I move that Mr KWONG Chi-kin's motion be amended.

Miss CHOY So-yuk moved the following amendment: (Translation)

"To add "the economic activities of Hong Kong are getting busier by the day and its population keeps growing, and" after "That, as"; to add "generated" after "amount of waste"; to add "and trades" after

"development of environmental industries"; to add "and trades" after "comprehensive policy on environmental industries"; to add "and principles such as 'polluter-pays' to reduce waste generation and increase incentive to recover waste and, at the same time, studying the feasibility of restricting the disposal of toxic waste in landfills, so as" after "Producer Responsibility Scheme"; to add "the Source Separation of Domestic Waste Programme as well as" after "comprehensively implementing"; to add "as well as separation" after "recovery stations"; to delete "and" after "green procurement policy" and substitute with ","; to add "and strongly urging public and private organizations to develop green procurement guidelines" after "to comply with it"; to add "and labelling" after "green certification"; to add "as well as establishing a database" after "products and services"; to add "expediting the tendering exercise for the remaining lots in Phase I of the EcoPark and expeditiously drawing up a timetable for the granting of lots in Phase II in order to develop high value-added environmental industries;" after "(f)"; to delete "and" after "related work;" and substitute with "(g) reviewing the existing legislation regulating environmental industries and trades and actively studying the feasibility of implementing a licensing regime for certain environmental industries and trades, in order to enable a healthy development of such enterprises and, at the same time, avoid causing unnecessary damage to the natural environment and nuisances to the residents in the vicinity; and"; to delete the original "(g)" and substitute with "(h)"; to add "and trades" after "participate in those environmental industries"; and to add "and trades" after "promoting the economic development of environmental industries".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Miss CHOY So-yuk to Mr KWONG Chi-kin's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

Mr Howard YOUNG rose to claim a division.

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

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

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

Functional Constituencies:

Ms Margaret NG, Mr SIN Chung-kai, Mr WONG Yung-kan, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Dr Raymond HO, Dr LUI Ming-wah, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG 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 CHAN Kam-lam, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Kong-wah, Ms Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr Frederick FUNG, Ms Audrey EU, Mr LI Kwok-ying, Mr Alan LEONG and Mr Ronny TONG voted for the amendment.

Mrs Selina CHOW, Mr Albert CHAN and Mr LEUNG Kwok-hung abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 22 were present, 11 were in favour of the amendment and 11 abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 18 were in favour of the amendment and three 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): As Miss CHOY So-yuk's amendment has been negated, Mr Jeffrey LAM, you may move your amendment.

MR JEFFREY LAM (in Cantonese): President, I move that Mr KWONG Chi-kin's motion be amended.

Mr Jeffrey LAM moved the following amendment: (Translation)

"To add "in recent years" after "Hong Kong"; to add "(e) expediting the vetting and approval work of the tendering of the EcoPark to facilitate the development of recycling industries and expeditiously taking forward Phase II of the EcoPark development plan; (f) establishing a high-level inter-departmental industries facilitation council to formulate more effective strategies to support environmental recovery industries;" after "transportation of waste;"; to delete "(e) formulating the Government's" before "green procurement policy" and substitute with "(g) implementing a"; to delete the original "(f)" and substitute with "(h)"; to delete the original "(g)" and substitute with "(i)"; to delete "social" after "assisting" and substitute with "small and medium"; and to add ", and allowing social enterprises to join in, on the premise that they do not compete with the private sector for profits" after "those environmental industries with prospects". "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Jeffrey LAM to Mr KWONG Chi-kin'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 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:

Dr Raymond HO, Dr LUI Ming-wah, Ms Margaret NG, Mrs Sophie LEUNG, Mr SIN Chung-kai, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr

Vincent FANG, Mr WONG Kwok-hing, Dr Joseph LEE, Mr Jeffrey LAM, Dr Fernando CHEUNG, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Dr KWOK Ka-ki voted against the amendment.

Mr WONG Yung-kan, Ms LI Fung-ying and Mr WONG Ting-kwong abstained.

Geographical Constituencies:

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mrs Selina CHOW, Mr James TO, Miss CHAN Yuen-han, Dr YEUNG Sum, Ms Emily LAU, Mr Andrew CHENG, Ms Audrey EU, Mr Alan LEONG and Mr Ronny TONG voted for the amendment.

Mr LEE Cheuk-yan, Mr Albert CHAN, Mr Frederick FUNG, Mr LEUNG Kwok-hung and Mr Albert CHENG voted against the amendment.

Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk and Mr LI Kwok-ying abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 22 were present, 18 were in favour of the amendment, one against it and three abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, 12 were in favour of the amendment, five against it and five abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was carried.

PRESIDENT (in Cantonese): Ms Audrey EU, as Mr Jeffrey LAM'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.

MS AUDREY EU (in Cantonese): President, I move that Mr KWONG Chi-kin's motion as amended by Mr Jeffrey LAM, be further amended by my revised amendment.

President, I need not use three minutes. Actually, the only change I have proposed is to combine our original amendment with Mr Jeffrey LAM's amendment. My amendment is about licensing. I have explained earlier why this is a three-win solution.

Thank you, President.

Ms Audrey EU moved the following further amendment to the motion as amended by Mr Jeffrey LAM: (Translation)

"To add "; and (j) establishing a licensing regime for waste collectors in order to upgrade the quality of the recovery trade" after "private sector for profits"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Audrey EU's amendment to Mr KWONG Chi-kin's motion, as amended by Mr Jeffrey LAM, be passed.

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

(Members raised their hands)

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

(No hands raised)

Mrs Sophie LEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mrs Sophie LEUNG 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 SIN Chung-kai, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Dr Raymond HO, Dr LUI Ming-wah, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM and Mr WONG Ting-kwong abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Dr YEUNG Sum, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr Alan

LEONG, Mr LEUNG Kwok-hung, Mr Ronny TONG and Mr Albert CHENG voted for the amendment.

Mrs Selina CHOW, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk and Mr LI Kwok-ying abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 21 were present, nine were in favour of the amendment and 12 abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, 16 were in favour of the amendment and six 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 KWONG Chi-kin, you may now reply and you have seven minutes five seconds.

MR KWONG CHI-KIN (in Cantonese): President, I will definitely not speak for seven minutes because, if I use up the whole seven minutes again, my supporters will become opponents. *(Laughter)*

But still, I would like to make a brief speech. Just now, Miss CHAN Yuen-han mentioned a march organized by the Hong Kong Federation of Trade Unions (FTU) for environmental industries more than a decade ago. When some members with whom we lost contact called us after the march complaining of the FTU's failure to inform them of the march, I could only explain to them that we had lost contact with them.

One of the members who called us was a small recycler. A small organization had been set up by some recyclers — I have forgotten its name

because there were many organizations of that kind — and arrangements were made for CHENG Yiu-tong, some of our colleagues and I to conduct a visit. We had visited a number of small green waste collectors, and I was most impressed by the recycling of plastic bottles. President, the recycling of waste paper and aluminium cans is well developed in Hong Kong. Just now, a number of Honourable Members also mentioned those old women collecting cartons. Collectors of aluminium cans are pretty skilful, for they will flatten the aluminium cans with their feet before putting them into plastic bags or their own bags.

However, plastic bottles pose a greater problem because they take up a lot of space, and the transport cost is thus very high. Just now, Dr Fernando CHEUNG mentioned some successful recyclers. I have also been told that some handy machines can be used to flatten or crush plastic bottles. The first major problem is transport cost, given that plastic bottles occupy a lot of space and the number of plastic bottles transported by lorries is limited. The second major problem is that serious water pollution will be caused, given that the plastic bottles have to be flushed and washed after being crushed into granulates. During the visit, though we felt that the idea of recycling plastic bottles was good, large amounts of sewage would be generated as a result. The place of our visit was Yuen Long, where we could see a constant flow of sewage from there without being treated. When I asked them why sewage treatment was not conducted, they asked me if I had any idea how much sewage treatment would cost them. I agreed with their comment and immediately retract my words. They were just small recyclers. Their zeal was indeed hard to come by.

President, I have recounted this story to demonstrate that small recyclers can achieve nothing should the Government refuse to allocate some resources to help them. Even if they manage to do so, a new form of water pollution will be resulted.

Therefore, I hope the Secretary..... actually, Members have treated him very well. I have told him that Members will treat him very well today because environmental protection is supported by every Member. Regarding the Secretary's earlier comment that our directions are consistent, I think it is not constructive to do mere empty talking. The policies we are talking about are

definitely consistent; however, they must be implemented. Miss CHAN Yuen-han is even more agitated than me. Perhaps I should give her some time to speak. If specific measures are available, the Government should put them into implementation. For instance, can plastic bottles..... large amounts of waste, such as plastic bottles, are actually generated by us every day. Actually, I felt uneasy each time I used a plastic bottle. I earnestly hope that the recycling industry can be properly established so that this type of waste can be recycled.

Actually, recyclers are pretty happy to recycle plastic bottles because plastic bottles are clean, and the granulated are valuable too. Unfortunately, the support provided by the Government is inadequate. We have often requested the Government to provide assistance. Actually, it stands to reason that the Government should offer assistance to environmental industries because establishing landfills and waste disposal are equally costly. Just as pointed out by Mr LEE Cheuk-yan, spending money to subsidize environmental industries can not only reduce waste, but also create job opportunities.

Given our high expectations for the new Secretary, I hope he can expeditiously formulate some specific measures and listen more to the views expressed by green groups. I know that he is very hardworking. I wish to publicly praise the Secretary because a green group..... when the Secretary communicated with me over this debate yesterday, I indicated to him that I certainly supported the Government. Earlier, I was requested by a green group to arrange for a meeting with the Secretary when he took office. When I relayed this request to the Secretary, I was told by the Secretary that he had already called the green groups. The Secretary's emphasis on communication with green groups is good. I hope he can exploit ordinary people's wisdom by meeting with green groups and small recyclers more frequently to examine what proactive measures can be taken to enable government policies to be truly implemented to better the development of environmental industries.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr KWONG Chi-kin, as amended by Mr Jeffrey LAM, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

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:

Dr Raymond HO, Dr LUI Ming-wah, Ms Margaret NG, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Vincent FANG, Mr WONG Kwok-hing, Dr Joseph LEE, Mr Jeffrey LAM, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the motion as amended.

Ms LI Fung-ying and Mr WONG Ting-kwong abstained.

Geographical Constituencies:

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mrs Selina CHOW, Mr James TO, Miss CHAN Yuen-han, Dr YEUNG Sum, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Ms Audrey EU, Mr Alan LEONG, Mr Ronny TONG and Mr Albert CHENG voted for the motion as amended.

Mr LEE Cheuk-yan and Mr Frederick FUNG voted against the motion as amended.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Miss CHOY So-yuk and Mr LI Kwok-ying 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, 17 were in favour of the motion as amended and two abstained; while among the Members returned by geographical constituencies through direct elections, 21 were present, 14 were in favour of the motion as amended, two against it and four abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the motion as amended was carried.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 3.00 pm tomorrow.

Adjourned accordingly at three minutes past Eight o'clock.

Appendix 1**REQUEST FOR POST-MEETING AMENDMENTS**

The Secretary for Financial Services and the Treasury requested the following post-meeting amendments in respect of a supplementary question to Question 2

Line 4, third paragraph, page 34 of the Confirmed version

To amend ".....amounted to US\$3.72 billion" as ".....amounted to US\$37,200 billion" (Translation)

(Please refer to lines 6, fourth paragraph, page 9902 of this Translated version)

Lines 3 and 4, seventh paragraph, page 35 of the Confirmed version

To amend ".....as for the application fees for a RO application, it is \$4,730" as ".....as for the application fees for a RO application, it is \$4,740" (Translation)

(Please refer to lines 1 to 2, first paragraph, page 9905 of this Translated version)

Appendix I

WRITTEN ANSWER

Written answer by the Secretary for Financial Services and the Treasury to Mr WONG Kwok-hing's supplementary question to Question 6

When it comes to the statement "income disparity has been narrowing down" mentioned in the main reply, it refers to the observation that the income disparity derived from post-tax post-social transfer income is less than that derived from the original household income. According to the study results, the Gini Coefficients based on post-tax post-social transfer income for 1996 and 2006 were 0.466 and 0.475 respectively, an increase by 0.009. Both were lower than the Gini Coefficients based on the original household income (0.518 in 1996 and 0.533 in 2006, an increase of 0.015) in terms of the level and the magnitude of increase. This indicates that taxation and the provision of social benefits have helped reduce income disparity.

As for the observations mentioned in Member's supplementary question, the Census and Statistics Department has provided additional information as follows:

Decreased median household income

Statistics show that the median monthly household income dropped slightly from \$17,500 in 1996 to \$17,250 in 2006. In real terms (at constant June 2006 prices), the median monthly household income in 1996 and 2006 were roughly the same, at \$17,220 and \$17,250 respectively.

Increased number of low-income persons

In analysing the distribution of employment income of the working population between 1996 and 2006, two intervening factors should be taken into consideration, that is, price changes in the period and the presence of a large number of foreign domestic helpers in the working population. For the lower income groups, if foreign domestic helpers were excluded, the proportion of working population with real employment income below \$4,000 dropped from 8.5% in 1996 to 6.8% in 2006.

WRITTEN ANSWER — *Continued*

A two-fold increase of Comprehensive Social Security Assistance (CSSA) recipients over the past decade

The number of CSSA cases increased by 118% from 136 201 in 1995-1996 to 297 434 in 2005-2006. The CSSA payment increased markedly by 268% from \$4.83 billion in 1995-1996 to \$17.77 billion in 2005-2006. The growth rate in payment amount far exceeded that in case number.