

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 16 January 2008

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

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

THE HONOURABLE ABRAHAM SHEK LAI-HIM, 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.

THE HONOURABLE CHIM PUI-CHUNG

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

THE HONOURABLE MRS ANSON CHAN, G.B.M., J.P.

PUBLIC OFFICERS ATTENDING:

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

THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE JOHN TSANG CHUN-WAH, J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.

SECRETARY FOR EDUCATION

THE HONOURABLE STEPHEN LAM SUI-LUNG, J.P.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

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

SECRETARY FOR FOOD AND HEALTH

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

SECRETARY FOR LABOUR AND WELFARE

PROF THE HONOURABLE K C CHAN, S.B.S., J.P.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

THE HONOURABLE EVA CHENG, J.P.
SECRETARY FOR TRANSPORT AND HOUSING

CLERKS IN ATTENDANCE:

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

MS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

PRESIDENT (in Cantonese): A quorum is not present. Will the Clerk please ring the bell?

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

PRESIDENT (in Cantonese): A quorum has been present. The meeting will now start.

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
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Road Traffic (Driving Licences) (Amendment) Regulation 2008.....	3/2008
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Other Paper

No. 57	—	Legal Aid Services Council Annual Report 2006-2007
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ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Guideline Capping Loan-to-value Ratio for Residential Mortgage Lending at 70%

1. **MR LAU KONG-WAH** (in Cantonese): *President, regarding the Hong Kong Monetary Authority (HKMA)'s monitoring banks' compliance with the*

guideline capping the loan-to-value ratio for residential mortgage lending at 70% (70% guideline), will the Government inform this Council:

- (a) whether exception is allowed under the 70% guideline; if so, of those persons eligible for mortgage loans with loan-to-value ratios exceeding 70% (mortgage exceeding 70%), illustrated with actual examples; if not, the actions the HKMA will take when it is aware that someone has obtained a mortgage exceeding 70%, illustrated with actual examples;*
- (b) given that the aim of the HKMA introducing the 70% guideline is to maintain stability in the banking system by avoiding banks from being exposed to excessive risk in mortgage financing, whether senior civil servants who are granted mortgages exceeding 70% by banks are required to make declaration to the Government, in order to avoid undermining the effectiveness of the 70% guideline and prevent any conflict of interests; if declaration is not required, how the HKMA ensures strict compliance with the 70% guideline by all parties concerned; and*
- (c) how the Government has followed up cases in which senior civil servants have obtained mortgages exceeding 70%?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, our responses to the questions raised by Mr LAU Kong-wah are as follows:

- (a) The 70% loan-to-value (LTV) ratio cap is not a statutory guideline. It was first initiated by certain leading banks in Hong Kong in November 1991. The practice was then adopted by other banks as a voluntary measure for risk management purposes and evolved into an industry standard.

The HKMA supported the practice and continues to do so. As indicated in the 1995 HKMA Annual Report, the Administration reiterated its support for the maintenance of the 70% ceiling as a long-term policy important for promoting stability in the banking system.

While the 70% LTV ratio cap generally applies to all residential mortgage loan applications, there may be circumstances where authorized institutions can exceed the cap if they have reasonable justifications from risk management perspective. Such circumstances include:

- The authorized institution has conducted proper risk assessment for the concerned loan and the risk of the excess portion of the mortgage loan is properly managed, such as covered by additional collateral or mortgage insurance programme, and so on;
 - The authorized institutions grant residential mortgages to their staff with a LTV ratio higher than 70% as a staff housing benefit; and
 - To facilitate borrowers in negative equity to refinance their residential mortgages with a lower mortgage rate so as to reduce their mortgage repayments, the HKMA has allowed authorized institutions to refinance such residential mortgages by granting up to 100% of the market value of the mortgaged property since October 2001.
- (b) Certain civil servants are required to declare private investments in and outside Hong Kong to the Government on an annual or biennial basis, depending on their posts, and any single investment transaction in and outside Hong Kong equivalent to or exceeding HK\$200,000 or three months' salary in value, whichever is the less, within seven days of the transaction. So if a civil servant acquires (or disposes of) an investment in Hong Kong in the form of a property whose value is at or above the specified monetary thresholds, he needs to declare the transaction to the Government within the stipulated period of time. However, there is no requirement for him to declare the mortgage details relating to the acquisition of the property.

The HKMA monitors authorized institutions' compliance with the 70% LTV ratio through its supervision, which includes both onsite examinations and offsite reviews. The supervisory focus is on

whether authorized institutions have adequate risk management measures to ensure the effective implementation of the 70% LTV ratio standard in general. The HKMA's supervision of authorized institutions' adherence to the 70% LTV ratio has evolved in response to the developments in the residential mortgage market and products since the practice was turned into an industry standard.

In case of any deviation from the 70% LTV ratio, the HKMA will seek to understand from the authorized institution concerned in more details about the deviation. If the authorized institution fails to properly justify the deviation, the HKMA will assess the implication for the effectiveness of the risk management system adopted by the authorized institution. To the extent that the risk management standard of the authorized institution concerned is called into question, the HKMA would consider the need for appropriate supervisory measures to help ensure that the authorized institution rectifies the weaknesses identified.

(c) Pursuant to section 3 of the Prevention of Bribery Ordinance (Cap. 201), the Chief Executive (the Governor before July 1997) will, based on the prevailing needs, issue the Acceptance of Advantages (Chief Executive's Permission) Notice (AAN). Under the previous AANs and the latest one issued in 2007, prescribed officers (civil servants included) have the general permission to solicit or accept a loan of money made available to them in their private capacity by a tradesman or company provided that:

- the loan is equally available on equal terms to persons who are not prescribed officers; and
- the offeror of the loan has no official dealings with the prescribed officers.

In accordance with the AAN, if either one of these two conditions is not met, a civil servant is required to apply for special permission from the relevant authority in the Government before soliciting or accepting a loan of money, and only when permission has been given may he solicit or accept the loan. When an application for special permission is received, it will be processed by the relevant

authority according to established procedure. In processing the application, one of the key considerations is whether the case would give rise to a conflict of interests.

MR LAU KONG-WAH (in Cantonese): *President, the Secretary stated in part (c) of the main reply that civil servants accepting advantages are required to apply for special permission. The former Chief Secretary, who obtained in 1993 a 100% mortgage loan exceeding the limit prescribed by the HKMA, obviously enjoyed special privileges. With regard to this case, may I ask the Government if it allowed senior civil servants to accept such advantages, and whether or not the then Chief Secretary had applied for the special permission as mentioned by the Secretary just now? Have the Government and the HKMA conducted a thorough investigation into this case? What was the result?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I thank the Member for his supplementary question.

As I have said in the main reply earlier, the fundamental principle of the Government's existing mechanism is to avoid a conflict of interests. Under this mechanism, civil servants are required to make application to the authorities concerned before accepting such loans. As for the individual case mentioned by the Member, it is inappropriate for me to pass comments on it here.

MR LAU KONG-WAH (in Cantonese): *Apart from that particular case, I have also asked whether or not the Secretary will acquire an understanding of the case if a senior civil servant has actually accepted similar advantages under normal circumstances, and what the result was.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): In any event, once an application from a civil servant for special permission was received by the authorities, action would surely be taken according to established procedures. In the main reply made by me earlier, I have stated clearly the circumstances under which civil servants should apply for special permission. In dealing with the relevant cases, one of the key

considerations is whether a conflict of interests would exist or be created in the case. This is our established procedure.

MR TAM YIU-CHUNG (in Cantonese): *President, the abovementioned case has brought up an issue, and that is, a statement has been issued by the then Chief Secretary on 17 August 1995 entitled "The Chief Secretary did not enjoy any special privilege in the purchase of a flat". Since this statement may affect the reputation of the Government, may I ask if the Government had verified the authenticity of the statement at that time? If not, what is the reason for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): If possible, I would like to ask Secretary for the Civil Service to give a written reply to this supplementary question. (Appendix I)

PRESIDENT (in Cantonese): Mr LAU Kong-wah, is this a point of order?

MR LAU KONG-WAH (in Cantonese): *I wish to raise a point of order. This question actually concerns with civil service affairs, why is Secretary for the Civil Service not attending this meeting?*

PRESIDENT (in Cantonese): Please be seated. The designation of public officers to answer questions in this Council on behalf of the Government is a choice made by the Government, and the Secretary for Financial Services and the Treasury has been designated by the Government to answer Members' questions today. We cannot seek an explanation from the Government during Question Time on why a particular public officer is not designated to answer questions in this Council, and yet, you may seek an explanation from the Government through other channels on why an arrangement which you consider appropriate has not been adopted.

MR WONG TING-KWONG (in Cantonese): *The last paragraph of part (b) of the main reply states that, "In case of any deviation from the 70% LTV ratio, the*

HKMA will seek to understand from the authorized institutions concerned in more details about the deviation". Regarding the case in which the property mortgage made by the former Chief Secretary and her family in 1993 had deviated from the mortgage guideline, had any investigation been conducted — I mean by the HKMA?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I thank the Member for his supplementary question.

The HKMA will not comment on individual cases. In view of the restrictions imposed by the provisions of the Banking Ordinance, I would like to remind Members that the HKMA is not allowed to either comment on individual cases or disclose the details of any case. Perhaps I should say something about this. HKMA's regulatory mechanism does not target at any individual case, but focuses on the overall risk control of banks. For this reason, once the HKMA comes across the occurrence of any case, it would enquire with the banks the proper risk management arrangements to be put in place under these circumstances, and whether or not they have generally complied with the 70% guideline.

MR ALBERT HO (in Cantonese): *It seems that the main reply has clearly stated that the policy objective of the 70% LTV ratio is to ensure that the stability of the banking system would not be adversely affected as a result of fluctuations in the property market. Part (a) of the main reply also stated clearly that the banks may consider certain factors for risks management, but a sound system is the most crucial. In other words, there must be a sound risk management system. I wish to ask: Should a bank, while considering the loan application of an individual borrower, find that his repayment ability was strong and sound, and so discretionally granted him a mortgage loan exceeding 70% LTV ratio, will this be deemed a breach of certain policies, given that the bank has done so only after serious consideration has been made to the borrower's ability to repay? Or, would the HKMA consider this inappropriate in any way?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): According to the information provided to me by the HKMA, just as I have said, the HKMA will surely consider the issue of 70% mortgage from the

perspective of risk management as a whole. However, since cases vary from one another, it is very difficult and also inappropriate for me to sound out my opinion on each case to Members here. Nonetheless, generally speaking, the 70% mortgage is a risk management guideline introduced by the banking sector. With the backing of the Government, it has become the policy of the HKMA. In implementing these regulatory policies for banks, the HKMA surely attaches great importance to the adherence of the loan cap. Should any case occur, the HKMA will, according to the information provided by it, enquire with the banks the operation and procedures of the overall risk regime to see if the risk management has been properly implemented.

MR ALBERT HO (in Cantonese): *My supplementary question is: Assuming that a bank has thoroughly taken into account the factor of risk management and considered that the loan was very safe, you will not consider its decision as non-compliance with the so-called 70% mortgage policy introduced for risk management in this case. Is this a correct understanding or not?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): It is very difficult for me to comment on this rather hypothetical question just raised by the Member because the situation varies from case to case. As a regulatory body, the HKMA should consider the risk management of the overall banking system within an established framework in a proper and cautious manner.

DR DAVID LI: *Madam President, will the Administration confirm that in making lending decisions, banks must consider the overall business relationship with their clients, and that the Government does not see the 70% guideline as a reason to micromanage client-bank relationship?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY: The HKMA does agree with you, Honourable Dr LI, that client relationship is one of the greatest assets of banks, and it should be up to the banks to manage it, to leverage on it, and to make business decisions. However, I would like to point out that the 70% loan-to-value ratio is a risk management measure for promoting the overall stability of the banking system. Under such a measure, the

supervisory focus of the HKMA is whether the overall risk management systems and practices of the authorized institutions are effective and prudent, rather than the business relationships between the authorized institutions and individual clients.

PRESIDENT (in Cantonese): We have spent more than 18 minutes on this question. Since there are still a number of Members waiting for their turn, so those who are interested in the matter may follow it up through other channels. Last supplementary question now.

MR SIN CHUNG-KAI (in Cantonese): *President, I wish to ask from a contraposition. Over the past years, has the HKMA actually followed up individual I wish to stress that follow-up actions will be taken by the HKMA if banks on the whole deviated from the 70% mortgage guideline, but has it followed up any case that has contravened the 70% mortgage guideline?*

PRESIDENT (in Cantonese): You may sit down if you have finished putting your question. Despite the fact that you are looking at him, still I will not ask him to reply. *(Laughter)*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): According to the information provided to me by the HKMA, it is not its regulatory practice to follow up individual cases. It will, however, look into the issues pertaining to risk management of banks that may arise from such cases, as well as the impact on them.

PRESIDENT (in Cantonese): Second question.

Provision of Disregarded Earnings Under CSSA Scheme

2. **MISS CHAN YUEN-HAN** (in Cantonese): *President, at present, in the calculation of the amount of assistance payable to recipients under the Comprehensive Social Security Assistance (CSSA) Scheme, the earnings from*

employment have to be deducted, but a maximum of \$2,500 of earnings can be disregarded each month. Such an arrangement aims at encouraging CSSA recipients to find and remain in employment. However, quite a number of CSSA recipients have relayed to me that the current arrangement often makes them "work more but earn less" because their earnings from employment, after deducting the employment-related expenses, are more or less the same as the amount of CSSA payments deducted. Earlier, a young man on CSSA had been found to have earnings from employment and was therefore required by the Social Welfare Department (SWD) to return the overpaid CSSA. It was suspected that his failure to cope with the pressure of livelihood had led to his committing suicide subsequently. In this connection, will the Government inform this Council :

- (a) in each of the past three years, of the number of CSSA cases in which disregarded earnings (DE) were allowed and the average amount of DE, the number of cases in which DE was the maximum allowable amount of \$2,500 per month, and the number of cases in which DE had been allowed and the recipients left the CSSA net subsequently;*
- (b) whether SWD has conducted regular home visits with regard to each CSSA case to understand in depth the needs and difficulties of the recipients' daily lives; and*
- (c) whether it will review the effectiveness of the DE arrangement and reconsider revising its details, so that the CSSA recipients who secure employment again can actually be financially better off, thereby achieving the aim of encouraging CSSA recipients to find employment?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, the CSSA Scheme provides a safety net to meet the basic needs of those who cannot support themselves financially. It is non-contributory but means-tested. Regarding the three parts of Miss CHAN Yuen-han's main question, my reply is as follows:

- (a) The number of CSSA recipients benefiting from monthly DE, average amount of monthly DE and the number of CSSA recipients

benefiting from the maximum level of monthly DE in the past three years are set out at Annex.

The SWD does not keep statistics on the number of CSSA cases where recipients benefitted from DE and subsequently left the CSSA net in the past three years. However, able-bodied recipients who are unemployed or working part-time are required to participate in the Support for Self-reliance (SFS) Scheme under the CSSA Scheme. Many of them have secured paid jobs and benefitted from the DE arrangement. In the past three years, about 8 800 participants of the SFS Scheme successfully left the CSSA net.

- (b) In processing or renewing CSSA applications, staff of SWD will conduct interviews and home visits to verify the information provided by the applicants and their family members and understand their actual situation. Apart from financial needs, they will also identify the recipients' other welfare needs in such areas as housing and counselling services. Where necessary, they will refer cases to social workers for follow-up action and proper assistance.
- (c) The DE arrangement under the CSSA Scheme aims to encourage recipients who can work to find jobs and remain in employment. It enables CSSA recipients who work to be financially better off than those who do not work. Nevertheless, a more generous DE arrangement may delay recipients' exit from the CSSA net. The Administration must therefore strike a balance between the provision of incentives for CSSA recipients to work and the effective use of public fund.

The Administration has recently completed a review of the DE arrangement and relaxed the arrangement since 1 December 2007, allowing CSSA recipients to be eligible for DE from having been on CSSA for not less than three months to not less than two months and raising the no-deduction limit from \$600 to \$800. Under the new arrangement, the first \$800 income of a CSSA recipient could be totally disregarded and half of his/her next \$3,400 income (that is, \$1,700) could be disregarded, adding up to a maximum disregarded earning of \$2,500. The arrangement enables CSSA recipients who work to receive an additional income up to \$2,500 from

employment, on top of their CSSA payment. It provides financial incentives to encourage them to find jobs and remain in employment. We will review the DE arrangement again after this new arrangement has been in operation for a period of time.

At this stage, we will focus on the implementation of the new arrangement to encourage and help able-bodied CSSA recipients achieve self-reliance. In addition, we are now considering how to provide "one-stop" employment service to further facilitate members of the community (including CSSA recipients) to find employment and receive training and employment assistance. We encourage able-bodied CSSA recipients to take full advantage of the DE arrangement under the CSSA Scheme to join the labour market and increase their income in order to improve the quality of life of their families. They can also take part in various training programmes to upgrade their work skills so as to reach the goal of "from welfare to self-reliance" early.

Annex

Statistics on monthly disregarded earnings (DE)
of CSSA recipients in the past three years

	<i>No. of CSSA recipients benefiting from monthly DE</i>	<i>Average amount of monthly DE</i>	<i>No. of CSSA recipients benefiting from the maximum level of monthly DE (%)</i>
December 2005	37 870	\$1,825	15 610 (41.2%)
December 2006	40 094	\$1,800	16 029 (40.0%)
December 2007	39 782	\$1,824	16 449 (41.3%)

MISS CHAN YUEN-HAN (in Cantonese): *In answering part (c) of my main question, the Secretary said that the level of DE could be increased to \$2,500 and this new arrangement could help the recipients to leave the CSSA net. However, the amount increased by the Government is so limited that if the income of the recipient exceeds \$2,500, he will not be able to receive a higher level of DE even though he wishes to as the Government will recover the full amount for the Treasury. In my opinion, for recipients who work hard but*

cannot receive more CSSA payment, the arrangement cannot achieve the goal mentioned by the Secretary. However, it seems that the Government has failed to see the other side of the issue, and that is, if the DE could be increased to \$3,200

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

MISS CHAN YUEN-HAN (in Cantonese): *..... then it may enable more people to leave the CSSA net. President, allow me to add a few more words. Regarding this issue, different political parties in the Legislative Council have in fact advised the Government that the amount of DE should be further increased*

PRESIDENT (in Cantonese): Please ask your supplementary question. We are not conducting a debate now. Please ask your supplementary question direct.

MISS CHAN YUEN-HAN (in Cantonese): *Yes, President. I know that we are not having a debate. Just now, the Secretary said that more recipients should be made to leave the CSSA net. But under the new arrangement, the goal cannot be attained with an increased amount. My question to the Secretary is: How can more people be made to leave the CSSA net?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I thank Miss CHAN for her question. In fact, there is a complete set of complementary measures giving incentives to the CSSA recipients to leave the CSSA net and this is only one of the complementary measures. The most crucial thing is to enable them to first form the habit of taking up employment through in-depth and proactive employment assistance. This is very important.

I would like to clarify one point because Miss CHAN may have some misunderstanding. In fact, \$2,500 is the maximum amount which they can retain for their own use rather than the amount which will be deducted from the CSSA payment. Many people have the misunderstanding that their CSSA payment will be deducted. This is simply not the case. Their CSSA payment will not be deducted. On top of the CSSA payment, they can retain a maximum

amount of \$2,500 in additional income. In other words, if their income is \$4,200, they can retain \$2,500 for their own use on top of the CSSA payment which they are entitled to. This is very important.

Why did I say just now that the arrangement could not be more generous? Would I have some specific figures that I request Members to pay attention to. A family of four on CSSA now receives on average \$9,344 per month. Please remember the figure 9 344. If their maximum amount of DE is \$2,500, they will get \$11,844, which is arrived at by adding \$2,500 to their actual CSSA payment of the month. This is the maximum amount. But from another perspective, the average monthly income of households in the lowest 25% income group — non-CSSA households — is \$9,500.

Let me again cite an example familiar to you. You are all very concerned about cleaning workers and security guards. Take a typical example of a self-reliant family in which the wife is a cleaning worker while the husband is a security guard. The latest average monthly salary of a cleaning worker is \$5,221. The husband, working as a security guard, if he works two shifts of duty or three shifts, will earn \$6,552. If both of them work in order to be self-reliant instead of receiving CSSA, their total monthly income will only be \$11,773. In other words, we have to strike a balance between the two. The more money the CSSA recipients receive, the lower will be their incentive to leave the CSSA net. So, we have to strike a balance between the two.

In our opinion, the most important thing is to upgrade their skills so that they can form the habit of working, to remain in employment and be self-reliant, so that when their working attitude will gradually be changed, they could leave the CSSA net. To achieve this end, we have to adopt a multi-pronged approach. Hence, a "one-stop" service plan will be introduced later on under which the Labour Department, the SWD and the Employees Retraining Board will work together to ensure that these people will be provided with assistance and employment which are really useful, thus enabling them to leave the CSSA net. Madam President, this is but one of the segments.

MISS CHAN YUEN-HAN (in Cantonese): *The Secretary has not answered my supplementary question. He has twisted my supplementary question. What he said has precisely reflected that hundreds of thousands of people in Hong Kong do not apply for CSSA*

PRESIDENT (in Cantonese): You only have to point out which part of your supplementary question has not been answered.

MISS CHAN YUEN-HAN (in Cantonese): *President, I will point it out very soon. He has expanded the scope of my question*

PRESIDENT (in Cantonese): You need not comment

MISS CHAN YUEN-HAN (in Cantonese): *He has not answered my question. If the policy aims at giving incentives to CSSA recipients to go out to work, the Government should give them more money. If the money they can put into their pockets could be a little more, they will continue to work hard and eventually leave the CSSA net.*

Regarding the people in the low-income group mentioned by the Secretary, their problem can be tackled by legislating on minimum wage. Regarding the fact that they are reluctant to rely on CSSA, these are two separate issues. So, President, I

PRESIDENT (in Cantonese): Would you please only point out which part of your supplementary question has not been answered by the Secretary? Because many Members are waiting for their turn to ask questions.

MISS CHAN YUEN-HAN (in Cantonese): *I am a bit irritated. Yes, President, I understand that. Because I am irritated, I have to rebut him. Nonetheless, I will put the question to him now.*

The part which has not been answered by the Secretary is: As he said that the new arrangement will enable more people to leave the CSSA net, how would it be contradictory if they are given more money?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, the new arrangement is to encourage the CSSA recipients — those recipients have the capacity to work — to find jobs and remain in employment so

that they can form the habit of working and given time, can leave the CSSA net. This is but one of the steps, rather than the only step, to help them exit from the CSSA net. The most important step, on the contrary, is the effectiveness of the Employment Assistance Project which should equip them with skills and continue to support them. So, we have to consider the issue from all the complementary measures as a whole in order to help them exit from the CSSA net.

Madam President, what we have to do now is to focus on the "one-stop" service plan. In the main reply, I have already mentioned that this new arrangement would be implemented. An adjustment was just made on 1 December by raising the no-deduction limit from \$600 to \$800. As it has been implemented for just a short time, we need to observe its effectiveness. But we have adopted an open attitude. We will conduct a review later on to see whether there is any room or means to revise and improve the plan.

DR FERNANDO CHEUNG (in Cantonese): *President, regarding the DE, first of all, it is very important to disregard the full amount of their income because expenses will be incurred when they take up employment. If they have to pay the expenses once they started to work but are not allowed to deduct only a reasonable amount of income so as to retain the first portion of the income, they cannot go to work.*

Now, the first \$800 of the income of CSSA recipients will be fully disregarded, but this is only a recent relaxation. However, in view of recent price hikes, if we can do a simple calculation my supplementary question is: By simple calculation, if the expenses on transport and meals are \$20 and \$25 respectively and there are 26 working days in a month, the total monthly expenses for taking up employment will already be in excess of \$1,000. May I ask the Secretary how this no-deduction limit of \$800 is arrived at?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I am very concerned about the question asked by Mr CHEUNG. In fact, what he said is quite right.

Now, what can we do to encourage the CSSA recipients to remain employed? Under the new arrangement, the first \$800 of their income will be disregarded and the amount will be put into their pocket in full. However,

please remember that once they have entered the new arrangement, the full amount of their income for the first month of employment, be it \$3,000 or \$10,000, will go into their pocket. In other words, their income for the first month of employment will be totally disregarded and serve as their reserve for getting themselves "prepared" for the employment, so to speak, and meeting various expenses such as transport and so on. So, they can own the income for the first month of employment in full and it will not be included in the calculation of DE.

Besides, if they are living in remote districts, such as the Northern District, Yuen Long, Tuen Mun and Island Districts, our transport subsidy support scheme for remote district workers will be applicable to all CSSA recipients. They can receive \$600 for looking for employment and \$600 per month thereafter for a period of six months. I believe these measures will, to a certain extent, help the needy CSSA recipients.

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

DR FERNANDO CHEUNG (in Cantonese): *The Secretary has not answered my question. I asked him how the \$800 was arrived at.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, basically we of course, according to the historical background, the previous no-deduction limit was \$600 and now it is \$800. We have basically arrived at an appropriate figure by summing up the expenses on transport and meals.

DR FERNANDO CHEUNG (in Cantonese): *Could the Secretary provide the details in a written reply?*

PRESIDENT (in Cantonese): Mr CHEUNG, do you request for a written reply from the Secretary? Secretary, in view of the detailed calculation, a written reply will be preferred. Could you provide a written reply?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I am happy to provide a written reply. (Annex II)

PRESIDENT (in Cantonese): Good.

MR FREDERICK FUNG (in Cantonese): *President, in part (c) of the main reply, the Secretary has set out the calculation method. But many Members still consider the figures on the low side because once the CSSA recipients have earned more than the maximum allowable amount of \$2,500, the Government will take away the total amount of excess earnings.*

Can the Government set the ceiling at halfway of the median wage and adopt this as the standard? This is in fact the income standard of Hong Kong people. If this is set as the ceiling, it will further enable those in the low-income group to find employment and leave the CSSA net and they will be more willing to accept the line set by the Government.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I am grateful to Mr FUNG's advice. As I have said earlier, we had just raised the allowable amount from \$600 to \$800. We have adopted an open attitude because the new arrangement is quite complicated. I have also shared with you the experience in foreign countries. According to foreign experience, such an arrangement may not necessarily succeed in encouraging the CSSA recipients to leave the CSSA net.

British Columbia of Canada cancelled the DE in 2000. This is worth our attention, but we will still adopt an open attitude. I hope that the new arrangement can be implemented for some time first and we will continue to observe. Regarding Mr FUNG's suggestion just now, different recommendations have been raised in the community recently. We are willing to give consideration to them. But please give us a little more time so that we can focus on the implementation of this new arrangement and the "one-stop" service plan.

In my opinion, the most important thing is measures to complement. No matter what we say, if the complementary measures for employment cannot equip the CSSA recipients or enable them to acquired added value, they will not

be able to find employment which will in turn enable them to earn a reasonable income. Instead, they will have to take up some low-pay jobs. In that case, it will be difficult for them to get rid of poverty, and similarly, to leave the CSSA net. So, in my opinion, a multi-pronged approach should be adopted and joint efforts should be made. In our reviewing process, we will also consider your suggestions.

MR RONNY TONG (in Cantonese): *President, I think the Government has somehow misled the public. How low the wage level is in the market is another issue. What we are now discussing is how to help the CSSA recipients. So, the two should not be confused with each other and the solutions for them are also different.*

May I ask the Government when this amount of \$2,500 was first implemented? Are there any data to support it? When will a comprehensive review be conducted? It has been a long time since the Legislative Council requested to raise the maximum DE and the issue has already been under discussion for a few years.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I thank Mr TONG for his question. Regarding the maximum DE of \$2,500, the amount was \$1,805 in 2003. In June 2003, the Government made a decision and raised it drastically to \$2,500, representing an increase as high as 40%, or of \$695. Of course, this reflected that the Government had been keenly determined to improve the income of the CSSA recipients so as to encourage them to find employment.

But as I pointed out in my clear analysis just now, we have to strike a balance between two aspects. Earlier on, I have stated clearly that the average monthly income of households in the lowest 25% income group is \$9,500. Besides, the monthly income of a typical household in which the wife works as a cleaning worker and the husband works as a security guard is but a little more than \$11,000. Under such circumstances, if the maximum DE is increased by a large amount, their incentive to leave the CSSA net will be very low. Why? Because the CSSA recipients will still have a job and will find their life quite comfortable. Under such circumstances, are we delaying their exit from the CSSA net in disguise? This is one of our considerations in the past few years. And Members have discussed the issue, which is not a new theory, for many times in this Chamber.

However, Mr TONG, I have adopted an open attitude. I take that our "one-stop" service a new turning point. If we can achieve "one-stop" provision for training and employment while equipping the employees, resulting in the emergence of a new direction in the future, I will be very happy to reconsider it.

MR RONNY TONG (in Cantonese): *The Secretary does not need to repeat what he has mentioned in the reply just now. I asked only a very simple question: Will the data be studied again to see the effectiveness of this \$2,500 in improving their quality of life? When will this amount be reviewed again? There is no need for the Secretary to repeat what he has said, so that other colleagues can have more opportunities to raise their questions.*

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I have nothing to add. I would only like to emphasize that regarding the timing for the review of this \$2,500 again, as I said earlier, we had just raised the amount from \$600 to \$800. We will review the operation as a whole after this DE has been implemented for a period of time.

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

MR WONG KWOK-HING (in Cantonese): *Expenses, such as those to be spent on transport, clothing and meals, will be incurred by CSSA recipients when they go out to work. To them, this is also a very heavy burden. In his reply to my colleagues' supplementary questions, the Secretary said that review would be conducted after it has been implemented for a period of time. Through the President, may I ask the Secretary whether the so-called a period of time means a year, two years, three years or half of a year? We very much hope that the new arrangement can induce more CSSA recipients to leave the CSSA net and join the workforce again.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I consider it an opportune moment to conduct a review after the "one-stop" service has been implemented for one year or one and a half year. I believe that in around two years' time, it will be appropriate for us to take a fresh look at the plan as a whole.

MR WONG KWOK-HING (in Cantonese): *President, in his reply just now, the Secretary mentioned one year, one and a half year and two years. Can he clearly specify the timing for a review? Can he specify whether "a period of time" means one year, one and a half year or two years? Because he has mentioned three different periods of time.*

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, perhaps let me say more clearly that it will be in 2010, which will be easier for you to remember.

PRESIDENT (in Cantonese): Third question.

Exit Polls

3. **MS EMILY LAU** (in Cantonese): *President, recently, some members of the public have reflected to me that on the polling day of the District Council Election on 18 November last year, some people who claimed to be from a certain policy research centre conducted an exit poll outside the exits of polling stations, enquiring electors who had cast their votes about their voting preferences. These people claimed that they had been commissioned by the Government to conduct the poll. Some of them even entered the polling stations to conduct the poll. In this connection, will the Executive Authorities inform this Council whether:*

- (a) *they have commissioned any policy research centre to conduct any exit poll; if so, of the details and the reasons for that, and when the results of the exit poll will be released;*

- (b) *they have permitted any institution to conduct any exit poll inside polling stations; if so, of the reasons for that; and*
- (c) *measures are in place to monitor if institutions conducting exit polls have released the information obtained from the polls to outsiders, or used such information to assist certain candidates in canvassing votes more effectively during the election?*

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

- (a) The Government had not commissioned any organization to conduct exit poll for the 2007 District Council (DC) Election.
- (b) Chapter 14 of the Guidelines on Election-related Activities in respect of District Council Election (the Guidelines) set out the guidelines for the conduct, publication and broadcasting of results of exit polls. According to the Guidelines, exit polls may be conducted by any person or organization. Organizations or persons intending to conduct exit polls must apply to the Registration and Electoral Office (REO) at least seven days before the polling day. The REO would consider the application and issue approval to the concerned person or organization in accordance with the Guidelines. The Guidelines provide that exit polls must not be conducted inside the polling stations. The REO would also remind the concerned organizations or persons that in conducting exit polls, they should comply with section 43(13) of the Electoral Affairs Commission (Electoral Procedure) (District Councils) Regulation (Cap. 541F), which stipulates that a person must not stay or loiter in the no staying zones (NSZs). They should also comply with section 14.5 of the Guidelines which does not allow them to accost electors in the NSZs. Regarding the 2007 DC Election, the REO approved a total of 13 organizations or persons to conduct exit polls.
- (c) Under the current legislation or Guidelines, the Electoral Affairs Commission (EAC) has not imposed any specific regulation on the use of information collected through exit polls. Nevertheless, any announcement of the results of exit polls or predictions during the

polling hours may affect elector behaviour and may have an impact on election results. As such, the EAC appeals to the media and concerned organizations in the Guidelines to refrain from announcing the results of exit polls or making specific remarks or predictions on the performance of individual candidates until after the close of poll. The REO would remind concerned organizations or persons of the relevant guidelines in approving their applications to conduct exit poll. Should any organization or person fail to comply with the Guidelines, the REO may address a warning letter to the concerned party on the breach of the Guidelines, and the EAC may also make a reprimand or censure in a public statement which may include the name of the concerned organization or the person.

MS EMILY LAU (in Cantonese): *President, the Secretary has provided us with two versions of a reply, one of which is a revised version, while both versions are tabled to us. According to the unrevised version, they have received a complaint that someone claimed to be commissioned by the Government, but a polling officer has ordered that rectification be made immediately and the REO has also addressed a warning letter on the misconduct. I have no idea whether this is true or simply a clerical mistake. I hope the Secretary can offer us an explanation because that version has been tabled to us.*

President, in his reply, the Secretary also said that any advanced announcement of the exit poll results may affect elector behaviour and may have an impact on the outcome of the election. First of all, I do not know when the 13 organizations or persons would announce the exit poll results. But even though the results are not announced in advance, if a certain organization makes use of the information after acquiring it, it may also cast an impact on the election results, thus affecting the fairness and equity of the elections in Hong Kong. The Secretary, however, also stated that such has not been regulated and warning would be issued only when time permitted. Do the authorities think that a major loophole exists in the overall electoral arrangement, for which immediate action is warranted? For instance, should exit polls be totally banned? Or should it be ensured that the fairness and equity of elections will not be adversely affected even though they are permitted to do so?

PRESIDENT (in Cantonese): Ms Emily LAU, now you have asked a supplementary question. Regarding your question about the versions of the main reply, I have to point out that this version is to facilitate the understanding of Members on the Secretary's reply, nevertheless, only the reply made by the Secretary at the meeting prevails. If you wish to know why the Secretary has not adopted the original version, you will have to raise another supplementary question. Secretary, please answer Ms Emily LAU's supplementary question.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, perhaps let me answer her first supplementary question before giving explanation

PRESIDENT (in Cantonese): I have not allowed her to raise the other supplementary question.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Yes.

PRESIDENT (in Cantonese): You may choose to jointly answer both questions, but this is not what I have requested you to do.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): I understand, fine, thank you.

Madam President, regarding the issue of exit polls, it has also been the common concern of Members in many elections. At present, exit polls include those initiated by academic organizations and organized by other organizations in the community. On the one hand, we have to maintain the fairness, openness and equity of elections. In order to do so, it is provided in the Guidelines that the concerned organizations and persons should refrain from announcing the results of exit polls until the poll is closed lest that the election process and elector behaviour will be adversely affected.

Overall speaking, all people have observed such a principle in the many elections over the years. As to why these academic and social organizations have arranged such polls, each of them has different goals. Most importantly, however, we have to maintain that the principle of conducting the elections in a fair, open and equitable manner is preserved. And this is the most fundamental principle.

Regarding why we have a revised draft for my speech, Madam President, because Ms Emily LAU's question mainly centred on the DC Election held last November and no such case occurred during that DC Election. However, we received a complaint during the Legislative Council by-election, concerning the poll conductors who claimed that they were commissioned by the Government. Since the complaint did not occur during the DC Election, it is therefore excluded from my draft. Notwithstanding that, the polling officer of the REO had immediately ordered the poll conductors to rectify that the Government had not arranged such polls at the polling stations.

MS EMILY LAU (in Cantonese): *The Secretary has not answered my supplementary question. My supplementary question is very simple: Has the Government found that the arrangement as a whole has not been monitored and that loopholes are existing, thus affecting the fairness, openness and equity of elections? Will the authorities correct the situation?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I have in fact answered Ms Emily LAU's question because in my main reply just now, I already said that different academic and social organizations alike basically respect the fair, open and equitable electoral principle during the Legislative Council Elections over the years. Moreover, none of them disclosed the results before the close of the poll.

MR JAMES TIEN (in Cantonese): *President, in part (a) of the Government's main reply, it is indicated that the Government had not commissioned any organization to conduct exit poll and in part (b), that application is required for doing so — it is pointed out therein that submission of application is necessary, but I am not going to repeat the details. It is then stated that the REO approved a total of 13 organizations or persons to conduct exit polls.*

President, may I ask the Secretary whether there are any organizations or persons belonging to the pan-democratic camp among these 13 organizations or persons? If there are not, can he speak on why not?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, when examining the applications for conducting exit polls by these organizations and persons, colleagues of the REO will give their approval on the merits of their written applications, their political inclination and affiliation will not be put under consideration. All cases will be treated on an equal basis by colleagues of the REO.

MS AUDREY EU (in Cantonese): *President, it is mentioned in the main reply that the Guidelines is used for regulating the publication and broadcasting of exit poll results. I would like to ask whether the publication and broadcasting of results include the following situations: For instance, when the poll conductors know of the results, they inform, through sending SMS messages or knocking at doors, the supporters or candidates who have not cast their votes that certain list has received enough votes and they should turn their votes to another list. If exit poll results are used in such a manner during an election, does it fall within the ambit of publication and broadcasting the results of exit polls? Or it does not fall within the ambit of publication and broadcasting the results of exit polls at all?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, when the EAC formulated the Guidelines, its most important consideration is to ensure that the election is conducted in a fair, open and equitable manner on the election day. So, important regulations have been laid down in paragraphs 14.5 and 14.6 of the Guidelines. In particular, it is provided in paragraph 14.6 that "Any announcement of the results of exit polls or predictions, particularly in relation to any individual candidate during the polling hours may affect elector behaviour and have an impact on election results. The EAC, therefore, appeals to the media and organizations concerned to refrain from announcing the results of exit polls or making specific remarks or predictions on the performance of individual candidate until after the close of poll." It is to ensure that on the election day, different candidates from different political parties can win the support of voters in a fair manner and the voters can

also make their own decision independently. So all should comply with the EAC's Guidelines.

MS AUDREY EU (in Cantonese): *President, the Secretary has not answered my supplementary question. My supplementary question is about whether publication and broadcasting include the following situation: Before the close of the poll, that is, the election is still in progress, but when the poll conductors, on the basis of the results, are aware that a certain list has received enough votes and the candidates concerned are sure to win while another list has not received enough votes yet, they then inform and appeal to some voters not to vote for a certain candidate, but to switch their votes to a candidate of another number instead. Does this fall within*

PRESIDENT (in Cantonese): I have known which part of your supplementary question had not been answered.

MS AUDREY EU (in Cantonese): *Right. My supplementary question just now is whether such a situation falls within the ambit of publication and broadcasting of the exit poll results — in other words, the voters are advised to cast their votes to another list — because this will certainly affect the election*

PRESIDENT (in Cantonese): You need not spend too much time on elaborating your question because many Members are still waiting for their turns to ask questions. I believe that everybody knows which part of your supplementary question has not been answered by the Secretary.

MS AUDREY EU (in Cantonese): *President, I just want a "yes" or "no" answer from the Secretary.*

PRESIDENT (in Cantonese): Please answer the question, Secretary.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I cannot act on behalf of the EAC in interpreting

each and every term in the Guidelines. But regarding "publication" and "broadcasting", according to our general understanding, "publication" can be carried out in a variety of forms, including holding press conference and issuing press release. In respect of broadcasting, we have the Broadcasting Ordinance and licences have been issued to broadcasting institutions to broadcast on radio and television stations.

However, if Ms Audrey EU or any other person intended to have acquire further understanding on isolated cases in some individual situations from or make a complaint against any incidents occurring during an election to the EAC, the EAC will certainly deal with it in accordance with the Guidelines.

MRS ANSON CHAN (in Cantonese): *President, in part (a) of the main reply, the Secretary said that the Government had not commissioned any organization to conduct exit poll for this year's DC Election. In that case, does the Government in future intend to commission any organization to conduct such surveys for any elections, be they DC Elections or Legislative Council Elections? If not, can the Government pledge that all voters will be informed in advance that the Government has not commissioned any person to conduct the survey? I know that some people dare not refuse to answer questions on hearing that it is commissioned by the Government.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, it is clearly pointed out in my main reply that the SAR Government has not commissioned any organization to conduct exit polls. Such polls are more often performed by academic or other social organizations, or individuals.

In future elections, how will different political parties and candidates win support in their districts or sectors is a matter of their own. The most important task of the SAR Government as a whole is to maintain the electoral system to be conducted in a fair, open and equitable manner in accordance with the legislation.

MRS ANSON CHAN (in Cantonese): *The Secretary has not answered my supplementary question. My supplementary question is: Since the Government has no intention to commission any poll, why does it not inform all voters in*

advance that it has not and will not commission such a poll in order to ensure the implementation of a fair and open election?

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

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, this position of mine today is already crystal clear.

MR ALBERT CHENG (in Cantonese): *President, the Secretary said that the Government had not commissioned any organization to conduct an exit poll. May I ask the Secretary whether the Central Policy Unit has commissioned any organization to conduct an exit poll?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, according to my understanding, the answer is in the negative.

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

MR CHAN KAM-LAM (in Cantonese): *President, part (b) of the main question — I mean the main question, not the main reply — asked whether the authorities have permitted any institution to conduct any exit poll inside polling stations. The most important point is that, according to the complainants, some people had entered the polling stations to conduct the poll. I wish to know whether the Government has received any complaint on that day that some people had entered the polling stations to conduct a poll? Because according to the Secretary's answer, permission had not been granted to anyone for such a purpose. If no complaint had been received, should the question itself be considered a misrepresentation?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, we have not granted permission to any

organization to enter the polling station to conduct the poll. During the DC Election in November 2007, we received two complaints that some people conducted exit polls in the NSZs — they were in the NSZs rather than the polling stations — thereby obstructing the way of the voters who entered or came out from the polling stations.

Regarding these two cases, the REO has issued warning letters to the organizations concerned, indicating that such an act is in breach of the regulations regarding exit polls in our Guidelines.

PRESIDENT (in Cantonese): Fourth question.

Structural Safety of Franchised Buses

4. **MR ALBERT CHENG** (in Cantonese): *President, in Hong Kong in recent years, franchised buses were involved in a number of traffic accidents and it is often heard that the vehicle bodies of the double-decked buses involved in the accidents were severely damaged after colliding with other vehicles, and passengers on the upper deck who were thrown out of the buses were injured or died. In this connection, will the Government inform this Council:*

- (a) *apart from stipulating the design and construction requirements of franchised buses in the Road Traffic (Construction and Maintenance of Vehicles) Regulations, whether the Government has prescribed other requirements in respect of the vehicle bodies of buses (such as the materials used, structural safety, impact resistance, and so on); if so, of the details;*
- (b) *whether there is a requirement that for the new buses purchased by the various franchised bus companies in Hong Kong, all the body components assembled in Hong Kong must be produced by the original manufacturers; if there is no such requirement, whether it has assessed if using components not produced by the original manufacturers will weaken the impact resistance of the vehicle bodies of buses; if such an assessment has been made, of the results; and*

- (c) *following the occurrence of a number of the above accidents, whether the Government has reviewed the structural safety standard prescribed for the vehicle bodies of franchised buses; if so, of the results; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, the Government attaches great importance to the safety of bus passengers. Every bus has to pass a comprehensive inspection and a tilt test required by the Transport Department (TD) before it is put into service. A licence will be issued by the TD only when legal requirements are met and structural safety is confirmed.

My reply to the three parts of the question is as follows:

- (a) Regulation 5 of the Road Traffic (Construction and Maintenance of Vehicles) Regulations (Cap. 374A) stipulates that every vehicle, including a bus, shall be soundly and properly constructed of suitable materials. Manufacturers of the buses currently in use in Hong Kong all come from the European Union (EU) and their designs comply with the EU requirements. Every bus is designed by its manufacturer and has undergone tests to ensure structural safety. In terms of structure, the double-decked buses running in Hong Kong are the same as those in other countries such as the United Kingdom, the United States and Singapore.

Currently, there is generally no requirement on impact resistance for buses around the world. There is also generally no specific requirement on the materials used for buses. Therefore, the TD has not prescribed other requirements, such as on impact resistance or materials used in respect of the vehicle bodies of buses. When determining whether a bus fulfils the above legal requirements, the TD will consider information provided by the bus manufacturer, including overseas experience in using the bus, compliance with requirements of the place of origin, and the track record.

- (b) At present, new buses are mostly assembled locally. The TD has no requirement on the source of body components of buses, but all parts of the bus bodies assembled in Hong Kong are provided by the

original bus body manufacturers and the assembly work is conducted by trained personnel of the contractors. To ensure that the assembly standards meet the design requirements set by the manufacturers, the assembly work is undertaken by professionally trained personnel and the process is supervised by engineers from the bus body manufacturers. Moreover, all the buses assembled have to pass the safety examinations (such as those on the brake system, the lighting system and the steering system) and the tilt test required by the TD before the issue of licence.

- (c) Every bus operating in Hong Kong is designed by its manufacturer and has passed a comprehensive inspection and a tilt test required by the TD. The body structure is safe. Whenever there are serious traffic accidents involving buses, the TD will demand detailed reports and improvement plans from the bus companies in question.

In response to recent accidents resulting in severely damaged bus bodies and casualties arising from passengers being thrown out of the bus, the TD has started discussions with bus companies to speed up the fitting of safety belts for exposed front seats on the upper deck or the installation of guardrails across the upper deck windscreen of existing buses.

To further enhance bus safety, the TD has invited academics from mechanical engineering departments of universities and representatives from institutes of mechanical engineering, together with bus manufacturers and franchised bus companies to meet in early January to have a discussion on the structural safety of buses, such as the strength of seats on upper deck and the installation of guardrails across the upper deck windscreen. The TD will continue to keep a close watch on the structural safety and maintenance of buses to ensure the safety of bus passengers.

MR ALBERT CHENG (in Cantonese): *President, in part (b) of the main question, I asked whether or not the Government has conducted assessment if the components of bus bodies assembled in Hong Kong were not produced by the original manufacturers. This part has not been replied in the main reply.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): In my reply, I said that all components of bus bodies assembled in Hong Kong are provided by the original bus body manufacturers. Therefore, all components are produced by the original manufacturers while the assembly work is conducted by trained personnel from contractors and supervised by engineers from bus body manufacturers.

MR CHEUNG MAN-KWONG (in Cantonese): *President, in part (a) of the main reply, it is mentioned that the TD does not test buses for impact resistance and imposes no specific requirement on the materials used for buses. If no requirement has been laid down, how can it be ensured that suitable and hard-wearing materials are used for bus bodies in accordance with the statutory requirement? If the materials used are frail, passengers will be thrown out of buses resulting in casualties and deaths. Surely, the bus companies should be responsible for this, but should the TD not be entirely absolved from the blame of inadequate regulation and lax enforcement?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): I have to clarify one point, that is, the TD has not prescribed any specific requirement of its own accord, for those tests are not conducted on the international front either. In other words, Hong Kong, being a small market, can hardly require the manufacturers concerned to comply with a specific standard. Nonetheless, manufacturers have laid down examination standards of their own, and all types of vehicles would have to undergone structural examination before they are transported to Hong Kong. As I mentioned earlier, the braking system, the lighting system and the steering system, and so on, must undergo examination. Regular monthly examination on vehicles is also carried out. Moreover, spot checks are carried out daily by Vehicle Examiners from the TD.

What I would like to clarify is that, we cannot prescribe a specific set of standard of our own accord and request manufactures to comply with it before their vehicles are launched from factories. However, after the vehicles are launched, we will conduct detailed examination on each vehicle. Meanwhile, manufactures have to ensure that their vehicles comply with the EU standard when they are launched from factories. Though a so-called Hong Kong standard has not been set, the vehicles are in compliance with the EU standard. Besides, we would have carried out very detailed examination according to the law.

MR CHEUNG MAN-KWONG (in Cantonese): *President, obviously, the Secretary does not understand. I pointed out the contradictions in her reply and asked her for an explanation. In part (a) of the main reply, she said on the one hand that suitable materials must be used according to the law, but on the other hand, she said that the TD had not prescribed any specific requirement on the materials used for buses. These two remarks are contradictory. How can the Government enforce the law? On the one hand it requires the manufacturers to use suitable materials, but indicates on the other hand that there is no specific requirement on the material used. Is this not contradictory? This is an issue concerning supervision and law enforcement, which is the focus of my question.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): I see no contradiction here. At the pre-production and pre-import stage, we prescribe no requirement on the material used for buses being imported to Hong Kong, for all the buses are imported from the EU, which are all in compliance with the EU standard. I believe Mr CHEUNG Man-kwong meant to ask earlier why a set of standard designed for Hong Kong was not prescribed. This is because we follow the practice of the EU. Moreover, before they are transported to Hong Kong, these vehicles have to undergo to a type specification and will be subject to a monthly examination when they run on roads. We thus consider the existing system feasible.

MR ANDREW CHENG (in Cantonese): *In the light of part (a) of the main reply of the Secretary, I believe the main question today has just bring to the fore that Hong Kong is indeed In comparison with other places in Europe or other places adopting the EU standard, and even with other cities in Southeast Asian countries, Hong Kong is unique because of its scarcity in land and dense population, and that millions of people travel by buses every day. Recently, a number of serious bus accidents resulted in deaths and casualties. In view of the unique circumstances in Hong Kong, does the Secretary consider it necessary to require manufacturers to test the impact resistance of buses running in Hong Kong in respect of their designs and assembling work? Will the Secretary demand an expeditious installation of safety belts for all the seats on buses, both on the upper deck and on the lower deck?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Regarding the installation of safety belts, in fact, we do not consider this option only after the occurrence of the accidents mentioned by Members this time. In the wake of the incidents that occurred earlier, we have already carried out a series of work, including the installation of safety belts for the four front seats on the upper deck, deploying buses fitted with safety belts to run on such expressways as airbus routes. After discussions with bus companies, safety belts will be installed for the four front seats on the upper deck. As at November 2007, 37% of the buses have been fitted with safety belts, and by the end of 2008, 45% of the buses will be fitted with safety belts, whereas by the end of 2009, the percentage will be increased to 53%.

I would like to stress that, after our exchanges with a number of experts and bus companies, we found out that the installation of safety belts is not feasible to all buses, as the structure of certain buses cannot support the installation. If the structure cannot support safety belts, the compulsory installation of safety belts may not necessarily safeguard safety. The experts are of the view that in case of collision, a large amount of energy will be released via the safety belts, and the structure must provide a support point.

Therefore, only bus models produced after 1997 can be fitted with safety belts. The percentages I quoted earlier are of the total number of buses, including buses produced before 1997. Even for buses suitable for the installation of safety belts, it is necessary to draw up a timetable for the installation. Other than this, protective measures are available. As I said earlier, in the light of this incident, the TD has recently held discussions with bus companies, experts and academics from academic societies, and they all consider that additional effort can be put in the installation of guardrails. At present, the installation of guardrails for all buses produced before 1997 will be completed by the end of 2008. However, can such a measure be further intensified? They are now examining this issue. We have been working on this, and we wish to implement measures to enhance the safety of buses, particularly for the front seats.

MR ANDREW CHENG (in Cantonese): *With regard to the first part of my supplementary question, given the unique circumstances in Hong Kong, has the Government requested the manufacturers to conduct test on the assemble work of buses Though an impact resistance test has not been specified for buses in the international community in general, should the unique circumstances in Hong*

Kong warrant a demand for a higher standard on the part of the bus companies in this respect?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): We are more than willing to communicate with bus companies and manufacturers on this issue. However, we, at present despite of the dense population and small area of Hong Kong, the average speed of buses in general has to be subject to regulation, which should be kept under 70 kilometres. This is in line with international practice, in which the function of vehicles and their use on the roads are somehow regulated. With regard to Mr Andrew CHENG's views expressed earlier, we may certainly have further communication with manufacturers via bus companies.

MR LEE CHEUK-YAN (in Cantonese): *In the last sentence of the main reply, it is said that the TD will continue to keep a close watch on the structural safety and maintenance of buses. I am keen to know whether the TD can genuinely keep a close watch on the maintenance of buses. Will the Secretary inform us whether she knows about the existing number of maintenance staff employed by the three bus companies and the comparison with the number a decade ago? I may tell Members, as far as I know, the number of maintenance staff employed by the New World First Bus Services Limited has been cut by half. If, on the contrary, the number of buses is increasing, how can maintenance services be kept at a satisfactory level? So, has the Secretary kept a close watch on the number of maintenance staff employed to ensure that adequate manpower is provided to preserve the quality of maintenance service?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Actually, bus companies are required to submit a comprehensive work plan to the TD in respect of their overall operation, including maintenance services. Meanwhile, the TD always oversees the quality and maintenance standard of vehicles of franchised bus companies on a regular basis. Every month, bus companies must carry out regular examinations, while Vehicle Examiners are appointed by the TD on each working day to carry out examinations and spot checks on buses at depots of all franchised bus companies and on those running on the roads by random selection. We consider the existing system a very sound one, for not only are monthly and annual examinations being carried out, a very thorough

examination is also conducted on the tenth year and on two certain years (that is, the fourteenth and the seventeenth year) of the service of a bus. We thus feel satisfied with the overall system, including the staffing level, of bus companies.

MR LEE CHEUK-YAN (in Cantonese): *My earlier question is: Has the Government kept a close watch on their staffing level? For instance, we are to be provided with the number of maintenance staff employed by the three bus companies and the comparison with the figure a decade ago. The Secretary has not answered this point.*

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

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Regarding the level of staffing, we can surely ask bus companies whether they have such information. But I believe staffing level is not the sole factor in determining the maintenance standard, for bus companies have their own procedures and processes. The TD has kept the information of bus companies and bus companies are required to submit maintenance reports to the TD. At present, a regulation system is in place.

MR CHEUNG HOK-MING (in Cantonese): *President, in part (c) of the main reply, it is said that, "In response to recent accidents resulting in severely damaged bus bodies and casualties arising from passengers being thrown out of the bus, the TD has started discussions with bus companies to speed up the fitting of safety belts for exposed front seats on the upper deck or the installation of guardrails across the upper deck windscreen of existing buses."*

May I ask the Secretary whether the Government has drawn up a timetable for the implementation of these two measures? Moreover, before completing the implementation of these two measures, what interim measures will the Government take to prevent the recurrence of such accidents?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Actually, timetables have been set for the implementation of these two measures.

However, I have to stress that, concerning the installation of safety belts, it is applicable to buses in which the installation of safety belts is feasible. As I mentioned earlier, owing to structural constraints, buses manufactured before 1997 cannot support the installation of safety belts. However, by the end of 2008, the four front seats of 45% of buses, including buses manufactured before 1997, will be installed with safety belts and by the end of 2009, the percentage will be increased to 53%. As for guardrails, the installation work in buses that can support the fitting of guardrails should be able to be completed within 2008. Therefore, we will discuss the issue further with bus companies and hope that the work can be completed as soon as possible. Indeed, this timetable has already been sped up. As for other measures, they would surely include the training of bus drivers.

Madam President, notwithstanding the importance we attach to the structural safety of buses, what is of the utmost importance should be the attitude of drivers. They should never drive recklessly and carelessly. Therefore, the development and the induction as well as on-the-job training of bus drivers are very important. The TD has attached great importance to such aspect.

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

MR LEUNG KWOK-HUNG (in Cantonese): *According to the main reply, the safety standard adopted in Hong Kong is grossly in line with the EU standard. The Secretary said earlier that the number of maintenance staff employed did not necessarily have a direct bearing on the safety standard of buses. Does she have the relevant figures? For instance, how many workers do bus companies of the EU employ to perform, or how many man-hours are spent on, a certain maintenance procedure? Has comparison of such figures been made to enable the public to understand the maintenance work of bus companies in Hong Kong in comparison with that in the EU? Since we are now comparing our standard with the EU, I hope the Secretary will inform us whether these studies have been conducted. If not, what are the reasons?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): I do not have the information at hand. However, manufacturers have in fact provided

assistance in maintenance. According to the existing maintenance plan, manufacturers will also offer advice to bus companies while bus companies will take heed of their advice to ensure the safety of buses. If Members are interested, I can attempt to seek information on the figures of maintenance staff employed or man-hour spent. (Appendix III)

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

MR LEUNG KWOK-HUNG (in Cantonese): *No, I would like to ask the Secretary when this can be done.*

PRESIDENT (in Cantonese): The Secretary has undertaken to find the relevant information, so she will reply to your supplementary question in writing, and a written reply will be received in a few months.

MR LEUNG KWOK-HUNG (in Cantonese): *Thank you, President.*

PRESIDENT (in Cantonese): I do not think you have asked the Secretary when this could be done in your earlier supplementary question, so this is not a follow-up question.

MR LEUNG KWOK-HUNG (in Cantonese): *President, you are so wise. (Laughter)*

PRESIDENT (in Cantonese): Fifth question.

Crackdown on Dangerous Driving

5. **MR JAMES TIEN** (in Cantonese): *Madam President, there have been public comments that the current penalties and sentences for dangerous driving*

are too lenient, and this is one of the reasons why it is so difficult to curb the offence. In this connection, will the Government inform this Council:

- (a) of a breakdown, by the class of the vehicles involved, of the number of prosecutions instituted in relation to dangerous driving in the past three years, and how the penalties imposed by the Court on the persons convicted compare with the maximum penalties for the offence;*
- (b) whether it has looked into the reasons why drivers of public transport vehicles drove dangerously, and how these reasons differ from those for drivers of private cars who committed the same offence; and*
- (c) whether it has studied if there are any measures that can more effectively curb the act of dangerous driving, such as in appropriate cases, seeking the promulgation of a sentencing guideline by the Court of Appeal; if it has, of the details of such measures?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, we have been implementing a number of measures to enhance road safety. My reply to the three parts of the main question is as follows:

- (a) Under section 37 of the Road Traffic Ordinance (Cap. 374), drivers can be charged with "dangerous driving" for the way they drive. The numbers of drivers prosecuted and subsequently convicted of dangerous driving and causing death by dangerous driving in the past three years as at end-2007, with a breakdown by the class of vehicles driven by them when committing the offences, are set out in the Annex.

A person convicted of "dangerous driving" is liable to a maximum fine of \$25,000, imprisonment for three years and disqualification from driving. A driver may be disqualified from driving for a period of not less than six months in the case of a first conviction and for a period of not less than 18 months in the case of a second or subsequent conviction. Under section 36 of the same Ordinance, a driver may be charged with "causing death by dangerous driving" if

he drove dangerously and caused death to a person. Upon conviction, the driver is liable to a maximum fine of \$50,000, imprisonment for five years and disqualification from driving. A convicted driver may be disqualified from driving for a period of not less than two years in the case of a first conviction, and for a period of not less than three years in the case of a second or subsequent conviction.

As regards the sentences handed down by the Court, in the past three years, for convictions of dangerous driving, the maximum imprisonment sentence imposed was three months, the maximum fine was \$10,000 and the maximum period of disqualification from driving was three years. For convictions of causing death by dangerous driving in the same period, the maximum imprisonment sentence imposed was 22 months, the maximum fine was \$20,000 and the maximum period of disqualification from driving was five years.

- (b) Drivers are charged with dangerous driving on consideration of the way they drive and the circumstantial evidence. As each convicted case has its own special circumstances, it is not appropriate for us to come to a broad-brush categorization or judgment on the causes of dangerous driving among drivers of public transport vehicles or private cars. However, information on the convictions in the past two years indicates that a relatively high number of cases were related to drivers (both private car and public transport vehicle drivers) disobeying traffic signals, changing lanes carelessly and driving inattentively. Other inappropriate driving behaviour included crossing a double white line and making turns, overtaking or making U-turns carelessly and so on.
- (c) We have been examining on an ongoing basis ways to combat dangerous driving and other inappropriate driving behaviour through legislation, law enforcement as well as publicity and education.
 - (i) On legislation, we increased the penalty for disobeying traffic signals in 2006. To impose a heavier penalty on drivers who endanger other people's lives because of their inappropriate

driving behaviour and to enhance the deterrent effect, we plan to introduce legislative amendment to increase the term of imprisonment for the offence of causing death by dangerous driving from five years to 10 years. We also plan to make it a legislative requirement for drivers who have committed serious traffic offences (including dangerous driving, drink driving, illegal motor racing and so on) and for repeat traffic offenders who have incurred 10 or more driving-offence points to attend driving improvement courses with a view to improving their driving attitude through education. We plan to submit the relevant bill to the Legislative Council in the first quarter of this year.

Given the principle of judicial independence, we cannot simply request the Court of Appeal to lay down sentencing guidelines. According to legal advice, not all offences are appropriate for setting of sentencing guidelines. Whilst it is relatively easy to set objective sentencing tariffs for certain offences (for example, those involving drugs or money), it is much more difficult in case of a dangerous driving offence because each case has its specific circumstances (including road conditions, weather, the accused's physical condition, behaviour of other road users, whether there were casualties and so on). The judge has to take into account all relevant circumstances before imposing a sentence. It may not be appropriate for the Court of Appeal to lay down sentencing guidelines. However, if the Court of Appeal has set out the sentencing factors which should be or have been considered in the judgment of certain cases, these judgments can be drawn upon as reference in future.

Moreover, the Legislative Council can through increasing the penalties for a certain offence by the enactment of new legislation to reflect public opinion of a certain offence that is getting serious or prevalent, and for the sentencing judges to draw upon as reference.

- (ii) On law enforcement, the police have also been strengthening their manpower to step up law enforcement in recent years.

They undertake large-scale special operations on law enforcement from time to time, such as those targeted at public service vehicles, anti-drink driving, anti-illegal road racing and so on, in order to combat inappropriate driving behaviour.

- (iii) On publicity and education, we have been working with the Road Safety Council to enhance road safety by publicity and education, instilling in drivers the concept of "smart driving with courtesy", as well as promoting a courteous and considerate driving attitude. We have been publicizing the road safety messages through Announcement of Public Interests on television and radio, leaflets, tunnel billboards and bus body advertisements on a regular basis. We have also organized talks, seminars, thematic training courses and road safety workshops particularly for the transport trades to promote compliance with traffic signals and a responsible driving culture. Our publicity and education efforts will continue.

Annex

Table (a): Number of Drivers Prosecuted and Subsequently Convicted of Dangerous Driving

<i>Class of Vehicle Driven by Offender</i>	<i>Year (1)</i>		
	<i>2005</i>	<i>2006</i>	<i>2007</i>
Private Car	114	92	28
Goods Vehicle	49	51	28
Public Bus	10	3	0
Public Light Bus	17	16	11
Taxi	57	35	22
Motorcycle	11	4	5
Total (2)	258	201	94

Note: (1) Figures recorded refer to the years in which the offences were committed.

(2) There are three, six and 70 prosecution cases respectively in 2005, 2006 and 2007 that are not yet processed or being processed but not yet completed by the Court.

Table (b): Number of Drivers Prosecuted and Subsequently Convicted of Causing Death by Dangerous Driving

<i>Class of Vehicle Driven by Offender</i>	<i>Year (1)</i>		
	<i>2005</i>	<i>2006</i>	<i>2007</i>
Private Car	6	3	0
Goods Vehicle	7	6	2
Public Bus	1	2	2
Public Light Bus	1	1	0
Taxi	1	2	0
Motorcycle	0	0	0
Total (2)	16	14	4

Note: (1) Figures recorded refer to the years in which the offences were committed.

(2) There are five and 14 prosecution cases respectively in 2006 and 2007 that are not yet processed or being processed but not yet completed by the Court.

MR JAMES TIEN (in Cantonese): *Madam President, my question was mainly about public transport vehicle drivers. In the past year, many fatal accidents occurred in which the elderly were hit by backing trucks and there were other accidents involving buses, such as that occurring in Tseung Kwan O, in which quite a number of people died. The Government's reply, however, is that in the past three years, for convictions of dangerous driving causing death, the maximum sentences were only a fine of \$20,000 and an imprisonment of 22 months. I feel that the deterrent effect of such penalties is too minimal. The Government has proposed to introduce a legislative amendment in the first quarter of this year to increase the term of imprisonment to a maximum of 10 years. Nevertheless, it will still be futile if the judge still imposes sentences of two-month imprisonment while the Government does not lodge any appeal against such sentences. My supplementary question is: in these examples, whether the Government will lodge appeals against such sentences to enhance the deterrent effect, so as to prevent drivers of public transport vehicles making use of inter alia, long working hours and poor bus maintenance as pretexts for causing accidents that resulted in fatalities?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): *Madam President, I believe, subject to the merits of each case, the Department of Justice*

will do so when necessary. I wish to point out that the basket of measures proposed in the legislative amendment will have considerable deterrent effect. In the relevant panel meetings which we have attended, panel members have shown great support for increasing the term of imprisonment for the offence of causing death by dangerous driving from five years to 10 years, and stepping up the penalties for drink driving, such as, by suspending the driving licence for not less than three months, empowering the police to conduct random breath tests, requiring traffic offenders to attend courses to improve driving and introducing the "P" plate scheme for new drivers of private car and light goods vehicles. We wish to enhance road safety through this basket of measures.

MR ALBERT CHAN (in Cantonese): *President, dangerous driving causing death is similar to manslaughter in logics and in fact, but they are poles apart in terms of penalties. Will the Government, in view of the penalties situation and the prosecution basis of dangerous driving causing death, consider such a behaviour and crime equivalent to manslaughter when enacting legislation, so that the public and drivers can acquire a clear and precise concept that the one who drives a vehicle is not "the greatest"?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, we also agree that drivers really have to be very cautious when driving, or the vehicle may become a killing machine. Regarding Mr Albert CHAN's view which seeks the government consideration to equate the offence of dangerous driving causing death with that of manslaughter, we have some different points to consider. Under the current Road Traffic Ordinance, the offence of dangerous driving is determined by the act of driving, rather than focussing on whether the driver has been negligent or reckless, or what the mental state of the driver is. Hence, the standard of proof is more objective and not as high as that required of manslaughter. Thus, in dealing with such offences, it is easier to convict the act of dangerous driving from this aspect because it is more objective. Moreover, subject to the police and the Department of Justice can consider, in the light of the specific circumstances of each traffic accident, charging the driver who has caused death when driving with manslaughter, and this can be made under section 7 of the Offences against the Person Ordinance (Cap. 212). Thus, the tool is available, but we have to look into the circumstances of individual cases and we cannot make a broad-brush approach to decide that all cases of dangerous driving causing death are equivalent to manslaughter. In this regard, we have to be cautious in handling such cases.

MR HOWARD YOUNG (in Cantonese): *President, the Secretary has provided a table in the Annex indicating the number of cases for drivers being prosecuted and subsequently convicted of dangerous driving. When looking at the table superficially, we may come to a cheerful conclusion because the figures are decreasing year by year, but the number of convicted cases is small, which may be related to the success rate of prosecution. To better understand the information provided in the table, may the Secretary inform us whether on the whole, there is any big change in the success rates of prosecution and conviction?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, this is a very interesting supplementary question, but I made enquires to the police about this and they do not have breakdown information in such an aspect. Perhaps allow me to liaise with them further and enquire whether they can add in this information when collating these data in future.

MR JEFFREY LAM (in Cantonese): *President, there have been considerable public opinion towards the sentences made in relation to a number of serious traffic accident cases. May I ask the Secretary whether she has made an assessment on the public opinion towards court judgments on cases of extensive fatalities caused by serious contravention of traffic regulations?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, we have not conducted any survey to see how the situation was about, but we can see from public opinion in general that everybody thinks the current penalties for dangerous driving causing death, in particular drink driving, are inadequate. Hence, we have proposed to introduce amendments to the existing Ordinance to include the basket of measures I have mentioned just now. As I have also indicated just now, the passing of this new amendment bill will enable the judge to note that the stepping up of the penalties for this act has been endorsed by the Legislative Council and supported by the community. This is meant as reference for the judge. As I have stated in the main reply, it may not be appropriate to simply adopt certain sentencing guidelines because the causes to each and every case can be very different.

MR ANDREW CHENG (in Cantonese): *President, I wish to ask a question in relation to part (b) of the main reply, in which the Secretary said that it was not*

appropriate to come to a broad-brush categorization and judgment on the causes of dangerous driving among drivers of public transport vehicles or private cars. I wish the Secretary to think twice and consider a few view points: most of the serious traffic accidents happened recently involving public buses occurred at night or late in the night when drivers would hastily drive the empty buses back to the terminus to get off-duty. These several traffic accidents were more serious. According to the current internal guideline of the bus company and the requirement of the Transport Department, the driving hours of each bus driver may be no less than 10 hours, and together with the waiting time at the terminus, the duration may be no less than a minimum of 13 to 14 hours. Given that bus drivers have to drive a public transport vehicle of such huge size and with so many people on board, would the Secretary think, for the sake of road safety, that a clearer and better arrangement on the break times and working hours of the bus drivers should be made so that they can have shorter working hours and longer break times in a bid to safeguard road safety?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I know Mr CHENG is very concerned about this issue. Regarding the issue of safety of bus drivers, Members have mentioned just now some incidents. As I have stated in my reply to a previous supplementary question, the structure of the bus is important, and safety is also important, but the driving attitude of the driver is even more important.

Now coming to the break times, a clear guideline has been laid down on the working hours of a bus driver. This set of guideline was revised in July 2007. For example, a bus driver should take a break of at least 30 minutes after working for six hours and a total of at least 20 minutes of short breaks within the six hours of work, including a short break of at least 12 minutes within the first four hours of work. The longest working hours (including all the break times) for a day should not exceed 14 hours. The driving hours for a day, in other words, the longest working hours minus all break times of at least 30 minutes, should not exceed 11 hours. The off-duty time between two consecutive working days should be no less than 9.5 hours. The actual situation that we find is that on average, bus companies are performing better than the guideline. Therefore, I feel that bus companies are generally in compliance with the guideline. Certainly, the Transport Department will closely monitor the situation and, among others, get hold of information regarding the actual working conditions through communication with bus drivers.

MR ANDREW CHENG (in Cantonese): *President, my question did not mean to ask the Secretary to tell us the working guideline because I have already spoken of the guideline in the supplementary question. My question to the Secretary is: Does she not find that the recent multiple late-night accidents involving bus drivers may be related to their lacking in sufficient rest? They have to drive the bus for no more than 11 hours every day, but the regular working hours for each day should be eight hours. Bus drivers, however, have to work for 11 hours, or even 14 hours if, among others, the break times are included. Can she continue to turn a blind eye to this situation? Although revision was made to the guideline in July 2007, does the Secretary not find that in the wake of the recent accidents, the Government should discuss with the bus companies again to further improve the guideline?*

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

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, we will certainly maintain communication with bus companies, and even with bus drivers I mentioned just now. Yet, having to work or drive empty bus late at night does not mean that in that case, drivers would not have time to rest. Hence, we should not casually link these together.

I have a little background information to provide. Of the two bus drivers in the accidents concerned, one of them already had 15 hours 50 minutes off-duty between two consecutive working days, which is more the time required in the guideline. Regarding the other bus driver, he got his day off on the working day before the accident, meaning that he had had 24 hours of rest before he worked. We thus have to follow up each case separately. As for the guideline I mentioned just now, the companies can generally comply with it and are working above the standard required in the guideline. We are therefore of the opinion that the existing measures are appropriate. Nevertheless, we will closely monitor the situation to see if there is any room for improvement.

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

MR HOWARD YOUNG (in Cantonese): *President, according to part (c) (i) of the main reply, the Secretary pointed out that they had a legislative debate in 2006 to introduce a series of measures against dangerous driving, red-light jumping and so on, and she also mentioned many other measures. However, I remember at that time during the discussion on the legislation, the Bureau undertook to provide sufficient number of cameras before the introduction of the new measures. May I ask whether this part of the work will be properly completed before new legislation is enacted?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): *Madam President, regarding the cameras, we thank the Legislative Council for endorsing the funding approval. We will seek to provide a camera for each traffic light. While we already have a comprehensive work plan on this, we will closely monitor the situation and keep up our efforts in installing these red light cameras.*

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

Sub-prime Mortgage Problem

6. **MISS TAM HEUNG-MAN** (in Cantonese): *Regarding the impact of the sub-prime mortgage problem in the United States on Hong Kong's economy, will the Government inform this Council:*

- (a) *whether it has made use of data to monitor if currently there is a considerable outflow of funds from Hong Kong's economy or a risk of hot money attacking the linked exchange rate because of the sub-prime mortgage problem, and whether the Government has formulated relevant contingency measures;*
- (b) *of the Government's estimated impact of the sub-prime mortgage problem on Hong Kong's export trade and exports of services, and whether the Government has formulated relevant contingency measures; and*
- (c) *whether it has assessed the possibility of stagflation (that is, concurrent emergence of economic slowdown and high inflation) in*

Hong Kong under the impact of the sub-prime mortgage problem and other external economic factors as well as the emergence of negative real interest rates in Hong Kong; if it has, of the assessment results and what relevant alert measures the Government has put in place?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, our responses to the questions raised by the Honourable TAM Heung-man are as follows:

- (a) The sub-prime mortgage problem in the United States is an issue of global concern. The Administration has been keeping a close watch on the issue and the related developments. According to the information available to us, the sub-prime problem in the United States has not caused any systemic implication to Hong Kong's economic and financial structures. The relevant systems remain structurally stable.

On the flow of funds, Hong Kong does not have any foreign exchange control. Substantial amount of funds flow into and out of the Hong Kong dollar market daily. The Hong Kong Monetary Authority (HKMA) has been closely monitoring the flow of funds in the Hong Kong dollar market through the exchange rate of the Hong Kong dollar. So far, no information indicates that the sub-prime problem has brought about any unusual impact on the flow of funds into and out of the Hong Kong dollar market.

The HKMA maintains the stability of the Hong Kong dollar market mainly through the currency board arrangement. Simply speaking, the exchange rate of Hong Kong dollar would remain stable when the magnitude of funds inflow and outflow is similar. If there is a considerable outflow of funds, the Hong Kong dollar exchange rate will rise and *vice versa*. According to the currency board arrangement, when the Hong Kong dollar exchange rate moves to the weak-side convertibility rate of HK\$7.85 per US dollar, the HKMA will sell US dollars for Hong Kong dollars at HK\$7.85. Conversely, when the Hong Kong dollar exchange rate moves to the strong-side convertibility rate of HK\$7.75 per US dollar, the

HKMA will sell Hong Kong dollars for US dollars at HK\$7.75. Through such an arrangement, the HKMA maintains the stability of the linked exchange rate system and the Hong Kong dollar market. These measures have been working well.

The HKMA will continue to closely monitor the operations of the linked exchange rate system and the Hong Kong dollar market and ensure that the stability of Hong Kong's financial system is maintained.

- (b) Given the sheer size and importance of the economy of the United States and its financial market, an economic slowdown in the United States would inevitably have repercussions on the rest of the world. Under such situation, Hong Kong will also be affected.

In terms of export trade, given the uncertainties caused by the economic slowdown in the United States and the sub-prime mortgage problem, the export growth in Hong Kong has slackened in recent months when compared with last year. The year-on-year rate of increase in terms of the value of total export from January to November 2007 is 9.3% while the yearly rate of increase in 2006 is 9.4%. That said, the momentum of growth of Hong Kong's economy is still strong. This, along with the sound economic fundamentals of the Mainland which is our major export market in recent years, continues to provide support to our export trade.

In respect of export of services, a sustained appreciable growth was recorded in the first three quarters of 2007. Finance, commerce, inbound tourism as well as export of other professional services all have satisfactory performance. The year-on-year rate of increase in real terms as regards export of services in the third quarter of 2007 is 12.3%, which compared well with 9.0% and 11.6% in the first and second quarters respectively. It is anticipated that the overall export of services in Hong Kong will continue to be led by this trend and grow further.

While the Hong Kong economy is facing a number of uncertain factors, the Administration believes that with its high degree of

flexibility and adaptability and the strong recovery over the last four years, it will be able to withstand possible external impact. The Administration has all along been supporting and encouraging development of the local economy at the policy level. The Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA) and the four supplemental agreements have laid a solid foundation for mutual economic co-operation between the Mainland and Hong Kong. The Administration will continue to encourage collaboration with the Pan-Pearl River Delta provinces and cities and strengthen connections with overseas markets, with a view to seeking more new opportunities for the Hong Kong economy, including the aspect of trade and commercial development.

- (c) Stagflation refers to the concurrent emergence of economic stagnation and continual price inflation. According to the existing data, the outlook of Hong Kong's economic development is still positive in the midst of inflationary pressures. Hence, the Administration and the market do not expect the emergence of stagflation in Hong Kong.

Inflationary pressures has edged up inevitably as Hong Kong's economy experienced robust growth in the past four years, the unemployment rate fell to a low level and household income of most families increased. Global rise in energy and food prices, the weak US dollar and the Renminbi appreciation in recent months have also increased the pressure for price rise.

From a broader prospective, rising inflation pressure is a global phenomenon and the inflation rate in Hong Kong is still mild. While Hong Kong's economic performance is being affected by many external uncertainties, as the economies of the Mainland and the emerging markets maintain their strong growth and Hong Kong's domestic demand is vibrant, the outlook of our overall economic development is still promising, though the pace of growth may be slower when compared with that in the past four years.

The Administration will continue to closely monitor the economic development and inflation situation of Hong Kong and review the effectiveness of the relevant policies as appropriate.

MISS TAM HEUNG-MAN (in Cantonese): *In part (b) of the main reply, the Government said that the export growth in Hong Kong started to slacken slightly. At the same time, we notice that the sub-prime mortgage problem has brought about the weakening of the US dollar. The inflation issue is mentioned in part (c) of the main reply. In general, governments will adopt monetary policy and fiscal measures to deal with inflation. However, hamstrung by the linked exchange rate system, we cannot control inflation via monetary policy. I notice that, against a backdrop of inflation, the issue of sub-prime mortgage and slackened export growth, the Secretary said at the end of part (c) of the main reply that the effectiveness of the relevant policies would be reviewed as appropriate. Under our existing linked exchange rate system, the Hong Kong dollar is pegged with the US dollar. Will the Secretary conduct a review to shift to other currencies or adopt other policies to deal with the issues of inflation and sub-prime mortgage that we are facing now?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I have to thank the Member for the supplementary question. This supplementary question consists of several parts, allow me perhaps to give my analysis to each of these parts. In view of the weakening of the US dollar, the appreciation of the RMB and the negative interest rate not negative interest rate but decreasing interest rate, at issue is whether Hong Kong will face increasing pressure from inflation, as the linked exchange rate will also put greater pressure on the economy. The deflation of the US dollar together with the appreciation of the RMB will push up the prices of imported goods, particularly food items coming from the Mainland, thereby increasing the inflation pressure faced by Hong Kong. However, from a broader perspective, we must take note of the concurrent rapid increase in the productivity of the labour force in Hong Kong. Besides, goods are imported from different places of origins with great diversity. All these factors will to a certain extent ease the pressure of inflation.

Another issue is in terms of growth, I mentioned in the main reply earlier that the outlook of the service sector, in respect of the export of services, is extremely good. Though the growth has slackened slightly, we see that the year-on-year rate of increase for the third quarter is still maintained at a double digit level. In this respect, we think the impetus and momentum for growth will sustain through next year.

Concerning the linked exchange rate situation mentioned by the Member, Members would have known that the linked exchange rate system is a time-proven system which has brought great support to Hong Kong during the cyclical economic changes in the past and in the open economy we adopted. When we look at the linked exchange rate in respect of the situation in Hong Kong, we should put it in a broader perspective and in the context of different cycles. Under the current circumstance, we are completely of the view that the linked exchange rate system is a very effective measure.

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

MISS TAM HEUNG-MAN (in Cantonese): *No, part of it has not been answered. Thank you, President. I have to thank the Secretary for his detailed explanation, but the last part of my question had asked the Secretary whether other measures would be put in place to deal with the issue of inflation apart from the linked exchange rate system.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I have to thank the Member for the question. As for other policies, several aspects are included. Concerning the issue of inflation, I have analyzed the cause of inflation pressure earlier, and we see that the overall increase in productivity will in fact help to ease the constant pressure of inflation. Therefore, in this respect, for the economic development of Hong Kong, we

should consider how to increase our productivity, and how to expand the capacity of the overall economy without bringing about stagflation. Hence, we should consider how to expand the capacity of the economy of Hong Kong in the context of infrastructure and development as a whole, so that prices in Hong Kong will not, in the long run, pose a problem due to a bottleneck effect.

Moreover, we surely understand that inflation will affect the livelihood of the public in the main, particularly the low-income families, for inflation will exert an adverse impact on them. In this respect, the Government will definitely try ways and means to assist people in need through existing mechanisms or effective measures.

MR CHIM PUI-CHUNG (in Cantonese): *President, as indicated by history and facts in the past, the 1987 global stock market crash and the 1997 Asian financial crisis were both global in nature, and there were strategic plans targeted to disrupt the global financial market. Now, regarding the so-called the issue of sub-prime mortgage occurring in the United States in 2007, how much data does the SAR Government have at hand to prove that the issue will bring about tremendous impact? Moreover, how can it prevent the issue from affecting the Hong Kong stock market and investors? What measures does the SAR Government have? Secretary, I would like to know more for the Secretary has not yet proven what influence would be brought about by the issue of sub-prime mortgage. What we know so far is nothing more than hearsay, or merely empty talk. What figures and justifications does the Secretary have? This is the third attempt made by some Jewish funds in the United States to disrupt the global stock market and the financial market. What measures will the Government put in place to prevent investors in Hong Kong from suffering serious losses?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I have to thank the Member for the supplementary question. In this respect, the Government will continue to monitor the banking and financial systems in Hong Kong to assess the implication brought about by the sub-prime mortgage problem to the investment market and the financial market in Hong Kong. We have all along been working on this. The Financial Services and Treasury Bureau and regulatory bodies of the financial sector, including the HKMA and the Securities and Futures Commission (SFC), and so on, have been keeping watch on the issue and collecting the relevant data.

According to the information we have collected, the structure of the financial market in Hong Kong remains very stable. The issue of sub-prime mortgage in the United States has not caused any systemic implication to the financial system in Hong Kong. Why do I say so? According to the information submitted by banks to the HKMA, the number of investment and credit deals, direct and indirect, undertaken by Hong Kong banks, which are related to sub-prime mortgage, only accounts for a very small percentage of the assets of banks. Therefore, the overall financial stability of the banking sector will not be thus affected.

From the information provided by the SFC, we notice that some retail funds have invested on mortgage bonds, but the amount involved is small. Since the collateralized debt obligation market in Asia is still in its development stage, the direct implication of the issue of sub-prime mortgage on the Asian market is relatively small in comparison with that on the United States.

Regarding the insurance sector, we notice that the asset risk faced by insurers in Hong Kong as a result of the issue of sub-prime mortgage is also quite small. Certainly, the approach we adopt in the regulation of banks and risk management is prudent. Besides, owing to certain developments in the market, the issue of sub-prime mortgage only has slight implication on Hong Kong. When the external financial market fluctuates as a whole, the market in Hong Kong will naturally be affected, but this is not a problem that would involve the structure of the financial system in Hong Kong.

MR CHAN KAM-LAM (in Cantonese): *President, the main reply of the Secretary seems to be a little contradictory. For in part (b) of the main reply, he said that given the sheer size and importance of the economy of the United States and its financial market, an economic slowdown in the United States would have significant impact on Hong Kong. Actually, the economy has started to slow down now. Folks in the financial sector have projected that the United States would enter a new age of recession. However, it is indicated in the last part of the main reply that as the economies of the Mainland and the emerging markets maintain their strong growth and Hong Kong's domestic demand is vibrant, the outlook of our overall economic development is still promising. The reply of the Secretary seems to be not too clear. Will he tell us clearly whether the recession now in the United States is a temporary or long-term one and the impact it will cast on Hong Kong? Besides, the economy of the Mainland is*

mainly under the influence of the economy of the United States and Europe, will Hong Kong eventually be affected in a large measure?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I have to thank the Member for the supplementary question. Perhaps allow me to give a brief reply, and I hope this will answer his question which involves several perspectives. Regarding the economic condition of the United States market, we have in fact conducted assessments all along. If Members have been vigilant, they would have noted the Financial Secretary, the Government Economists and I myself did mention our concern about the economy of the United States in the past. At present, as shown by the recent figures, we cannot rule out the possibility that recession will emerge in the economy of the United States this year. Actually, we have such an observation a few months ago and have been keeping a watch on this. According to the current figures, the possibility that the United States may enter a period of recession would start to become a cause of concern to the market. However, relatively speaking, as I said earlier, owing to the importance of the market of the United States and its substantial demand for imports, recession in the United States will definitely lead to a reliance on other markets and markets exporting goods to the United States will consequently be affected. This is inevitable.

Notwithstanding that, vitality and momentum still abide in driving domestic economy, which depends on the economic growth in various aspects and the growth in domestic demand. We notice from recent figures that the impetus in various aspects remains favourable. When we draw an analogy, we would come up with the view that the pace of growth of Hong Kong this year will be slower than the past, which is undoubtedly affected by external market factors, including the economy slowdown of the United States and the fluctuations of the financial market. However, in comparison with the external economy, Hong Kong can still maintain its impetus and growth. Though growth has slacken, we still consider that impetus and growth still exist in Hong Kong.

PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS**Occupational Health Clinics**

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

- (a) *among the new cases received by occupational health clinics, of the respective numbers of cases confirmed and not confirmed as occupational diseases in each of the past five years, the age distribution of the patients concerned as well as the trades they were engaged in, broken down by the type of occupational disease (including silicosis, tenosynovitis of hand or forearm, occupational deafness, tuberculosis, occupational dermatitis, asbestosis, compressed air illness, gas poisoning and others);*
- (b) *of the percentage of the confirmed cases in (a) in the total number of confirmed occupational disease cases in Hong Kong in the same year;*
- (c) *of the current waiting time for the new cases of the above clinics; the average waiting time for patients suspected to be suffering from occupational diseases to receive necessary treatment after their first attendance, and the average time for them to recover after receiving treatment;*
- (d) *how the current number of patients, the current number of new and old cases as well as the current workload of each doctor (for example, the number of patients required to be treated per hour) of the above clinics compare with those of the orthopaedic and thoracic out-patient clinics of the Hospital Authority (HA);*
- (e) *of the criteria adopted by doctors at occupational health clinics for diagnosing whether a patient is suffering from occupational disease,*

and whether such criteria are consistent with those adopted by other medical institutions;

- (f) whether occupational disease cases confirmed by specialists at public hospitals must eventually be referred to and verified by occupational health clinics; and*
- (g) whether, in the past three years, there were occupational disease cases confirmed by occupational health clinics in which the employers or insurance companies concerned had objected to or challenged the diagnoses concerned (including bringing the cases to the Court for its ruling); if there were such cases, of the number of cases involved and whether, when such type of cases was brought to the Court for its ruling, the attending doctors of occupational health clinics had responsibility for explaining the diagnosis results in Court for the patients?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, there are altogether 51 occupational diseases prescribed under the Occupational Deafness (Compensation) Ordinance (ODCO) (Cap. 469), the Pneumoconiosis (Compensation) Ordinance (PCO) (Cap. 360) and the Employees' Compensation Ordinance (ECO) (Cap. 282).

These three pieces of legislation provide for the different procedures for confirming occupational deafness, pneumoconiosis (including silicosis and asbestosis), and other 48 occupational diseases respectively. Under the ODCO, the Occupational Deafness Compensation Board is responsible for processing and determining applications, including determining whether the claimant has suffered from occupational deafness as prescribed in the Ordinance. One doctor from the Occupational Health Service (OHS) of the Labour Department (LD) is a member of that compensation board. The Pneumoconiosis Medical Board (PMB) is responsible for determining whether the claimant has suffered from pneumoconiosis in accordance with the PCO. The PMB consists of three members and one of them is a doctor from in the OHS of the LD.

As to the 48 occupational diseases prescribed in the Second Schedule of the ECO, the LD is responsible for processing such claims. Where there is any dispute between the employer and employee on whether the disease is due to the nature of the occupation in which the employee is engaged, the LD will, with the consent of the employee, collect relevant information and medical reports on the case and seek the professional advice of the LD's doctor from the OHS. The LD will then give its view to both parties on whether the disease is one prescribed by law. If the employer and employee are unable to reach a settlement through the assistance of the department, the case shall be determined by the Court.

The two occupational health clinics of the LD can provide treatment for employees who suspect their diseases to be work-related. Apart from treating patients, doctors in the occupational health clinics will take a comprehensive history from patients and may inspect the patient's workplace, depending on the circumstances and wish of the patient, to identify the existence or otherwise of hazards in the working environment relating to the diseases to facilitate the diagnosis of whether the patient has suffered from occupational diseases prescribed in the ECO. Moreover, the doctors will advise the patients to adopt appropriate preventive measures in order to avoid recurrence of the disease. They are also required to perform other duties such as inspection of the patients' workplaces, participate in the aforementioned boards relating to employees' compensation, provide professional advice on cases of suspected occupational diseases, and so on.

I will now reply to the seven parts of the question as follows:

- (a) From 2002 to 2006, a total of 12 800 new patients sought consultation at the LD's occupational health clinics. Of these, 12 574 (98.2%) were diagnosed as having diseases not prescribed in the ECO. The breakdown of these patients by age, industry and nature of illness is at Annex 1.

During the same period, a total of 226 new patients were diagnosed as suffering from occupational diseases prescribed in the ECO, including 180 cases of tenosynovitis of hand or forearm and 46 cases of occupational dermatitis. The breakdown of these patients by age and industry is at Annex 2.

- (b) Between 2002 and 2006, the number of patients diagnosed by the occupational health clinics as having occupational diseases prescribed in the ECO as a percentage of all the confirmed occupational disease cases in the same year are as follows:

	2002	2003	2004	2005	2006
Number of cases diagnosed by the occupational health clinics as having prescribed occupational diseases in the ECO	53	29	54	57	33
Total number of confirmed occupational diseases ¹	364	258	251	256	264
Percentage	14.6%	11.2%	21.5%	22.3%	12.5%

(Note 1: The patients confirmed to have occupational deafness and pneumoconiosis will be treated in the specialist clinics under the HA and Department of Health.)

- (c) The waiting time for the first appointment in the LD's two occupational health clinics is about two months on average. If some patients are required to have early treatment, the LD will make special arrangements for them. As to the waiting time for the first appointment in the specialist clinics under the HA, the median is about seven weeks.

Doctors in the occupational health clinics will provide appropriate treatments to the patients having regard to their clinical condition in both initial and follow-up consultations in order to facilitate their recovery. If the treatments such as medication and wound dressing could be provided by the occupational health clinics, there will be arrangements immediately. Where referral to other services

providers, such as physiotherapy and occupational therapy service under the HA, is required, the queuing time is determined by the general waiting time for such services. With regard to the time for the patients to recover, this varies individually, and is subject to many factors, including the nature of the disease and effectiveness of the treatment. The LD does not keep the relevant statistics.

- (d) In addition to general diagnostic procedures, doctors in the occupational health clinics will take a comprehensive occupational history from patients in the diagnosis of whether the patients have occupational diseases prescribed in the ECO. The time for each consultation is therefore longer than that of other specialist clinics. Doctors in the occupational health clinics will also inspect the patient's workplace to identify the existence or otherwise of hazards in the working environment relating to the diseases. In 2007, the two LD's occupational health clinics provided a total of 13 000 consultations. On average, each doctor can attend 11 patients in a half-day consultation session. As the nature of services provided by the occupational health clinics, including inspection of the patients' workplace, is different from that of orthopaedic and thoracic out-patient clinics of the HA, a direct comparison of their number of patients, new and old cases as well as workload of each doctor cannot be made.
- (e) Doctors in occupational health clinics will, according to the requirements stipulated in the ECO, make diagnosis and provide professional advice to the patients on whether the cases involve occupational diseases prescribed in the Ordinance. The law provides that in order to qualify for seeking compensation for occupational disease, the diseases must be one specified under the Ordinance and have resulted from work in any occupation in which he was employed immediately preceding the total or partial incapacity caused.

The LD has already published relevant publications such as "Guide to occupational diseases prescribed for compensation purposes" and "Guidance Notes on the Diagnosis of Notifiable Occupational Diseases" (English version only) to explain the occupational diseases prescribed in the ECO to the public and registered medical practitioners. These publications are available for collection free of charge from offices of the Occupational Safety and Health Branch of the LD, and may also be downloaded from the LD's website. The LD has also sent the "Guidance Notes on the Diagnosis of Notifiable Occupational Diseases" to all registered medical practitioners to help familiarize them with the diagnostic criteria for occupational diseases.

- (f) In reporting a case of occupational disease to the LD in accordance with the ECO, the employer or the employee should also provide information on the occupational disease diagnosed by registered medical practitioners to facilitate the LD in processing the case and calculate the amount of compensation. If comprehensive information is not provided in a reported case of occupational disease, or if there is a dispute between employer and employee on whether the disease is one due to the nature of the occupation in which the employee was engaged, the LD will give its view to both parties. If the dispute is unable to reach a settlement, the case shall be determined by the Court.

- (g) The LD does not maintain statistics on the cases in which the employers and insurance companies concerned challenged the diagnosis of the occupational health clinics. If cases involving patients who had received treatment from the occupational health clinics are taken to the Court for ruling, the attending doctors will, upon receipt of the Court summons, attend the Court to explain the diagnosis made and relevant documents such as medical reports and medical records.

Annex 1

Patients seeking consultations at the LD's Occupational Health Clinics
from 2002 to 2006

(Patients diagnosed as not having Occupational Diseases)

(A) By age group

<i>Age group</i>	<i>Number of patients diagnosed as not having Occupational Diseases</i>				
	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
≤20	16 (0.5%)	11 (0.5%)	10 (0.5%)	9 (0.4%)	16 (0.6%)
21-40	1 420 (41.0%)	1 010 (45.2%)	918 (41.4%)	849 (40.4%)	909 (35.6%)
41-60	1 934 (55.8%)	1 173 (52.5%)	1 260 (56.8%)	1 212 (57.6%)	1 595 (62.4%)
> 60	94 (2.7%)	39 (1.8%)	30 (1.3%)	33 (1.6%)	36 (1.4%)
Total	3 464 (100%)	2 233 (100%)	2 218 (100%)	2 103 (100%)	2 556 (100%)

(B) By industry

<i>Industry</i>	<i>Number of patients diagnosed as not having Occupational Diseases</i>				
	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Community, social and personal services	1 428 (41.2%)	829 (37.1%)	1 001 (45.1%)	919 (43.7%)	1 074 (42.0%)
Wholesale, retail and import/export trades, restaurants and hotels	741 (21.4%)	498 (22.3%)	453 (20.4%)	410 (19.5%)	519 (20.3%)
Manufacturing	400 (11.5%)	280 (12.6%)	252 (11.4%)	230 (11.0%)	240 (9.4%)
Financing, insurance, real estate and business services	349 (10.1%)	235 (10.5%)	191 (8.6%)	165 (7.8%)	351 (13.7%)

<i>Industry</i>	<i>Number of patients diagnosed as not having Occupational Diseases</i>				
	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Transport, storage and communications	200 (5.8%)	141 (6.3%)	117 (5.3%)	144 (6.8%)	143 (5.6%)
Others	346 (10.0%)	250 (11.2%)	204 (9.2%)	235 (11.2%)	229 (9.0%)
Total	3 464 (100%)	2 233 (100%)	2 218 (100%)	2 103 (100%)	2 556 (100%)

(C) By nature of illness

<i>Nature of illness</i>	<i>Number of patients diagnosed as not having Occupational Diseases</i>				
	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Musculoskeletal	2 692 (77.7%)	1 855 (83.1%)	1 991 (89.8%)	1 825 (86.8%)	2 173 (85.0%)
Skin	518 (15.0%)	163 (7.3%)	38 (1.7%)	37 (1.8%)	173 (6.8%)
Auditory	50 (1.4%)	63 (2.8%)	43 (1.9%)	26 (1.2%)	33 (1.3%)
Respiratory	63 (1.8%)	51 (2.3%)	23 (1.0%)	24 (1.1%)	27 (1.1%)
Visual	29 (0.8%)	12 (0.5%)	17 (0.8%)	14 (0.7%)	16 (0.6%)
Others	112 (3.3%)	89 (4.0%)	106 (4.8%)	177 (8.4%)	134 (5.2%)
Total	3 464 (100%)	2 233 (100%)	2 218 (100%)	2 103 (100%)	2 556 (100%)

Patients seeking consultations at the LD's Occupational Health Clinics from 2002 to 2006
(Patients diagnosed as having Occupational Diseases prescribed in the ECO)

(A) By age group

Age group	<i>Number of patients diagnosed as having Occupational Diseases prescribed in the ECO</i>									
	2002		2003		2004		2005		2006	
	<i>Tenosynovitis of hand or forearm</i>	<i>Occupational dermatitis</i>	<i>Tenosynovitis of hand or forearm</i>	<i>Occupational dermatitis</i>	<i>Tenosynovitis of hand or forearm</i>	<i>Occupational dermatitis</i>	<i>Tenosynovitis of hand or forearm</i>	<i>Occupational dermatitis</i>	<i>Tenosynovitis of hand or forearm</i>	<i>Occupational dermatitis</i>
≤20	0 (0.0%)	4 (19.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	1 (16.7%)	0 (0.0%)	1 (25.0%)	0 (0.0%)	0 (0.0%)
21-40	15 (46.9%)	9 (42.9%)	11 (55.0%)	1 (11.1%)	19 (39.6%)	2 (33.3%)	20 (38.0%)	1 (25.0%)	8 (29.6%)	2 (33.3%)
41-60	16 (50.0%)	7 (33.3%)	9 (45.0%)	8 (88.9%)	28 (58.3%)	3 (50.0%)	32 (60.0%)	2 (50.0%)	19 (70.4%)	4 (66.7%)
>60	1 (3.1%)	1 (4.8%)	0 (0.0%)	0 (0.0%)	1 (2.1%)	0 (0.0%)	1 (2.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
Total	32 (100%)	21 (100%)	20 (100%)	9 (100%)	48 (100%)	6 (100%)	53 (100%)	4 (100%)	27 (100%)	6 (100%)

(B) By Industry

Industry	<i>Number of patients diagnosed as having Occupational Diseases prescribed in the ECO</i>									
	2002		2003		2004		2005		2006	
	<i>Tenosynovitis of hand or forearm</i>	<i>Occupational dermatitis</i>	<i>Tenosynovitis of hand or forearm</i>	<i>Occupational dermatitis</i>	<i>Tenosynovitis of hand or forearm</i>	<i>Occupational dermatitis</i>	<i>Tenosynovitis of hand or forearm</i>	<i>Occupational dermatitis</i>	<i>Tenosynovitis of hand or forearm</i>	<i>Occupational dermatitis</i>
Community, social and personal services	18 (56.3%)	12 (57.1%)	10 (50.0%)	3 (33.3%)	23 (47.9%)	3 (50.0%)	25 (47.2%)	0 (0.0%)	13 (48.1%)	1 (16.7%)
Wholesale, retail and import/export trades, restaurants and hotels	5 (15.6%)	4 (19.0%)	5 (25.0%)	3 (33.3%)	11 (22.9%)	2 (33.3%)	11 (20.8%)	4 (100.0%)	5 (18.5%)	2 (33.3%)
Manufacturing	1 (3.1%)	1 (4.8%)	1 (5.0%)	1 (11.1%)	7 (14.6%)	0 (0.0%)	10 (18.9%)	0 (0.0%)	2 (7.4%)	1 (16.7%)
Financing, insurance, real estate and business services	4 (12.5%)	0 (0.0%)	1 (5.0%)	0 (0.0%)	6 (12.5%)	0 (0.0%)	2 (3.8%)	0 (0.0%)	4 (14.8%)	0 (0.0%)
Transport, storage and communications	3 (9.4%)	0 (0.0%)	1 (5.0%)	0 (0.0%)	1 (2.1%)	0 (0.0%)	4 (7.5%)	0 (0.0%)	2 (7.4%)	0 (0.0%)
Others	1 (3.1%)	4 (19.1%)	2 (10.0%)	2 (22.3%)	0 (0.0%)	1 (16.7%)	1 (1.8%)	0 (0.0%)	1 (3.8%)	2 (33.3%)
Total	32 (100%)	21 (100%)	20 (100%)	9 (100%)	48 (100%)	6 (100%)	53 (100%)	4 (100%)	27 (100%)	6 (100%)

Criminal Intimidation Cases

8. **MR TAM YIU-CHUNG** (in Chinese): *President, given that recently, politically exposed persons have successively received intimidation letters, will the Government inform this Council of:*

- (a) *the number of relevant reports received by the police in each of the past three years, the respective numbers of government officials and Members of the Legislative Council involved in these reports, and the number of cases detected; and*
- (b) *the measures to expedite the detection of such cases in order to uphold the rule of law?*

SECRETARY FOR SECURITY (in Chinese): President,

- (a) According to information held by the police, the police did not receive any reports of government officials having received intimidation letters in the past three years. The number of cases involving Members of the Legislative Council and the number of cases detected are as follows:

	2005	2006	2007
Number of reports	0	4	19
Number of cases detected	0	2	7

A total of 22 Legislative Council Members were involved in the above cases.

The police are very concerned about cases of politically exposed persons receiving intimidation letters. Regarding the increase in the number of cases in 2007 as compared with previous years, the police do not rule out the possibility that with several major electoral activities held during the year, certain individuals might have reacted too radically to electoral matters.

- (b) Hong Kong is a society under the rule of law. The law and order situation in the territory has been stable. The police are, as always, committed to maintaining law and order in the community and protecting the personal safety of all members of the public (including politically exposed persons). The police will not tolerate any act of intimidation committed by any person against others.

Generally speaking, the police will designate cases of this nature to a dedicated and experienced investigation team for followup. This enables investigation officers to have a comprehensive idea of the facts and developments relating to cases of a similar nature, and to examine and analyse the evidence and information collected in respect of different cases more effectively. Such an arrangement adopted by the police to pool experience and resources as well as the adoption of investigation practices that allow a comprehensive understanding of similar cases are conducive to the detection of such cases.

Of course, the most effective way to assist the police is for the victims to report their cases and to provide information to the police in the first instance. Any person who feels that his/her personal safety is being threatened should report to the police as soon as possible so that the police can conduct investigation at the earliest opportunity.

Public Housing Tenants' Claims for Compensation from Hong Kong Housing Authority

9. **MR JAMES TO** (in Chinese): *President, a member of the public has approached me for assistance, saying that he had suffered losses earlier due to the bursting of communal flushing water pipes in his public rental housing (PRH) unit. When he claimed compensation from the Hong Kong Housing Authority (HA), the HA's representative indicated that under clause IV(4) of the Tenancy Agreement for his PRH unit, "the landlord shall not be under any liability whatsoever to the Tenant or any member of the Tenant's family or any servant or licensee of his in respect of any damage sustained to the person or property of the*

Tenant or such other person caused by or through or in any way due to the overflow of water or drainage from any part of the building of which the said flat forms part." Therefore, "HA does not have any contractual liabilities in the incident". In this connection, will the Government inform this Council:

- (a) *of the number of tenants' claims received by the HA in the past three years and the relevant amount of claims, broken down by the nature of the cases (including losses arising from the bursting of flushing water pipes, fire, police investigation, and so on) and age of the PRH building concerned (less than 10 years, 10 to 20 years, 21 to 30 years and 31 years or above);*
- (b) *among the cases in (a), whether the HA had accepted the claims concerned and awarded compensation; if it had, of the number of such cases and the ultimate amount of compensation awarded in each case; and whether the tenants concerned had lodged appeals against the HA's decisions; if they had, of the number of appeals and among them, the number of those allowed; and*
- (c) apart from the above clause, whether there are other similar exemption clauses in the HA's Tenancy Agreements or the laws of Hong Kong?

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

- (a) The number of claims for compensation lodged with the HA in respect of the properties under its management over the past three years is as follows:
- (i) Breakdown by nature of accidents

	2006- 2007	2005- 2006	2004- 2005
Choked drainage	40	70	51
Crime	4	6	13
Lift failure/incident	10	7	4

	2006- 2007	2005- 2006	2004- 2005
Objects dropped from a height	7	7	1
Fire	8	10	8
Burst pipes	64	80	59
Maintenance and repair related incident	27	32	80
Typhoon/Storm	0	3	5
Slippery floor/Tripping	24	56	50
Water leaking/dripping	32	61	42
Power Blackout/Water supply interruption	2	7	8
Others	91	14	23
Total	309	353	344

(ii) Breakdown by age of flats

<i>Age</i>	2006- 2007	2005- 2006	2004- 2005
below 10 years	89	78	63
10 to 20 years	86	88	108
20 to 30 years	86	142	130
above 30 years	48	45	43
Total	309	353	344

The amount of the claims ranges from \$2,000 to several hundred thousand Hong Kong dollars.

- (b) The HA has taken out public liability insurance to provide protection for the HA and its staff against legal liabilities and consequential compensation arising from operation-related negligence that results in bodily injury or property damage to members of the public. The HA has also required its services and works contractors to take out public liability insurance.

All claims against the HA are referred to the independent loss adjuster of the HA's insurance company for follow-up investigation. The loss adjuster would discuss with the claimant issues such as who should be held liable and the compensation amount. Generally speaking, in addition to examining the relevant clauses of the

tenancy agreement, the loss adjuster would also consider if the HA has been negligent and should be held responsible for the incident. If eventually the claimant and the loss adjuster fail to reach an agreement on the liabilities or amount of compensation, the claimant may seek compensation from the HA under the civil claims procedure. This practice is in line with the normal practice of handling claims in respect of public liability in the insurance market. The HA itself has not established any appeal mechanism specifically for such claims.

The relevant figures of the compensation claims lodged with the HA in the past three years are as follows:

<i>Year</i>	<i>Number of closed cases where compensation is required</i>	<i>Number of closed cases where compensation is not required</i>	<i>Amount of compensation awarded or earmarked for award</i>
2004-2005	7	299	\$1,494,000
2005-2006	5	119	\$3,446,000
2006-2007	26	6	\$2,717,978

The HA will also render other assistance to the claimants as far as possible. For example, if the claimant's flat is damaged in an accident, the HA will arrange flat transfer. Moreover, the HA will require the loss adjuster to remind the claimant to consider claiming compensation from a HA's contractor if the loss adjuster's investigation reveals that the contractor may be involved in the case. If the investigation so reveals, the HA will also remind the claimant to consider seeking compensation from the contractor concerned and ask the contractor to contact the claimant to facilitate the claimant's followup.

- (c) The tenancy agreement for HA PRH flats contains two exemption clauses, namely clause IV(4) (concerning cases of bodily injury or property damage to the tenant or his family due to overflow of water or sewage) and clause IV(5) (concerning compensation claims lodged with the tenant or his family members arising from the HA's execution of the terms of the tenancy agreements). The Housing Ordinance does not have similar provisions.

Enforcement Actions Against Unauthorized Building Works

10. **DR YEUNG SUM** (in Chinese): *President, will the Government inform this Council:*

- (a) *each year from 2005 to the first 10 months of 2007, of the number of unauthorized building works (UBWs) newly erected, and the number of new UBWs among the UBWs removed;*
- (b) *among the cases in which removal orders were issued during the above period, of the number of cases each year in which the owners concerned removed the UBWs in question on their own before the specified deadlines; regarding the cases of non-compliance of the removal orders, of the respective numbers of cases in which prosecution or no prosecution has been brought against the owners concerned, and the number of convicted cases and the penalties imposed;*
- (c) *among the cases in which warning notices (WNs) were issued during the above period, of the respective numbers of cases each year in which the owners concerned removed the UBWs in question on their own before the specified deadlines and those cases in which the Buildings Department (BD) registered the WNs against the title of the subject premises in the Land Registry (LR), and the current number of the latter cases; and*
- (d) *given that currently, members of the public are not able to check, free of charge, from the LR's webpage if there is a record of the above registration of a WN against the title of a particular premises or unit, whether the authorities will consider providing such additional service to allow members of the public to check from that webpage, free of charge, such records and the list of the 1 000 target buildings identified for the BD's annual large-scale operation to remove UBWs?*

SECRETARY FOR DEVELOPMENT (in Chinese): *President, the BD is committed to tackling UBWs in private buildings in Hong Kong, and adopts a multi-pronged approach to reduce the number of UBWs, including the removal*

of dangerous and new UBWs; selecting target buildings for annual large-scale operations to remove UBWs on external walls; and enhancing public awareness of the problems and risks of UBWs and owners' responsibilities to ensure building safety through publicity and education programmes.

The reply to the four-part question is as follows:

- (a) As the number of UBWs in Hong Kong is large, the BD does not have the exact annual statistics of new UBWs. In the past three years, there were on average over 1 000 new UBWs removed by the BD annually. The numbers of UBWs (including new UBWs) removed in 2005, 2006 and the first 10 months of 2007 in the BD's enforcement actions are as follows:

	2005	2006	2007 (first 10 months)
UBWs removed in the BD's enforcement actions (bracketed figures are numbers of new UBWs)	40 365 (1 055)	48 479 (1 033)	44 197 (1 081)

- (b) The BD will initiate prosecution against an owner if he fails, without reasonable excuse, to comply with the removal order issued by the BD on or before the specified deadline. He is, on conviction, liable to a maximum penalty of a fine of \$200,000 and imprisonment for one year, and to a further fine of \$20,000 for every day during which the offence continues. The numbers of removal orders issued and prosecutions initiated by the BD in 2005, 2006 and the first 10 months of 2007 are as follows:

	2005	2006	2007 (first 10 months)
Removal orders issued	25 007	32 711	28 984
Removal orders complied with (bracketed figures are numbers of cases in which owners removed UBWs voluntarily)	19 813 (17 413)	21 757 (20 097)	6 391* (5 702)

	2005	2006	2007 (first 10 months)
Cases of prosecution**	2 962	3 042	2 368
Number of cases heard by Court resulting in convictions **	1 862	1 997	1 847
Total penalties imposed by Court	about 8 million	about 7.8 million	about 6.5 million

Note (*): It may take a longer time to, depending on complexity, organize and complete building maintenance and removal works. The removal works of many of the cases in which removal orders were issued in 2007 are still under preparation or in progress. Also, there are some cases in which removal works were completed and are pending inspection and confirmation by the BD.

Note (**): The cases in which prosecutions have been initiated in a year may not be related to the removal orders issued in the same year. Some of them may be follow-up cases related to removal orders issued in previous years. Also, for some removal orders, as the owners are arranging for removal works or are appealing against the removal orders, the BD will hold off prosecution actions for the time being.

- (c) As for the types of UBWs which do not belong to the category of priority demolition, the BD will issue WNs to owners as appropriate. The numbers of WNs issued by the BD against UBWs in 2005, 2006 and the first 10 months of 2007 are as follows:

	2005	2006	2007 (first 10 months)
WNs issued	2 184	8 498	7 098
WNs complied with (UBWs removed by owners voluntarily)	376	656	336
WNs registered with the LR*	1 680	6 860	3 682

Note (*): If an owner, upon receipt of a WN, indicates that he is prepared to arrange on his own for removing the UBWs concerned, or that he will appeal against the WN, the BD will hold off registering the WN with the LR.

According to the statistics of the BD, the current number of cases in which WNs have been registered is 9 733.

- (d) Flat owners or the owners' corporation of the UBWs concerned will receive the original copies of the WNs issued by the BD. A copy of the WNs will also be sent to the LR for registration. Members of the public can, through the counter or online search service of the

LR and upon payment of a fee of \$10 per search, obtain the land record of an individual flat and check whether there is any WN concerning UBWs registered against the flat. The BD does not provide through the Internet the list of target buildings in the annual large-scale removal operations.

Manpower Shortage of Fire Services Department

11. **MS LI FUNG-YING** (in Chinese): *President, it has been reported that the Ambulancemen Grade and the Fire Services Communications Centre (FSCC) of the Fire Services Department (FSD) are both experiencing the problem of manpower shortage. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of staff who departed and who newly joined the FSCC in the past three years, broken down by rank;*
- (b) *focusing on the current problem of manpower shortage, how the authorities make appropriate arrangements for mobilizing emergency ambulances; and*
- (c) *whether, in view of the above problem of manpower shortage, the authorities have taken measures to retain staff; if they have, of the details; if not, the reasons for that?*

SECRETARY FOR SECURITY (in Chinese): President,

- (a) The FSCC of the FSD is responsible for the dispatch of fire appliances and ambulances. The number of departed staff members and the number of new recruits in the FSCC, broken down by their rank, in the past three financial years are given in the table below:

	<i>Number of Departed Staff Members</i>			<i>Number of New Recruits</i>		
	<i>2005-2006</i>	<i>2006-2007</i>	<i>2007-2008¹</i>	<i>2005-2006</i>	<i>2006-2007</i>	<i>2007-2008¹</i>
Senior Station Officer/Station Officer (Control)	4	4	1	4	5	0

	<i>Number of Departed Staff Members</i>			<i>Number of New Recruits</i>		
	<i>2005-2006</i>	<i>2006-2007</i>	<i>2007-2008¹</i>	<i>2005-2006</i>	<i>2006-2007</i>	<i>2007-2008¹</i>
Principal Fireman (Control) ²	2	1	3	Not Applicable		
Senior Fireman (Control)	7	7	3	10	0	22

Note: 1. Up to 31 December 2007
 2. Principal Fireman (Control) is not an entry rank.

- (b) The FSD's performance pledge in respect of emergency ambulance calls is for its ambulances to arrive at the scene within 12 minutes for 92.5% of such calls. In 2007, the FSD's ambulances managed to arrive at the scene within 12 minutes for 92.8% of all emergency calls received in that year. This indicates that the operation of the FSCC and the emergency ambulance service is in order.

Notwithstanding this, the FSD has already taken action (by making internal staff redeployment and offering overtime allowances, where necessary) to ensure the availability of adequate manpower in the FSCC during all service hours for the handling of ambulance dispatch to meet the demands of emergency ambulance calls. Moreover, the FSD has also successfully recruited new staff to fill the existing vacancies. Twenty two (22) newly-recruited Senior Firemen (Control) are expected to complete their induction training by the end of January this year and will be ready for deployment to the FSCC.

- (c) Generally speaking, the Administration always strives to attract and retain talents by offering reasonable remuneration and benefits, and suitable training and promotion prospects. Individual departments will also put in place effective measures to enhance the sense of belonging and job satisfaction of their staff in light of the actual situation and need.

As regards the FSCC, the FSD has implemented a number of staff retention measures, which include:

- Meeting the staff of the FSCC and the representatives of their staff union frequently to solicit their views for further

improving the mode of operation and the working environment of the FSCC;

- Posting of the staff of the Control Stream to various posts outside the FSCC on a regular basis to give them the opportunity to deal with different types of communication and control work;
- Providing internal training to the staff of the FSCC to maintain or enhance their skills and performance at work;
- According recognition and commendation to staff with good performance; and
- Explaining to the staff of the FSCC the mechanism for their promotion to enhance transparency and fairness.

Food Products Containing Chemical Substances

12. **MR FRED LI** (in Chinese): *President, in view of the media reports about the detection of veterinary drug residues in canned pork by the authorities in Singapore, the Centre for Food Safety (CFS) has recently taken 19 samples of canned pork products for testing and found a trace amount of nitrofurans metabolite in two of them. Moreover, the State General Administration of Quality Supervision, Inspection and Quarantine has detected the presence of potassium bromate in a potato chip product, which is available for sale in Hong Kong, but the local agent concerned has not recalled the product. In this connection, will the Government inform this Council:*

- (a) *of the criteria adopted for determining whether food products can contain a certain chemical substance;*
- (b) *whether the sale of food products containing nitrofurans metabolite or potassium bromate at present constitutes a breach of the legislation; if not, whether the authorities will amend the legislation to prohibit the sale of food products containing such substances;*

- (c) *whether it has approached the authorities in Singapore for the test results mentioned above; if so, whether it has examined why the CFS has detected the presence of nitrofurans metabolite in two samples only; if it has not sought the test results, of the reasons for that; and*
- (d) *given that the aforesaid agent has not voluntarily recalled the problem food product, and the legislation mandating food businesses to recall problem food has yet to be introduced, how the authorities currently assist the public in deciding whether or not to consume the problem food products they have bought?*

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

- (a) The Government has been constantly reviewing the existing food safety standards to keep in line with international developments and to ensure that public health is sufficiently protected. In prescribing the standards related to substances in food, we endeavour to adopt as far as possible food standards set by the Codex Alimentarius Commission (Codex). Codex was established jointly by the Food and Agriculture Organization of the United Nations and the World Health Organization and is the international standard-setting body in the area of food safety. Food standards set by Codex are based on comprehensive scientific studies, and represent the international consensus relating to food safety. As such, adoption of standards set by Codex is an effective means to protect public health and to facilitate food trading. Where there are no relevant Codex standards, references will be made to standards of other jurisdictions, in particular places that are major exporters of food to Hong Kong.

In establishing food safety standards for Hong Kong, apart from making references to the standards set by Codex, we will also take into account the local situation. The Government will conduct risk assessment studies to scientifically evaluate the possible adverse impact to health caused by different substances. Factors including the safety of the substances, whether they are needed in the food production process and their function in food, will be taken into

account as the scientific basis for the setting of food standards. In addition, the Government will consult local experts and stakeholders in the course of developing food safety standards.

- (b) According to the Harmful Substances in Food Regulations (Cap. 132AF), two types of nitrofurans, namely furaltadone and furazolidone, are not allowed in pork and poultry. The existing legislation does not specifically prohibit the presence of nitrofuran metabolite or potassium bromate in food. However, under the Public Health and Municipal Services Ordinance (Cap. 132), food sold on the market must be fit for human consumption.

At present, we are contemplating introducing amendments to existing legislation related to veterinary drug residues in food, including regulation of nitrofuran and its metabolites, with a view to developing a more comprehensive set of food safety standards.

For potassium bromate, the Joint Food and Agriculture Organization of the United Nations/World Health Organization Expert Committee on Food Additives (JECFA) holds the view that its use in flour treatment is inappropriate. In the past, the Food and Environmental Hygiene Department (FEHD) has taken food samples to test the presence of potassium bromate and cautioned the trade against its use. The FEHD had issued warnings to and successfully prosecuted traders whose flour products had been detected with potassium bromate.

- (c) In response to media reports about veterinary drug residues detected in some brands of canned pork products in Singapore, the CFS had made enquiries to the authority in Singapore and noted that three brands of pork luncheon meat were found to contain nitrofuran metabolite. The CFS immediately collected a total of 19 samples of canned pork products of the relevant brands from the local market for testing and released the test results. The results showed that two samples contained nitrofuran metabolite while one contained malachite green. The detected levels of nitrofuran metabolite and malachite green were low, and would not have an adverse health concern under normal consumption. As a precautionary measure, the relevant sole agent had initiated a recall and suspended the sale of the food product on the advice of the CFS.

- (d) The CFS conducts daily surveillance on food incidents happening in various places of the world and assesses their impact on Hong Kong. In case Hong Kong would likely be affected, the CFS will disseminate relevant detailed information in the form of press briefings, press releases and food alerts through public broadcasting and Internet, to enable the public to take prompt and appropriate measures so as to minimize the relevant risks and to avoid unnecessary panic. In parallel, the CFS will immediately notify the trade to take appropriate actions. Generally, the trade is willing to co-operate, for instance by suspending the sale or initiating a recall of the food products. Under the Public Health and Municipal Services Ordinance, officers of the FEHD are empowered to seize and remove any food that is deemed unfit for human consumption or which contravened relevant food safety regulations.

Furthermore, the CFS has an electronic alert system in place to disseminate relevant information to over 1 500 medical practitioners and some 700 members of the food trade who have enrolled in the system. The CFS will also provide an in-depth analysis on these food incidents in layman's language through its periodicals (for example, Food Safety Focus and Food Safety Bulletin) to enable the public to have a better understanding of food safety issues.

The CFS attaches importance to regular communication with the public. The CFS strives to enhance public understanding of food safety through various communication channels, such as television programmes, radio broadcasting, seminars, roving exhibitions and the CFS's website. The Consumer Liaison Group under the CFS was set up to gather public views on issues of food safety and improve communication with the public. Through these activities, the CFS aims to effectively enhance public understanding of food safety and the risks involved in different types of food.

Dogs Kept on Construction Sites

13. **MISS CHOY SO-YUK** (in Chinese): *President, it has been reported that following an incident in which a person was bitten by stray dogs in Ma Tin Pok*

Village of Yuen Long at the end of December 2007, staff of the Agriculture, Fisheries and Conservation Department (AFCD) caught and detained 16 stray dogs including new-born puppies in the vicinity. I have learnt that some villagers pointed out that those stray dogs ("construction site dogs") were abandoned by a construction site nearby upon completion of works. Since the incident, various animal protection organizations in the community had contacted the AFCD to indicate their willingness to adopt these dogs, but the AFCD rejected their requests. In this connection, will the Government inform this Council:

- (a) whether the above 16 stray dogs have been or will be euthanized; if not, of their current health conditions, and whether adoption will be arranged for them;*
- (b) why the AFCD rejected the animal protection organizations' adoption requests; and whether the Department has formulated any internal guidelines on handling stray dogs caught; if it has, whether its rejection of the adoption requests is in compliance with such internal guidelines; if it is in compliance, of the details of the guidelines; if it is not in compliance, the reasons for not acting according to the internal guidelines; and*
- (c) focusing on the problem of construction site dogs, of the number of construction site inspections conducted by the authorities last year; the number of non-compliance cases (including failure to have the dogs licensed, or failure to cause the dogs to be vaccinated against Rabies and micro-chipped, and so on) found during those inspections, the respective numbers of verbal warnings issued, prosecutions instituted and convictions, as well as the penalties imposed?*

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

- (a) and (b)

Among the 15 stray dogs caught in Ma Tin Pok, Yuen Long, seven were suitable for adoption, having been found to be healthy and with pleasant temperament after examination by veterinarians of the

AFCD. The AFCD has contacted animal welfare organizations to arrange adoption for these dogs. The remaining dogs were found unsuitable for adoption and hence have been euthanized.

- (c) In 2007, the AFCD carried out more than 580 inspections of construction sites and caught a total of some 400 stray dogs. During the inspections, 10 kept dogs were found unlicensed and not implanted with microchip. One of the dog owners was prosecuted and fined. The other dog owners licensed and micro-chipped their dogs immediately upon warning.

Removal of Unauthorized Building Works

14. **MR LEE WING-TAT** (in Chinese): *President, regarding the removal of unauthorized building works (UBWs), will the Government inform this Council:*

- (a) *among some 520 000 UBWs at present, of the respective numbers of new UBWs, UBWs constituting obvious danger to life or property, UBWs constituting a serious health hazard or environmental nuisance and UBWs which do not belong to the category of priority removal, and the districts in which the various types of UBWs are mainly located;*
- (b) *whether it will consider allocating additional resources to remove more UBWs each year, with a view to removing within five years all UBWs with high priority for removal;*
- (c) *given that the Government has already outsourced the inspection and administrative work of large-scale clearance operations, whether the Government has assessed the effectiveness of outsourcing the above work in enhancing the enforcement actions against UBWs, and whether it will consider outsourcing more of such work, so as to further expedite the progress of removing UBWs;*
- (d) *whether, in the past five years, the authorities had assisted owners' corporations (OCs) in exercising the powers conferred by law to remove by OCs UBWs found in their buildings, and then recover the*

costs so incurred as civil debts from the owners concerned; if so, of the number of such cases and the results of debt recovery; if not, the reasons for that; and

- (e) *whether the Buildings Department (BD) will make a performance pledge that it will, within specified periods, categorize the UBWs cases reported to the BD by OCs, issue removal orders in respect of UBWs with high priority for removal, and issue warning notices (WNs) in respect of other UBWs as well as register such notices against the title of the subject premises in the Land Registry (LR)?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the BD does not have the exact statistics of existing UBWs in Hong Kong. Since the launch of the strengthened and systematic programme against UBWs in 2001, the BD has endeavoured to curb the emergence of new UBWs and removes about 40 000 UBWs every year. After several years of action, the BD estimates that at present there are still about 520 000 UBWs in Hong Kong.

The reply to the five-part question is as follows:

- (a) The BD estimates that there are currently about 520 000 UBWs in Hong Kong, but does not have detailed breakdown figures. If the BD identifies any new UBWs, UBWs posing obvious danger to life or property, or UBWs constituting a serious health hazard or environmental nuisance, the Department will immediately take enforcement actions so as to safeguard public safety and health.
- (b) Since the implementation of the current enforcement policy in 2001-2002, the Government has further allocated more than \$1.3 billion to the BD for taking enforcement actions against UBWs and enhancing building safety. In the light of its past enforcement experience, the BD will maintain the annual target of removing not less than 40 000 UBWs in the future. The BD will be allocated adequate resources to perform the task. The Department will continue with its multi-pronged approach in handling UBWs, including immediate removal of dangerous and new UBWs, identifying target buildings for the annual large-scale operations to remove UBWs on external walls, and enhancing public awareness

on the problems of UBWs and owners' responsibilities to safeguard building safety through publicity and education programmes.

- (c) Under the outsourcing arrangements adopted since 2001, the BD has hired consultants to assist in the inspection and administrative work related to the demolition of UBWs. Up to 2007, through the outsourcing arrangements, a total of about 9 000 target buildings of large-scale removal operations have been inspected and about 280 000 UBWs have been removed. The BD considers the progress appropriate. The BD will review from time to time the *modus operandi* and mode of outsourcing arrangement with a view to enhancing the efficiency of action. Nevertheless, the BD has no intention to increase the proportion of outsourcing work at present. As mentioned above, the BD will continue to adopt the annual target of removing not less than 40 000 UBWs in future and will make use of the outsourcing arrangement to assist in handling the problem.
- (d) The Government has all along been encouraging and assisting OCs to properly maintain their own buildings, including the removal of UBWs. District Offices and the Property Management Advisory Centres of the Hong Kong Housing Society (HS) organize workshops, training courses and seminars on building management and maintenance. They help owners and OCs to understand the powers and responsibilities conferred under the Building Management Ordinance and advise on matters relating to building management. Also, the BD, HS and Urban Renewal Authority offer various loans and subsidy packages, and provide financial and technical support to help those OCs in need of assistance to maintain their buildings, including the removal of UBWs. Whether OCs would claim removal charges subsequently from the owners concerned by way of civil debt is up to the individual OCs. The Government does not have the number of such cases and information on the result of such claims.
- (e) The BD has formulated the following performance pledges in respect of monitoring building safety and tackling UBWs:

<i>Service</i>	<i>Performance Pledge</i>
24-hour service for emergencies (including UBWs or other emergencies)	
- During office hours	
1. In urban areas	Inspect within 1.5 hours
2. In new towns in the New Territories	Inspect within two hours
3. In other areas in the New Territories	Inspect within three hours
- Outside office hours	
1. In urban areas and new towns in the New Territories	Inspect within two hours
2. In other areas in the New Territories	Inspect within three hours
Investigation into non-emergency reports	
- UBWs under construction	Inspect within 48 hours
- Existing UBWs on external walls	Screen and inspect within 30 days
- Other UBWs	Screen and inspect within 50 days

After carrying out screening and inspections, the BD will, as soon as possible, in accordance with the existing policy against UBWs, issue removal orders against UBWs which belong to the category of priority demolition and WNs to UBWs which fall outside the category of priority demolition. There are numerous types of UBWs and the scale and number involved in various cases are different. The time required to handle them varies. As such, the BD has not made any performance pledges in respect of time required for issuing removal orders and WNs, and registering WNs with the LR.

Promoting Use of Electric Vehicles

15. **MR JASPER TSANG** (in Chinese): *President, it has been reported that electric vehicles are now quite common in overseas countries, and such vehicles are expected to become popular in the next five to 10 years. Yet, people from the automobile industry have pointed out that the government policies and measures for promoting electric vehicles are inadequate, and even hinder the popularization of such vehicles. As a result, electric vehicles produced in Hong Kong can only be sold to Europe but not in Hong Kong. In this connection, will the Government inform this Council:*

- (a) *of its existing policies and measures for promoting the use of electric vehicles;*
- (b) *whether it has plans to enhance the relevant policies and measures so that more people would switch to using electric vehicles, thereby reducing air pollution; if it has such plans, of the details; if not, the reasons for that; and*
- (c) *whether it will consider the trade's suggestions of drawing up relevant specifications for electric vehicles so that such vehicles are allowed to run on expressways, and award sites at nil land premium, with reference to the existing arrangement for dedicated liquefied petroleum gas (LPG) filling stations, for building charging stations for electric vehicles?*

SECRETARY FOR TRANSPORT AND HOUSING (in the absence of Secretary for the Environment) (in Chinese): President,

(a) and (b)

Vehicles powered by battery (that is, electric vehicles) are free of emission. Replacing vehicles powered by internal combustion engines by electric vehicles can reduce roadside air pollution. To encourage the use of electric vehicles, the Government has been exempting them from First Registration Tax since April 1994. This exemption has been extended for several times and will remain effective until 31 March 2009.

To further promote the use of electric vehicles, under the "Incentive Scheme to Encourage the Use of Public Light Buses Running on Clean Alternative Fuels" completed in 2005, the Government provided a grant of \$80,000 to owners replacing their diesel light buses with electric ones. The grant was \$20,000 higher than that provided to owners switching to LPG light buses. We are now implementing a similar grant arrangement under the incentive scheme launched in April 2007 to encourage the replacement of Pre-Euro and Euro I diesel commercial vehicles.

However, electric vehicles are still unpopular in Hong Kong and, for that matter, in other overseas countries. The major reason is that charging an electric vehicle is time-consuming, and each charging can only support a much shorter driving mileage than that of conventional vehicles with each filling. According to the findings of the "Alternative Fuel Light Bus Trial" conducted by the Government and the light bus trade in 2001, an electric light bus requires four to eight quick chargings every day, each of which takes 20 to 30 minutes, as well as an overnight balance charging every four days. It has a travel range of only 30 km to 50 km after each charging, whereas an LPG light bus can travel more than 200 km after each filling which takes only a few minutes.

Nevertheless, we will closely follow the technological development of electric vehicles and explore ways to further promote their wider usage when the technology has become more mature.

- (c) The Transport Department will consider the suggestion from the trade to review and make relevant specifications for electric vehicles, if necessary, under the requirements stipulated in the Road Traffic Ordinance (Cap. 374) and its regulations so that electric vehicles which comply with such specifications can run on expressways.

As mentioned above, the travel range of electric vehicles would be comparable to that of conventional fuel vehicles only if there is a breakthrough in respect of their battery technology. For this reason, the Government will not consider setting up electric vehicle charging stations at this stage. However, we will closely monitor the technological development of electric vehicles and explore measures to further promote their usage when necessary.

Making Available Public Facilities for Installation of Wi-Fi Antennas

16. **MR SIN CHUNG-KAI** (in Chinese): *President, to facilitate expeditious and cost-effective provision of Wi-Fi service in public places, the Government has made available government properties and facilities in public streets, such as lamp posts and road bridges/footbridges, at nominal rental to authorized service*

providers for the installation of Wi-Fi antennas. In this connection, will the Government inform this Council:

- (a) of the number of providers who have submitted applications for the installation of Wi-Fi antennas on lamp posts and the total number of lamp posts involved; and*
- (b) whether it has drawn up measures to ensure that the relevant government departments, such as the Transport Department (TD), and the power companies will actively facilitate the installation works of the service providers; if it has, of the details of such measures; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, to facilitate the development of Hong Kong into a leading wireless city, the Government has made available facilities in public streets, such as lamp posts, and government properties at nominal rental to telecommunications services operators for installing Wi-Fi devices and equipment for the provision of Wi-Fi service. To this end, the Office of the Telecommunications Authority (OFTA) revised in March 2007 the "Guidance Note for Submission of Application for Installing Micro-cell Base Station on Highway Facilities or on Unleased and Unallocated Government Land" (the Guidance Note) to set out in details the application methods, procedures and requirements.

Apart from using lamp posts, service operators may also set up Wi-Fi hotspots at various locations, such as public telephone kiosks, convenience shops, cafes, shopping malls, the airport and railway stations, and so on, for the provision of service. Currently, there are over 5 000 Wi-Fi hotspots at around 3 000 different locations throughout the territory. Furthermore, the Housing Department has recently made available to service operators about 1 000 lobbies at the ground floor of public housing estates for the provision of Wi-Fi services at the lobbies and the outdoor areas in the vicinity. The Government has also awarded contracts to install in stages Wi-Fi facilities in some 350 highly patronized government premises in different districts, including public libraries, public enquiry service centres, sports centres, cultural and recreational centres, job centres, community halls, large parks, government offices, and so on. These measures have made Hong Kong one of the leading cities in the world in the provision of Wi-Fi services.

My reply to the question is as follows:

- (a) At present, a total of three service operators have applied for installation of Wi-Fi facilities on lamp posts. After co-ordination with the relevant government departments, the OFTA has indicated support for the installation of Wi-Fi facilities on 669 lamp posts.
- (b) To facilitate the installation of Wi-Fi devices on facilities in public streets, the OFTA is responsible for co-ordinating the vetting work of various government departments. The OFTA and Highways Department (HyD) have already compiled detailed information of lamp posts (including their types, locations and height) which can be made available for installation of Wi-Fi devices in all streets across the territory. The information has been provided to all Wi-Fi service operators for reference.

In accordance with the Guidance Note, service operators have to, after obtaining the support of the OFTA, submit a specific technical proposal of Wi-Fi installations, prescribing the size, capacity, appearance, installation method, and so on, of the equipment to be used, to the HyD and TD. This is to ensure that the Wi-Fi installations to be mounted on the lamp posts will not pose any adverse effect on the structure of the lamp posts, operation of the street lamps, road users and the environment, nor affect public safety. Since the electrical installations of lamp posts are not designed to supply electricity on a 24-hour basis, operators have to submit proposals on the arrangement for electricity supply. Amongst the aforesaid three service operators, one of them has presented its technical proposal to the HyD, which in turn has responded to the operator on the proposal.

Separately, the Hong Kong Housing Authority also plans to reserve ducts between lamp posts in new housing estates to facilitate the installation of Wi-Fi or other electronic services facilities in future.

To facilitate the installation of Wi-Fi equipment on lamp posts, the OFTA will continue to co-ordinate with the relevant departments to actively discuss with operators on further technical proposals and electricity supply arrangements.

Commissioning of Opinion Surveys by Government

17. **MR LEE WING-TAT** (in Chinese): *President, recently, the Public Policy Research Institute of The Hong Kong Polytechnic University (the Institute) commissioned by the Home Affairs Bureau (the Bureau) to conduct a telephone poll on the West Kowloon Cultural District (WKCD) was alleged to have deviated from the professional guidelines when conducting the poll. In this connection, will the Government inform this Council:*

- (a) *of the number of opinion surveys, commissioned by the Bureau in the past two years, for carrying out by civil organizations, together with a breakdown by the organizations commissioned;*
- (b) *whether another organization will be commissioned to conduct the above poll afresh; if so, of the details; if not, the reasons for that;*
- (c) *whether it will suspend commissioning the Institute to conduct other opinion surveys; if so, when the suspension will end; if not, the reasons for that; and*
- (d) *whether the chance for the Institute to be awarded government contracts to conduct opinion surveys in the future will be affected when it is proven that the Institute has deviated from the professional guidelines; if so, of the details; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The number of opinion surveys commissioned by the Bureau to be carried out by civil organizations in the past two years are as follows:

<i>Name of civil organization commissioned</i>	<i>Number of times commissioned</i>
Centre for Civil Society and Governance and Policy 21 Limited, University of Hong Kong	3
MVA Hong Kong Limited	1
Centre for Communication Research, The Chinese University of Hong Kong	1
Policy 21 Limited, University of Hong Kong	1
Public Policy Research Institute, The Hong Kong Polytechnic University	1
Total	7

- (b) The Bureau commissioned the Institute as an independent consultant to triangulate and analyse public views collected from different channels during the Public Engagement (PE) exercise of the WKCD from 12 September to 12 December 2007. Upon receiving the complaint that the Institute had allegedly deviated from the professional guidelines when conducting the telephone poll on the WKCD, the Bureau immediately demanded the Institute to provide a detailed investigation report and give us an explanation. It was learnt that some telephone interviewers had not followed the required procedures when conducting the second telephone poll on the WKCD. After the problem had come to light, all the data collected through the telephone poll in question had been instantly voided, and a fresh telephone poll had been conducted.

The fresh telephone poll was conducted under the tight supervision of the senior management of the Institute. The questionnaires completed by each telephone interviewer were checked randomly by his/her supervisor by calling the interviewees again for re-verification. The percentage of random checks was raised from the original 15% to 20% for higher quality assurance. At the same time, professional statistical staff of the Bureau also conducted on-site monitoring of the process to ensure that the interviews were carried out in accordance with the required procedures.

We express regret that the Institute had deviated from the professional guidelines when conducting the telephone poll. However, since the Institute has taken immediate steps to rectify the problem, the fresh telephone poll had been conducted in a scientific and professional manner according to the required guidelines and the Institute had openly admitted their negligence and taken internal disciplinary action, we do not consider it necessary to commission another academic institution to take over the opinion survey.

Moreover, we must emphasize that telephone poll is only one of the many channels to solicit public opinion on the WKCD project. The public engagement work has been carried out extensively, both in terms of the number of people and variety of sectors involved. Members of the public could express their views by joining the online discussion forums, completing the WKCD wish cards available online or at the venues of the Leisure and Cultural Services Department, community halls, the lobbies of Government Offices and other venues. They could also attend public forums or sector-specific briefings for different sectors, professional bodies, arts practitioners and administrators. The Institute will include in its report the relevant discussions of the Legislative Council and the views collected at the activities held by civil organizations. We believe that the Institute will triangulate and analyse the diversified views collected during the PE exercise and will be able to provide an independent and professional consultancy report.

- (c) Apart from the telephone poll on the WKCD, the Bureau at present has not commissioned the Institute to conduct other opinion surveys. We have no plan to cease inviting the Institute to bid for opinion surveys commissioned by the Bureau. Nevertheless, we will consider carefully the relevant experience, track record and ability of bidders in every tendering exercise to ensure that the most suitable organization would be chosen for the job.
- (d) Generally speaking, government departments will closely monitor the performance of consulting firms/organizations to ensure that their services are in compliance with the requirements as stipulated in the consultancy briefs and the consultancy contracts. In case of unsatisfactory performance of a consulting firm/organization for various reasons, the department concerned will consider taking action, including the issuance of warning letters, termination of the consultancy, suspending the acceptance of any bid for new consultancy for the Government from the concerned firm/organization, and so on.

Durability of Smart Identity Cards

18. **MR FREDERICK FUNG** (in Chinese): *President, I have received a complaint from a member of the public that his application for using his Smart Identity (ID) Card for public library services was unsuccessful because the information stored in his Smart ID Card could not be retrieved. The library staff told him that there had been similar cases in the past and the problem might be related to the fact that the surface of the chip in the ID card had oxidized. In this connection, will the Government inform this Council:*

- (a) *of the number of reports received each year by the Government about failure to retrieve information from Smart ID Card since their introduction in June 2003; whether it has looked into the causes of such failure, and its impact on the verification of the identity of members of the public (for example, using the e-channels for immigration control) by law-enforcement agencies;*
- (b) *of the durability requirements for the Smart ID Card which were specified in the contract awarded by the Government for the supply of such ID cards, whether it has assessed if the aforesaid oxidization reflects the failure of the ID cards concerned to meet the specified durability requirements; if the assessment result is in the affirmative, of the remedial measures; and*
- (c) *how the authorities will deal with cases involving failure to retrieve information from Smart ID Card, and whether they will replace ID cards for the cardholders concerned free of charge?*

SECRETARY FOR SECURITY (in Chinese): *President, our specific reply to the question raised by the Honourable Frederick FUNG is as follows:*

- (a) *According to the experience of the Immigration Department (ImmD), although Smart ID Cards are made of durable materials, the chips may still be damaged due to some external factors. Therefore, the ImmD has already reminded holders of Smart ID Cards that the Smart ID Cards should be kept in appropriate*

protective pouches. Furthermore, holders should not bend their cards, put magnets against their cards or place their cards together with keys or coins, and so on.

The Government does not keep statistics on cases where data stored in the chips of Smart ID Cards cannot be retrieved. Nonetheless, out of the some 7.7 million Smart ID Cards issued by the ImmD since June 2003, about 9 500 have to be replaced due to damage of the chips, constituting 0.12% of the total number of cards issued.

Except for immigration clearance, retrieving the data stored in the Smart ID Cards is not required by most law-enforcement agencies during their daily work. For members of the public whose data stored in the chips of their Smart ID Cards cannot be retrieved when using the Automated Passenger Clearance System ("e-Channels"), immigration clearance can still be conducted for them by verifying their identity at the traditional counters.

- (b) The chips of the Smart ID Cards are manufactured by a renowned international chip contractor, and are made of durable alloy. They have been repeatedly and stringently tested in many countries and by many organizations. To ensure that the chips will function normally, various quality checks are performed on each and every Smart ID Card before it is issued to its holder. According to the contract signed between the Government and the contractor, the designed durability of Smart ID Cards is that the cards can be read and written for 100 000 times as well as can be used for 10 years. Up to now, the ImmD has not found the Smart ID Card failing to meet the requirement for durability.

Based on the analyses and professional opinions of the contractor, the ImmD believes that the dirt marks appearing on some chips of the Smart ID Cards are results of external factors rather than oxidization of the chips.

- (c) Members of the public may contact the ImmD to make an enquiry if they suspect that the chips of their Smart ID Cards have been damaged. If there is evidence suggesting that the damage has not

been caused by man-induced factors, the ImmD will replace the ID Card free of charge on a case-by-case basis. However, if the damage involves man-induced factors, the applicant is required to pay a replacement fee of \$335.

Law Enforcement Against Smoking in No Smoking Area

19. **MR DANIEL LAM** (in Chinese): *President, the statutory no smoking areas have been expanded since 1 January 2007. Yet, quite a number of members of the public have reflected to me that they frequently see people smoking in parks which have been designated as no smoking areas (especially in the early hours of the morning and at night), and such acts cause nuisance to other park users. In this connection, will the Government inform this Council:*

- (a) *of the number of persons prosecuted for smoking in statutory no smoking areas since 1 January 2007;*
- (b) *given that some members of the public continue to smoke in no smoking areas in defiance of the smoking ban, whether the Government plans to increase the manpower of the Tobacco Control Office (TCO) of the Department of Health (DH) to step up law enforcement; and*
- (c) *given that some parks are currently manned by the management staff of the service contractors only in the afternoon and as a result, the situation of illegal smoking in these parks is very serious in the early hours of the morning, and it is forecast that a huge fiscal surplus will be recorded in the current financial year, whether the Government plans to deploy management staff to man these parks round the clock?*

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

- (a) Since October 2006, Tobacco Control Inspectors (TCI) of the TCO under the DH have been conferred the power to take

law-enforcement action for offences under the Smoking (Public Health) Ordinance (the Ordinance), (except Part III) including section 3(2), that is, no person shall smoke or carry a lighted cigarette, cigar or pipe in a no smoking area. Any person who contravenes this provision commits an offence and is liable on summary conviction to a maximum fine of \$5,000.

Upon receipt of a complaint about smoking in no smoking areas, the TCO will send a TCI to conduct an unannounced inspection at the scene and institute a prosecution against the offender by way of summons where appropriate. The TCO will step up inspections at venues where there is more significant violation of the smoking prohibition. Since the expansion of no smoking areas on 1 January 2007, law-enforcement action against illegal smoking has been generally effective and most offenders were co-operative. In 2007, the TCO under the DH instituted prosecutions by way of summons against some 3 300 smoking offenders, including some 240 cases which took place in parks.

As smoking usually lasts for only a few minutes, we cannot expect TCIs to arrive at any statutory no smoking area to take law-enforcement action immediately upon receipt of complaint, no matter how large their establishment is. Our enforcement strategy is to make unannounced inspections, target black spots where significant violation of the smoking prohibition is found and take follow-up action and conduct investigation for all complaints received.

Apart from legislation and law-enforcement initiatives, publicity and education measures are also integral to our tobacco control strategy. The Administration's publicity and education programmes focus on building support for the smoking ban, promoting public awareness of the statutory smoking prohibition and the extent of statutory no smoking areas, soliciting the co-operation of the relevant industries in managing their premises to achieve a smoke-free environment, appealing to the self-discipline of individuals and consideration for the health of others to promote voluntary compliance by smokers and encouraging smokers to quit. Since the passage of the

amendment to the Ordinance in October 2006, the TCO and Hong Kong Council on Smoking and Health have launched a series of media and publicity campaigns. Up to the present, more than 1.7 million copies of educational material such as no smoking signs and posters have been distributed by the TCO. As inculcation of a social culture that respects the statutory smoking prohibition and public pressure remain the key to effective and smooth implementation of the smoking prohibition, our efforts on this front would continue. In addition, starting from January 2008, the TCO will also launch a series of publicity campaigns which include, among others, announcements of public interest by electronic media, posters and outdoor billboard advertisements to give publicity to the smoking prohibition in children's playgrounds, sports grounds and parks.

- (b) At present, there are over 70 TCIs and their manpower level will be kept under review in the light of practical needs. It should be noted that the Administration is now in the course of drafting a Bill on a fixed penalty system for smoking offences. Our present target is to submit the Bill to the Legislative Council in the first half of 2008 and implement the fixed penalty system in 2009. Subject to the passage of the Bill, officers of other government departments will also be conferred the power to take law-enforcement action for smoking offences at venues under their management, in addition to the TCO under the DH, which will continue to carry out law-enforcement action at all statutory no smoking areas. We believe that with the introduction of the fixed penalty system and strengthened law-enforcement manpower, the effectiveness and deterrence of law enforcement will definitely be enhanced.
- (c) For larger parks and playgrounds or those with a large number of visitors under the Leisure and Cultural Services Department (LCSD), staff of the LCSD or management contractor will be on patrol round the clock. As for some smaller parks, the LCSD will also deploy their staff to make patrols in the parks at regular intervals. Where smoking is found in a no smoking venues, staff of the LCSD will advise the offender to stop smoking and most people are generally co-operative. If serious violation of smoking prohibition is found in the venue, the LCSD will refer the case to the TCO for prosecution action.

Installation of Metal Gates for Public Housing Units

20. **MR FRED LI** (in Chinese): *President, the Hong Kong Housing Authority (HA) decided in June 2003 that new public rental housing (PRH) units would no longer be provided with metal gates. In this connection, will the Government inform this Council:*

- (a) *of the names of the completed PRH estates the units in which have not been provided with metal gates;*
- (b) *in respect of the estates referred to in (a), of the types of design to which their housing blocks belong, the number of units in each block, and the total number of units which have been allocated to tenants; and*
- (c) *of the names of PRH estates currently under construction and the number of housing blocks involved, the number of units in each block, as well as the respective estimated costs to be incurred by the Housing Department if all units are provided with collapsible or sliding stainless steel gates?*

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

- (a) There are 24 completed public housing estates where flats upon completion were not provided with metal gates. These estates are Easeful Court, Grandeur Terrace, High Prosperity Terrace, Ko Cheung Court, Kwai Fong Estate, Po Tat Estate, Tin Heng Estate, Tin Yat Estate, Tsz Hong Estate, Wo Che Estate, Yau Tong Estate, Shek Yam Estate, Shek Lei Estate, Yat Tung (II) Estate, Yau Lai Estate, On Tin Estate, Lei Yue Mun Estate, Hoi Lai Estate, Oi Tung Estate, Lei Muk Shue Estate, Hin Yiu Estate, Mei Tin Estate, Kwai Chung Estate and Ching Ho Estate. All the housing blocks of these estates have been provided with comprehensive security systems

including main gates with digital locks, closed circuit television and intercom systems, in addition to round-the-clock security guard services.

- (b) The estates mentioned above comprise housing blocks of both standard design (new harmony, concord and new cruciform) and non-standard design. Each block contains about 220 to 800 flats. The total number of flats is about 57 000 flats. The vast majority of these flats have been allocated to residents.
- (c) The public housing estates currently under construction will provide a total of about 45 000 flats. The details are as follows.

<i>Name of Estates/Developments</i>	<i>Number of blocks</i>
Oi Tung Estate	1
Mei Tin Estate	3
Upper Wong Tai Sin Estate	1
Development at Sau Mau Ping Phases 13, 14 and 16	5
Un Chau Estate	5
Choi Ying Estate	5
Yau Mei Estate	5
Kwai Chung Estate	3
Tin Ching Estate	7
Development at Sha Tin Area 11	4
Development at Lam Tin Phases 7 and 8	4
Ching Ho Estate	7
Development at Choi Wan Road Site 2, 3A and 3B Phase 1	6
Development at Shatin Pass	2
Development at Ex Chai Wan Estate	2
Development at Tung Tau Cottage Area West	1

Under the existing policy, the HA will not provide metal gates for new public housing flats, but all new public housing blocks will be provided with the aforementioned comprehensive security systems. Assuming that the HA were to co-ordinate the installation of collapsible or sliding gates for all the flats of the above housing

blocks, it is estimated that an extra expenditure of over \$110 million would be incurred, based on a unit price of \$2,500 for a powder-coated galvanized mild steel gateset of standard specification.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bill: First Reading.

MUNSANG COLLEGE AND HEEP YUNN SCHOOL (CHANGE OF CORPORATE NAMES AND GENERAL AMENDMENTS) BILL 2008

CLERK (in Cantonese): Munsang College and Heep Yunn School (Change of Corporate Names and General Amendments) Bill 2008.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bill: Second Reading.

MUNSANG COLLEGE AND HEEP YUNN SCHOOL (CHANGE OF CORPORATE NAMES AND GENERAL AMENDMENTS) BILL 2008

SECRETARY FOR EDUCATION (in Cantonese): President, I move that the Munsang College and Heep Yunn School (Change of Corporate Names and General Amendments) Bill 2008 (the Bill) be read the Second time.

The Education (Amendment) Ordinance 2004, which came into operation on 1 January 2005, provides that certain types of schools have to establish their incorporated management committees (IMCs).

Under the amended Education Ordinance, the school sponsoring bodies (SSBs) of all aided schools have to submit for each school under their sponsorship a draft constitution of the IMC by 1 July 2009 for the purpose of setting up an IMC to manage the school.

(THE PRESIDENT'S DEPUTY, MR FRED LI, took the Chair)

The two SSBs, "Munsang College" and "The Council of Heep Yunn School" are incorporated under their respective incorporation ordinances, the Munsang College Incorporation Ordinance (Cap. 1094) and the Council of Heep Yunn School Incorporation Ordinance (Cap. 1099). To pave the way for the aided schools under the sponsorship of the two SSBs to establish their IMCs, Cap. 1094 and Cap. 1099 have to be amended.

The main objects of the Bill are, first, to change the corporate name of "Munsang College" to avoid confusion with Munsang College which is on the Kowloon side and under its sponsorship, and to reflect the restructuring of its organization so that an IMC can be established in respect of each of the aided schools now under its sponsorship.

Secondly, the Bill is to change the corporate name of "The Council of Heep Yunn School" to avoid confusion with the future IMCs of the aided schools now under its sponsorship.

I believe that the most appropriate way to ensure that the provisions of Cap. 1094 and Cap. 1099 are in conformity with the Education Ordinance is to amend the incorporation ordinances by way of a government bill. The proposed amendments are technical amendments and the two SSBs concerned have agreed to them.

Deputy President, I so submit and commend the Bill to Members.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Munsang College and Heep Yunn School (Change of Corporate Names and General Amendments) Bill 2008 be read the Second time.

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

MEMBERS' MOTIONS

DEPUTY PRESIDENT (in Cantonese): Members' motions. Two motions with no legislative effect. First motion: Coping with inflation.

I now call upon Dr YEUNG Sum to speak and move his motion.

COPING WITH INFLATION

DR YEUNG SUM (in Cantonese): Deputy President, I welcome the Financial Secretary.

In the past years of deflation, the economy receded and unemployment rate stood at a high level. Despite the shrunk income, the public managed to make ends meet because of the deflated prices. Since the advent of 2008, however, the price hike has triggered rapid inflation, imposing a much heavier burden on the lower class than during the times of deflation.

The worsening inflation in Hong Kong is a fact we cannot evade. In November last year, the Consumer Price Index (CPI) reached 3.4%, and the soaring price has not shown any sign of a pullback but gone up further after December. Among others, the rise in the prices of staple items has been apparent, in particular the price of meat which is an indispensable food item we must buy and eat every day. We not only have to spend more in the food market, but also have to pay more when we dine-out at restaurants, be they large or small, evident in the prices indicated on the menu.

(THE PRESIDENT resumed the Chair)

Several local fast-food restaurant chains have recently increased their food prices from 2% to 6% on average. Because of the short supply, the wholesale

price of pork yesterday surged by 70% from \$1,400 per picul to \$2,400 per picul, while the retail price of beef has increased five times since July last year, with an aggregate rate of increase at 44.7%. The rise in costs of bread ingredients has also led many bakeries to raise the price of bread by \$0.5 to \$1 per piece on average.

In transport, the price of auto-LPG has gone up 12% to 14%, while that of ultra low sulphur diesel almost went up by 50% over the past year. In recent months, the Kowloon Motor Bus Company (1933) Limited (KMB) has applied for a 9% fare increase, while the New World First Bus Services Limited and Citybus Limited have applied for a 6% fare increase. Urban and New Territories taxis have also applied for a flagfall fare rise of \$1. The Star Ferry Company Limited will also raise its fares for the ferry services between Hung Hom-Central and Hung Hom-Wan Chai. The Western Harbour Tunnel Company Limited has also increased its tunnel toll by \$5 per trip for private cars, light buses and taxis, and \$15 per trip for double-decked buses. Of course, the increased tunnel toll will ultimately be transferred to the passengers.

As regards housing, up to November 2007, that is, in the five months after mid-2007 alone, the rent has gone up by about 9.8% which is the new peak since mid-1997.

Members, each and every item listed by me affects every sector of the community. To the upper-middle classes, the impact may be minimal, but to the working poor and Comprehensive Social Security Assistance (CSSA) recipients and those in dire straits, the impact will place an additional burden on them. Thus, I have proposed four immediate measures in a bid to alleviate part of their financial burden.

Madam President, first of all, on the transport front, as pointed out by Mr LEE Wing-tat in the motion debate in October last year, the proposal of a 9% fare increase by the KMB at that time was its usual tactic of demanding an exorbitant price, so as to dicker with the Government. May we ask when the grassroots have ever had a 9% wage increase?

The discontent of the Democratic Party is that the KMB has regarded the maximum return rate of 9.5% for bus companies stipulated in the bus fare upward and downward adjustment mechanism introduced by the Government in 2006 as the government-guaranteed return rate and cited this as one of the

reasons for its fare increase application. Moreover, in the past decade of deflation, the bus company has repeatedly refused to reduce the fares and failed to ease the burden of the public during the hard times.

As a commercial company, it is inevitable that the bus companies would seek to reap the biggest profit, but the Government, as the authority to vet and approve the fares, is duty-bound to protect public interest. The Democratic Party requests the Government to base its decision, when vetting and approving the rate of a fare increase of the bus companies, on the result derived from the fare adjustment formula and on regard for the affordability of the people.

Madam President, another major cause of inflation is the soaring food prices generally. It goes without saying that food products in Hong Kong mainly come from imports. In the past year, food prices in the Mainland had been on a continual increase, coupled with the appreciation of Renminbi, importers would naturally shift the increased cost onto consumers.

The people of Hong Kong can do nothing but bear the outcome of commodity price increases. Such increases very often are not led by natural market adjustment, but predominantly by human factors. Take fresh meat as an example, the rise in the prices of pork and beef is highly and closely related to monopolization of the market. Although the market of live pigs is nominally open and no longer dominated by Ng Fung Hong, I am afraid it will take some time before a real open market can come true. As for the live cattle market, there has yet to be a timetable for the opening up of the market. The rise in beef price in the past six months has almost reached 45%, surging from \$38 per catty to \$55 per catty.

We hold that if the rise in food prices is led by artificial monopolization, we have to address the problem squarely. I urge the Government to expeditiously discuss the further opening up of the livestock market with the mainland authorities in order to protect the interests of consumers.

Recently in the Mainland, in order to stabilize commodity prices, it has been explicitly required in the standing committee meeting of the State Council led by Premier WEN Jiabao that the prices of oil products, natural gas and electricity not be increased, and any one-off price increase of daily necessities such as foodstuff and oil of more than 5% will have to tender an explanation to the relevant local authorities. We certainly cannot hope to introduce in Hong

Kong similar measures, which go against the principle of market economy, but I hope the Hong Kong Government can open discussion with the mainland authorities to ensure a stable and adequate supply of major food items and foodstuffs so as to prevent scenes of panic shopping from happening again.

Madam President, electricity tariff accounts for a considerable part of household expenditure. This year sees the last electricity charge adjustment before the current Scheme of Control Agreement (SCA) expires. The two power companies are eager to target at the public and commercial users by increasing the electricity charges by 4.5% and 6% respectively. The power companies are definitely taking advantage of their misfortune. We thus have urged the Government in the original motion to lower the rates of permitted return of the two power companies to single digit so as to reduce electricity charges when formulating the new SCAs. The Government already reached an agreement with the two power companies in early January to lower the rate of permitted return to 9.99% (which is almost a two-digit figure), but the public is not satisfied with it. We hold that the rate of permitted return is still rather high and hope that there can be a further reduction in electricity charges.

In addition, we urge the Government to continue with its efforts to monitor closely the increase in electricity charges, including the monitoring of the intangible expansion of the two power companies' fixed assets, and not to use the figures to fool the public by stating on the one hand that electricity charges in the future will be lowered by \$5 billion and on the other allowing the two power companies to recoup billions of dollars, if not more, through their assets.

Moreover, in the past decade, the electricity charge of Hongkong Electric Company Limited (HEC) has increased on seven occasions. Last year, its charge increased by 7.2% and this year 6%, resulting in a more than 40% difference in electricity charges between the two sides of the Victoria Harbour. The Government has not proposed in the new SCAs any solution to the gap in electricity charges, except repeatedly reiterating that the solution lies in the ultimate liberalization of the electricity market. When we asked the Government when a timetable would be available, it resorted to the stalling tactic again.

The electricity charge of the HEC is exorbitant because it has monopolized the market. Ultimately, the problem will have to be solved by introducing competition into the market. The Government should thus make plans to

interconnect the power grids as soon as possible. The Democratic Party has advocated this for a long time. We believe competition, through which the public can choose the power companies, can force the HEC to reduce its electricity charge.

On helping the poor elderly, the Government should adjust the amount of Old Age Allowance (OAA) to a reasonable level. At present, the monthly OAA for elderly aged between 65 and 69 is \$625 and \$705 for elderly aged 70 or over. The Democratic Party proposes to simultaneously increase the Normal OAA and Higher OAA to \$1,000 monthly, so as to help maintain their basic living in face of inflation. We hope there will be good news when the Financial Secretary announces the budget.

As for alleviating the pressure of inflation, although it is impossible to avert the prevailing trend, in view of the enormous surplus to be presented in the budget and an abundance of funds the Treasury, the Government has the capacity to work on tax relief and welfare measures to assist the low-income families.

Madam President, although the economy has started to revive in the past two years and the stock and property markets have repeatedly set new highs, the Gini Coefficient, which reflects the wealth gap, in 2006 reached 0.533, exceeding half. Many are aware that not all people can share the fruit of the economic revival, especially the elementary workers with a low level of skills and education. Today, we can still find elderly and families relying on OAA and CSSA resort to picking used and unwanted articles to supplement their living. The present situation of polarized wealth distribution in society reminds me of the famous lines by DU Fu: "Behind the vermilion gates, Meat and wine go to waste; Out on the road, Bones of the frozen and starved are left to decay." (朱門酒肉臭，路有凍死骨) I hope the Government will understand that the injustice in feudal society should no longer happen in modern society.

Madam President, the Democratic Party will support all of the amendments and hope that Members will actively express their views and urge the Government to further reduce the rates, Government rent, public housing rent, and so on. With these remarks, I beg to move. Thank you, Madam President.

Dr YEUNG Sum moved the following motion: (Translation)

"That, as the inflation cycle has returned recently, quite a number of public transport operators and public utilities have applied for increase in

fares or charges, and the prices for food and oil supplies continue to rise, thus aggravating the burden on the public, this Council urges the Government to adopt measures to cope with inflation so as to alleviate the pressure of livelihood on the public; such measures should include:

- (a) assessing the public's affordability when considering applications for fare increase by public transport operators;
- (b) lowering the rates of permitted return of the two power companies to single digit so as to reduce electricity charges when formulating the new Scheme of Control Agreements;
- (c) discussing with the Mainland authorities to further open up the livestock market in order to protect the interests of Hong Kong consumers, and requesting the major food suppliers to ensure the supply of major food items and foodstuffs from the Mainland so as to prevent the prices of food items from increasing heftily due to insufficient supply; and
- (d) increasing the amount of Old Age Allowance to prevent the quality of life of the elderly from declining."

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

PRESIDENT (in Cantonese): Six Members intend to move amendments to this motion. Members, you have just received page 5 and the subsequent pages of the script because I only approved this morning various further amendments proposed by the Members concerned. Why did it take so long to dispatch the script to Members? Members may be interested to know. In relation to the original motion, apart from the six amendments, there are 57 further amendments, resulting in 64 different combinations. Thus, later on when this motion debate comes to an end and Members proceed to vote, I will let Members see the pile of amendments. If Members are not sure of anything, please feel free to ask me. I will tell you a reference number so that you will know which amendment we are voting on. *(Laughter)* The motion and the six amendments will now be debated together in a joint debate.

PRESIDENT (in Cantonese): I now call upon Mr Frederick FUNG to speak first, to be followed by Mr Tommy CHEUNG, Mr CHAN Kam-lam, Miss CHAN Yuen-han, Ms Emily LAU and Mr LEE Cheuk-yan; but no amendments are to be moved at this stage.

MR FREDERICK FUNG (in Cantonese): President, I am not too concerned about the combinations and reference numbers because I support all of them.

President, just now, Dr YEUNG Sum cited a string of figures and, be it in clothing, food, housing or transport, the wind of price increases is blowing. I suddenly recall a song by the "God of Song", Sam HUI. The lyrics of the song go like this, "Inflation all the time! Inflation every year! Inflation is driving us to the bay. I beg God to give me wings so that I can fly right up to the moon to make a living there" President, do we really have to fly to the moon? In fact, people in Sam HUI's time probably had no idea that a plane ticket or rocket ticket to the moon would cost even more. In other words, in fact, the poor have no way of getting away from the wind of price increases.

The wind of price increases blew very hard in the 1970s, still, wages were adjusted upwards in line with the inflation rate. However, in the face of inflation nowadays, the grassroots can do nothing and they are completely helpless, totally incapable of countering it.

Recently, I received many requests for assistance from people in my neighbourhood, particularly from "old pals" who rely on their savings for a living. They have taken the brunt of inflation and they cannot make ends meet, so they can only take such passive measures as eating less or even skipping a meal, going out less often and some of them did not see a doctor even when they were ill. They have tightened their belts a great deal. In the face of such a situation, how does the Financial Secretary feel? Basically, these elderly people do not have any expectation for the Government. They have doubts about the empty promises made by the Government, such as increasing the OAA to \$1,000 and its talk of "security, sense of belonging and health and worthiness" and think that the Government made these remarks just to pacify them.

I wonder if the Financial Secretary, Mr John TSANG, who is present, has ever personally met these elderly singletons or couples? Recently, the Government intimated that candies would be handed out in the budget. However, inflation has already persisted for some time and these elderly people have to eat and spend money every day. How much longer do they have to wait? In fact, they cannot wait any longer.

On the one hand, our "God of Fortune" controls the surplus in this financial year amounting to more than \$100 billion, and on the other, he is turning a blind eye to the situation of the poor masses. He knows full well that members of the public are tightening their belts, but he repeatedly delayed the introduction of relief measures. I believe that it is only in such a distorted social system in Hong Kong that this situation of "being happy before people in the whole world feel happy and worrying after all people feel worried" would arise. The Government has fattened itself and even handed out power and candies to people among its ranks before the public can have any cause for celebration. While the public could sense that there was serious trouble, that they did not have enough money to use or had no money to use at all, the Government realized this only belatedly.

To government senior officials whose salaries amount to more than \$1 million a year or the upper class in society, inflation is not a bad thing. Because their salary increases outstrip inflation and their buying power is even greater than before. Although the prices of upmarket cars, wines, luxury properties and even luxury tours groups keep rising, their supply still cannot meet demand. Due to the special economic structure and skewed wealth distribution in Hong Kong, people who benefit from economic growth are confined to a small group of people in the upper class, whereas the fruits of economic growth that the middle and lower classes can get a share of are disproportionately small.

The wages of the grassroots as a whole cannot catch up with inflation. Worse still, the wages in some trades did not rise but fall. The latest survey conducted by the Hong Kong Clerical and Professional Employees General Union shows that 34% of the clerical staff had their wages frozen last year and 6% even had their wages cut. Some employees were given a wage rise of only 1.3%. Obviously, these figures cannot catch up with inflation and they reflect the fact that the relationship between employees and employers is still strained despite continuous economic growth. The benefits of economic recovery have

not reached workers in all trades. In addition, there has been no significant improvement to the situation of the working poor and wage earners with a monthly income of less than \$6,000 still number at over 500 000 people.

According to a survey report of the World Bank, the extent of wealth disparity in Hong Kong is in the fore ranks among developed regions. If the conventional method for calculating the Gini Coefficient is adopted, that is, if it is compiled according to household income alone, the Gini Coefficient in Hong Kong rose from 0.518 in 1996 to the latest figure of 0.533 in 2006 and this is the highest level since recording began in 1971. The rise in this figure reflects the continual deterioration of the wealth disparity situation in the past decade. The wages of the grassroots have stayed at a low level all the time and their income in proportion to the total has been on the drop. In contrast, the income of households at the upper stratum has been on the increase and this reflects the serious skew in the distribution of wealth in society.

Even though the Government argued that it had provided public services to low-income people using tax revenue in order to bridge the wealth disparity, it only managed to reduce the Gini Coefficient based on post-tax post-social transfer monthly household income in 2006 by 0.058 to 0.475. This figure is still considerably higher than the alarm level of 0.4, which is the norm adopted by the international community. This reflects the fact that the Government's measures cannot achieve the effect of wealth transfer or that they are inadequate in achieving the effect of lowering it to the alarm level of 0.4. However, in Canada and the United Kingdom, where post-tax post-social transfer is adopted, it was possible to hammer the Coefficient, which originally stood above 0.5, back to less than 0.4. Therefore, Members can see that the measures taken by different governments can yield entirely different results.

With the sustained double-digit growth of the mainland economy, the exchange rate of Renminbi (RMB) keeps scaling new heights and the prices of goods also keep rising. The Consumer Price Index on the Mainland in November last year was as high as 6.9%, thus setting a record for the past 11 years. Since a lot of food and basic necessities in Hong Kong have to be imported from the Mainland, coupled with the weakening and continual depreciation of Hong Kong dollar in tandem with US dollar, inflation is even more marked. Even though the Government introduced measures such as the waiver of rates and the education voucher scheme earlier on, their effects have been offset by inflation. Looking ahead, the economy in China will still grow at a high speed in the coming year and inflation will even worsen.

At present, the prices of food imports from the Mainland have experienced a hike across the board, seriously impacting on the lives of the grassroots. Since food often accounts for a greater proportion of the expenditure of grass-roots families, they have mainly relied on the cheap food and goods from the Mainland to keep their expenses down and make ends meet. Unfortunately, the upswing in the economy has not benefited them in any way, on the contrary, the sudden inflationary pressure has made their onerous burden even heavier.

In view of all these considerations, since the economy is growing steadily and there is an enormous fiscal surplus, the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I suggest that the Government take active measures to assist the poor, so that the middle and lower classes, which have not been able to get any benefit, can enjoy a share of the fruits of economic growth.

The proposal made by the ADPL and me seeks to waive the rates for the entire year next year, with a ceiling of \$5,000 per household per quarter. We believe that such an approach can take advantage of the feature of the existing rates system, namely, that it has broad coverage, so that various strata of society can benefit from this. More importantly, its effect will be particularly pronounced on units with lower rateable values, that is, medium-sized and small-sized flats and on people in the middle and lower classes. They will be given a rates waiver for the whole year and these people include residents of public housing and elderly property owners in old districts. In contrast, in the case of units with higher rateable values, since there is a ceiling of \$5,000, big companies and wealthy people can only get a fixed amount of concession. We believe such a measure better meets the principle of resource redistribution, so that the wealth gap will not grow wider.

The ADPL and I have proposed to the Government a number of times that apart from rates, the authorities should also offer waivers on Government rent. By adopting a ceiling of \$5,000 per quarter, members of the middle and lower classes who cannot make the most out of the ceiling can be further benefited, so that they do not have to pay Government rent. Of course, this measure can also rectify the unfair situation that will arise in waiving the rates. Due to geographical and historical reasons, it is not the case that all property owners have to pay Government rent, so I hope the Government can actively consider this proposal put forward by the ADPL.

In addition, the ADPL is also of the view that at present, the amount of CSSA payments cannot really ensure that the basic needs of recipients can be met. We propose that the method of calculating CSSA payments according to the projected inflation rate should be reintroduced, so that the adjustment cycle can be shortened. Apart from granting additional CSSA payments to provide relief to the grassroots, we also propose that the Government conduct a comprehensive review of the existing CSSA system immediately, including the criteria for determining the amount of CSSA payments and the relevant allowances.

The ADPL also proposes a waiver of the rent of public housing for one or two months to provide relief in the rental expenses borne by the poor.

Finally, the ADPL supports the original motion and all the amendments. We believe that since the coffers are awash with money, the Government has to share the fruits of economic boom with the grassroots. At the same time, it should adopt more active measures and step up communication with the relevant authorities on the Mainland, as well as holding discussions with local public utilities operators, so as to combat the wind of price increases together.

President, I will support the original motion and all the amendments.

MR TOMMY CHEUNG (in Cantonese): Madam President, while many grass-roots people have reflected that their living burden has become heavier as a result of the salaries failing to keep up with the rampant inflation, the Liberal Party also considers it necessary to implement measures relating to the people's livelihood to curb inflation. If necessary, the handsome surplus of the Treasury should be used to relieve their hardships.

Colleagues of the Liberal Party and I will express our views on different policy areas. I will focus mainly on the policies relating to food and public housing.

I would like to first talk about food. Recently, the media asked me if the bakery trade should be persuaded to withdraw the price increase following the lifting of the tariff on grain flour. Here, I have to say something in fairness to the trade. Since bakery shops can be found everywhere in Hong Kong, competition is therefore extremely keen and they have been offering discounts all along. Having no alternatives, they are forced to increase prices.

In fact, as a result of a drastic rise in domestic food consumption and Renminbi (RMB) appreciation, the prices of a large number of mainland food items imported into Hong Kong are actually soaring steadily.

Take a bag of medium-priced grain flour weighing 22.5 kg as an example, the imported price in 2007 has increased by 10% to \$77 since 2006. In the middle of last month, as a result of the Mainland removing the 5% to 13% value-added tax refunds for agricultural products, the import cost of each bag of grain flour further increased by 30% to \$100 early this year.

The increase of edible oil is even more astonishing. In 2005, the cost of a can of edible oil weighing 27 catties was \$90 and had remained quite stable over the past two years. However, it skyrocketed by more than twofolds to \$200 per can early this year. It is learnt that the price will further increase in the future.

The unit price of another ingredient for bread, that is egg, had also increased by 50% from \$0.8 in 2005 to \$1.2 early this year. What is more, the price of butter had also increased by 75% from \$480 per 25 kg at the end of 2006 to \$700 at the end of 2007, which then further increased by 162.5% to \$1,050 early this year. The case for whole milk powder is similar, with the price of whole milk powder increasing from \$480 per every 25 lbs at the end of 2006 to \$1,250 early this year. The price has increased by one and a half times like a triple jump. Furthermore, the cumulative increase in the prices of canned food, such as tuna fish, luncheon meat and ham, is more than double-digit over the past year.

I have received many phone calls from the trade lately, saying that the supply of grain flour from the Mainland has been very tight these days. The price has further skyrocketed with an excess demand. It is therefore foreseeable that the adverse effect will subsequently spread to the catering industry as the costs of dim sum, say, buns and the wrappers of shrimp dumplings, and even the thickener will increase. What is more, rentals will also rise. In the face of such strong inflationary pressure, how can we ask the trade to freeze the price and bear the burden all by itself?

I agree to item (c) of the original motion that it is important to ensure the abundant supply and stable prices of major food items and foodstuffs. I have also proposed an amendment, highlighting that the abundant supply and stable

prices of key ingredients, including grain flour, for the manufacture of food are equally important.

However, I must stress that changes in supply and prices are beyond the control of the suppliers. For instance, on the New Year Eve, the sudden announcement by the State Ministry of Commerce of the imposition of an export tariff on grain flour had caught the trade by surprise. At that time, the Liberal Party had immediately reflected to different government departments the seriousness of the matter. Luckily, thanks to the efforts made by the Chief Executive and a number of Secretaries of Departments and Director of Bureaux to follow up the matter on that Saturday night, the Ministry of Commerce, upon learning about the problem, expeditiously lifted the export tariff to be imposed on Hong Kong and Macao. The Liberal Party and I are very grateful for this.

I strongly believe the Central Government has all along shown great understanding and sympathy to Hong Kong people, only that sometimes due to a lack of communication and understanding, the introduction of new policies would overlook the uniqueness of Hong Kong and hence give rise to confusion. Therefore, it is of paramount importance that the governments of the two places should maintain close communication and co-ordination in respect of food supply and price stability.

Yet, what I wish to add is that the increase in food prices was often caused by the SAR Government. The most typical example is live chicken. Over the past three years, the wholesale price of live chicken has increased by 34%, from normally between \$11 and \$12 per catty to between \$15 and \$16 per catty in 2007. Very often, people have to pay a high price for live chicken on festive occasions. Amid the budding inflation these days, compounded by the imminent Chinese New Year, the wholesale price of live chicken has increased sharply by 60% to between \$22 and \$26 per catty, whereas the retail price is even higher, which stands at \$30 to \$40 per catty. Again, we may have to pay more than \$100 for a chicken to celebrate the Chinese New Year.

I certainly understand that the Administration has done this for the sake of our health. Even if the chances of contracting avian flu are as slim as one in 10 million, it would not wish to see it happen. Nonetheless, in view of the general increase in prices and the importance for Chinese to have chickens on festive occasions, Chinese New Year in particular, will it not be too conservative for the Government to continue exercising stringent control on the amount of imported live chickens?

Similarly, the issue relating to the tight supply of live pigs in these days should be brought up for discussion with the Ministry of Commerce, with a view to relaxing the quota during such unusual times. As Members may be aware, even after the Mainland had abolished the sole agency system for live pigs, there were still confusing messages circulating in the market. Just like yesterday, live pigs buyers stated on hearsay that the supply of live pigs would become pretty tight, hence causing the price to reach as high as \$2,400 per picul. Despite that only 40-odd pigs were actually sold at that time, they alleged that there was a shortfall in supply. In fact, for the whole day yesterday, only 4 000-odd pigs were sold. Without verifying the information, the story was even then extensively covered by the Six O'Clock News. However, just those three batches of pigs were actually sold at such a high price, and the price level had subsequently resumed normal.

In fact, the Food and Environmental Hygiene Department has time and again refuted with data the rumor about the tight supply of live pigs out there these days. What actually is happening? Was someone trying to manipulate the supply or intentionally pushing up the auction price? The Liberal Party agrees that an investigation should be conducted expeditiously to prevent anyone from "looting a burning house" amidst rampant inflation, thereby causing suffering to the pork retailers and the general public.

No matter what, I think that in order to genuinely open the live pig market, the quota system must be abolished in the long run. Only if the import volume is freely determined according to market supply and demand can we enhance market transparency and prevent manipulation.

The last thing that I wish to see is that a pig farmer who worked so hard for 18 months to rear a pig for sale could only make a meagre profit of a hundred dollars or less, while a trading company, a mere quota holder, could make as much as a thousand dollars in only a couple of days. Such a system would only exploit the Chinese farmers. In fact, as long as the Chinese farmers remain poor, there is downright no incentive for them to increase the output of live pigs and the quality of pork.

I am aware that a contract had been awarded to the Ng Fung Hong Limited (NFH) long ago for the operation of the Sheung Shui Slaughterhouse, and is due to expire in September next year. As a result, the two new agents can only rent those lairages with inadequate facilities, where no pigs are allowed to stay overnight. For this reason, those two agents can only purchase a maximum of

800 or 500 pigs respectively every day and hence they can hardly compete with and fight against NFH which can purchase up to 3 000-odd pigs every day.

I urge that the Government should speed up the renovation of those lairages with inadequate facilities. If possible, it is hoped that additional temporary lairages can be made available to new agents before the franchise to operate the slaughterhouse expires next year, so as to provide a level playing field for the three agents.

In preparing the new lease for management of the slaughterhouse, consideration should be given to the long-term development of opening up the supply of live pigs to ensure flexible allocation of lairages to new entrants, so as to avoid manipulation by a single agent. Once the abovementioned facilities are ready, the Administration should expeditiously discuss with the Ministry of Commerce on the abolition of the quota system and its replacement by free determination of import volume according to market demand and supply with a view to achieving a genuine open market.

Last of all, in respect of public rental housing (PRH), the Liberal Party supports the waiving of PRH rentals as appropriate to alleviate the tenants' burden in housing.

However, as Members are aware, the Housing Authority (HA) is financially autonomous and can be said to have no direct relationship with the government treasury. Will the Government arrange for a special capital injection into the HA to enable a reduction in rental as a result of revenue "flooding" the Treasury? We are looking forward to seeing this.

As to whether the PRH rentals should be waived for one month, two months or three months, the Liberal Party holds an open attitude. And yet, to the PRH tenants, it would be best for rentals to be waived for as long as possible. The Liberal Party will stand by the Government's decision as long as it is prepared to do so.

However, it would create a bigger problem if the HA has to do it on its own because the HA's surplus this year has dropped to nearly \$3.5 billion as a result of the rental waiver. One month's rental waiver costs \$1-odd billion in revenue, so a further waiver of three months' rental will use up the last cent of surplus. Furthermore, after the surplus Home Ownership Scheme flats have all

been sold out, the HA will be left with a consolidated surplus of only \$1.2 billion by 2012. We should therefore be cautious in using the money.

Madam President, I so submit.

MR CHAN KAM-LAM (in Cantonese): President, while Hong Kong people are so glad to see the economy picking up, the unemployment rate decreasing and the Government's financial condition improving significantly, there have been apparent changes in the local retailing trade since early last year. With increasing market demand, the prices of various kinds of commodities have significantly risen, thereby sending out a very strong signal of price hike since the last quarter of last year. Not only was rental pushed up as a result of an increase in property prices, there was also a rare occasion for the prices of pork and beef to increase by 30% to 40%. The trend of prices of all goods soaring has worsened.

As soon as 2008 started, electricity tariffs have increased. It was followed by an increase in the toll of the Western Harbour Crossing (WHC), as well as the fares of public light buses, taxis and the Star Ferry. Car parks managed by the Housing Authority (HA) have also increased their monthly rentals, and the prices of various kinds of foodstuffs like grain flour and edible oil will also increase in succession. It is evident that there are some abnormal operations in the retail market of late. For instance, we noticed the other day that the edible oil association made an advance announcement for the supermarkets on its own initiative that the chances of having cut-throat price reductions during the Chinese New Year would be less, and the discount rate would also reduce from 90% to 95%. After the Chinese New Year, the prices of different edible oil would even increase by 10% to 15%. The association suggested in a high profile that people should buy more in advance to prepare for such changes.

Another example is the pork incident that happened yesterday. After our Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) colleague, Mr WONG Yung-kan, had looked into the case, we discovered that only 41 pigs were actually sold at \$2,400 per picul yesterday, while the rest were sold at reasonable prices. The Fresh Meat United, however, informed the market and even the media that the supply of live pigs had reduced, thereby creating a tense atmosphere in the market. This made the public at large to think that the price of pork is now extremely high, thereby arousing their serious

concern. We consider it necessary for the Government to gain a better understanding of the situation and investigate the matter, and rigorously combat the unscrupulous conduct of these people.

In an article written last year, the Chief Executive of the Hong Kong Monetary Authority (HKMA), Mr Joseph YAM, pointed out that as reflected by the Composite Consumer Price Index, Hong Kong's inflation rate was still moderate at the moment. There may be a slight difference from what is in the mind of the consumers. In fact, consumer prices have actually risen in a much faster pace than the relevant index. There are various indications that such a drive for basic inflation will continue to develop for some time in the future. At present, we can see that some universities and financial institutions have projected the inflation rate to reach 4% or even exceed 5% in 2008.

In fact, we do not think that inflation is something bad. Provided that it can be maintained at a mild, reasonable and acceptable level, inflation can be helpful and conducive to economic growth. The point is that the problem of the widening wealth gap is actually becoming increasingly serious in Hong Kong with the Gini Coefficient hitting a record high at 0.533. The prices of clothing, food, housing and transport are climbing, and the rate of increase is particularly high for foodstuffs, which add to the burden of the grassroots in living. We believe it will take a protracted battle to combat inflation. In the face of the weak US dollar, strong Renminbi (RMB) and the persistently high prices of crude oil and food, it is believed that the future inflationary trend will be difficult to curb at once. The DAB opines that given the handsome surplus recorded by the Treasury, it is necessary for the SAR Government to adopt a series of measures to relieve the pressure of inflation on people's livelihood.

President, insofar as electricity tariff is concerned, the Government has recently entered into new Scheme of Control Agreements (SCAs) with Hongkong Electric Company Limited (HEC) and CLP Power Hong Kong Limited (CLP), under which their rates of permitted return will be respectively lowered from 13.5% and 15% to 9.9%. The Environment Bureau expected that local residents and shops on the whole may save up to \$5 billion in their electricity bills each year as a result, in other words, the basic tariff rates will be lowered by at least 10%. As this is calculated on the basis of the asset values of the two power companies in 2006, the actual reductions are still subject to the data to be provided by the power companies in the future.

There is a general projection in the market that the reduction in tariff in this October and January next year may probably fall short of the Government's expectation; in other words, the increase may only be single digit or a small double-digit value.

Despite a reduction of electricity tariff, we surely feel worried as the prices of fuel or burning coal are increasing. This may result in an expedient re-adjustment of the reduced tariff brought about by the signing of the new SCAs. On the other hand, the new SCAs failed to remove the costs for emission reduction and environmentally-friendly facilities from the fixed assets, thus creating an additional condition for the power companies to increase tariff. As Members may be aware, the desulphurization facilities installed by the power companies are very costly. Take the CLP as an example, the facilities are reported to cost \$6.3 billion. Therefore, the greater investment in emission reduction facilities, the bigger profits they can make from asset expansion. On the other hand, the new SCAs have introduced an incentive and penalty mechanism that relates to their emission performance. If the power companies achieve outstanding performance in emission reduction, the rate of return will increase on a pro rata basis accordingly. An increase in emission reduction facilities will definitely result in a reduction in emission, therefore giving an additional rate of return accordingly. In other words, not only can the power companies be exempt from their corporate environmental obligations, they can also raise their rates of permitted return in two ways. It is worried that this will bring greater pressure for an increase in tariff.

Given that both the Government and the power companies have undertaken in a high profile to reduce the tariff when signing the new SCAs, coupled with the tens of billions of profits earned every year, we think that the tariff should be reduced once the new SCAs come into effect so as to honour their pledges to the general public.

Recently, the WHC has increased its tolls by cancelling all concessions, with an average increase of more than 10%. This has not only created a heavy burden for the users, but also greatly increased the operating costs of public transport, hence compelling public light buses running on the WHC routes to increase their fares. Meanwhile, following a significant toll increase, the difference in tolls between the WHC and the Cross Harbour Tunnel was further enlarged. The DAB urges the Government to proactively study different measures to lower the tolls of various tunnels (including the Eastern Harbour

Crossing and the WHC) and Route 3, which should include, *inter alia*, buying back the abovementioned tunnels and routes and extending the franchise period so as to alleviate the pressure of a toll increase.

The Government is now discussing with the Board of Directors of the WHC Company Limited on an extension of the franchise period. We are of the view that the Government should seek to balance the interests of the tunnel companies, tunnel users and the general public, and strive to achieve the purposes of reducing the toll through agreements and evening out the traffic distribution among the three road harbour crossings. I must stress that in times of smooth traffic flow, travelling from Central to Hung Hom only takes 10 minutes, but in times of traffic congestion, at least 25 minutes is required. This mere difference of 15 minutes has actually resulted in social and economic loss, including air pollution, a waste of fuel and a loss of time. The loss to those high-income people, in particular, in terms of time and money is difficult to quantify.

President, our amendment proposes a rates waiver, which may relieve, to a certain extent, the adverse effects of inflation. For this reason, we propose to waive the rates for one year, subject to a ceiling of \$5,000 per quarter, so as to enable the middle and lower classes to get a respite.

President, I so submit.

MISS CHAN YUEN-HAN (in Cantonese): President, after listening to the speeches given by Honourable colleagues today, I find that the content of my speaking note is more or less the same as theirs. In fact, nowadays we can always hear people in the streets or housing estates singing, "Prices up, up, up, the price of salt up, oil up, chickens and eggs all up". Since so many people are singing this song, we hope that the Government will consider tackling these problems in the budget at this time when a surplus amounting to more than hundreds of billion dollars is expected.

Today, I am going to propose amendments in several aspects, while Mr WONG Kwok-hing will later on give a detailed account of the proposal submitted by the Hong Kong Federation of Trade Unions to the Financial Secretary.

President, over the past six months, Hong Kong people have been suffering great hardships under the effect of price increases, which have come after another. Clothing, food, housing and transport can hardly be spared. But this is not all as the influence has spread beyond these four items. In this circumstance, it is good to have this motion debate today, which has induced as many as six Members to move amendments. President, as pointed out earlier, some 50 proposals will be put forward today. We may notice from these 50-odd proposals that the whole society is actually singing the same tune. None of us oppose any of the amendments proposed to Dr YEUNG Sum's original motion. We support all the amendments and consider this a significant request and hope the Financial Secretary will consider it.

President, judging from the remarks made by the Government, it seems that inflation at the moment is not very serious because in response to our questions earlier, the Secretary said that our future is pretty rosy and he did not find the present inflation rate serious. However, inflation is indeed very serious. For example, the inflation rate was previously estimated by the Government to be around 2%, but we can see that the Consumer Price Index has actually risen by 3.4% compared with 2006, in which food prices have increased by 10%. Some academics had already projected the index of last year (that is 2007) to be 3%, which would further aggravate to between 4% and 5% this year. I worry that the actual figure would be more than this.

Frankly speaking, in view of the present situation, the number of people singing that song is not small, nor is the number of people complaining. Not only people at the grassroot are complaining, even the middle-class and high-income earners are complaining too. As we can see, electricity tariff has increased by 4.5% to 6% at the turn of this year, the Western Harbour Crossing toll has increased by 10% to 15%, the three bus companies have applied for a fare increase of 5.8% to 9%, whereas the fare of the Star Ferry has also increased by 23%. The increase in food prices is even more significant. As shown by the data released yesterday, the price of pork has increased from about \$20 per catty early last year to \$52 per catty, the latest price revealed yesterday. Early last year (that is early 2007), the price of an egg is \$0.7, but it has now risen by 40% to \$1.2, and the rise is pretty steep. These are all necessary food — unless we are vegetarian; if not, these are all necessary food — even the price of vegetables for vegetarians has increased.

As seen from above, the inflation this time around is rather special. Not only are the increases significant, they are also strong and expedient. For example, comparing the current statistics with that of December as provided by the Government, the increase of food price alone is pretty considerable. As these are necessities, all of us will be affected and that is why I think everyone is complaining. Among us, the grassroots are the most seriously affected. Life is especially tough for the poor families as the money they have in hand for buying things is said to have weaker purchasing power now. This morning, I told my elder sister that we had better have less meat because of the high meat prices. However, after all, we are people earning decent incomes, but I still consider it better to go on a diet by having less meat which costs \$52 per catty. It is fine for us to say that, but what else can the grassroots cut down on when no further reductions can be made?

Therefore, lying in front of us is a thorny problem. When government representatives came to this Council for meetings, Members had requested them time and again to further increase the amount of CSSA. However, our request was turned down eventually and there was only an increase of 2.8%. If we do some calculation using the data released by the Government, the amount of CSSA is actually decreasing. Because simply looking at the relevant data, we can see that the amount of CSSA has failed to catch up with the rate of inflation. For this reason, the poor people must be living in great hardships, and the ordinary wage earners are definitely affected, too.

Despite the news circulating at the end of last year and early this year about a greater salary increase this year, but as revealed by the results of the questionnaire surveys conducted by some organizations, the general picture is that the salary increase still falls far short of the inflation rate even if it will increase. In this circumstance, the grassroots are living in great difficulties. Although they have got a job and wages, the rate of wage increase still falls far short of the increase in inflation rate.

Insofar as businesses are concerned, just as Mr Tommy CHEUNG has pointed out, we can see that while the catering industry faces an increase in meat prices, the retail sector is also faces an increase in rentals, as well as electricity tariffs and other fees and charges. It is believed that their business must be very difficult. I can see that people working in the catering industry, in particular, are facing escalating food costs and rentals, and this is precisely the problem they

must resolve. Some people in the catering industry already hinted to me that if the situation continues, operators in the industry will close down their shops one after another after next year's peak season.

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

The retailing industry is also operating in great difficulties in the face of escalating rentals and various challenges. That means not only the grassroots are affected, but the business sector is also affected by such an economic environment. We are gravely concerned that this will have an impact on Hong Kong people, causing the unemployment rate of the grassroots in particular to deteriorate to the previous high level. This is true as both the retail and catering industries are good employers of the grassroots. If high rentals or other factors would really lead to this situation, I think they are worthy of consideration by the Government.

Deputy President, I am going to focus on the different aspects of my amendment whereas my colleague, Mr WONG Kwok-hing, will give a comprehensive account of our viewpoints. The proposals set out in my amendment are within the control of the Government. Certainly, I am opposed to all price increases in society, and I may even stage demonstrations against them. For example, I oppose the applications by the power companies and bus companies to increase their tariffs and fares respectively. I think that the Government may help people by control from within. In fact, measures can be implemented by the Government. My amendment mentions a waiver of the fees and charges for public facilities and services. In my opinion, the Government should be capable of introducing such a waiver which is indeed a direct way of helping people, and I hope that the Government will set a good example. The Government may ask: What would be included? I think that rates, for example, as well as the fees and charges for recreational facilities and licences can be permanently exempted and waived, or even frozen.

Deputy President, on the other hand, I also wish to say that apart from the rates and recreational facilities which I have just pointed out, a reduction of water charges can also be considered by the Government. I have learnt from some news reports that Hong Kong has only used 60% of the total volume of

Dongjiang water supply agreed with Guangdong over the past two years. In other words, Hong Kong has not used up to the agreed volume but is required to pay the full amount. Much water has been wasted. In this connection, is it because of the agreement that Hong Kong is required to pay the full amount of \$2.5 billion water charges? If Hong Kong can enhance conservation, we can cut down on the water bill. Not only we will benefit, some people may be free from paying their water bills. Even if little water can be saved, I still think that this is beneficial to us for the global water resources will not be wasted on the one hand, our living may be improved on the other. Therefore, I eagerly hope that the Government will discuss with the Guangdong authorities the 2008 agreement to allow greater flexibilities, with a view to preserving water resources and obviating the need for Hong Kong to pay an excessive water bill.

Deputy President, I will now switch to oil prices, which you may be most interested. Oil prices play a very important role in the increase of transport fares. Last year, global oil prices rose sharply. The prices of gasoline and diesel were \$13.83 and \$8.37 per litre respectively early this year, but they have now increased to \$15.7 and \$9.52 per litre respectively. Such a rate of increase has made the operation of public transport like public light buses and taxis very difficult, so fare increases have been proposed. Under such circumstances, we think that the workers in Hong Kong We have condemned time and again in this Council the "expedient price increases but slow price reductions", which is agreed by all. To tackle these problems, I hope that the Government will introduce more competition in the fuel market as early as possible so that the oil companies cannot increase prices at the same time. Just this point alone has been discussed in this Council for a very long time. Furthermore, when global oil prices are soaring, the Administration should reduce fuel tax through administrative means, so as to avoid great fluctuations in oil prices, which may be detrimental to the people's livelihood.

On the other hand, I also hope that more negotiations on foodstuffs should be conducted between the relevant government departments and mainland authorities so as to stabilize the prices of imported food. In particular, I wish to stress that we should pre-empt any artificial pumping up of our commodity prices due to some unfounded news, and bread is the typical example. Although the Mainland has made no mention of an increase in the price of grain flour, such a rumor has been doing the rounds here in Hong Kong. It is therefore very important for the Government to make things clear as early as possible.

Apart from all this, today I must point out and stress that my amendment concerns the poor elderly. While requesting the Government to increase the OAA, we also notice that there is a group of poor elderly who fail to obtain CSSA for various reasons and have to live on the OAA. The reasons may be their sons' refusal to sign the "bad boy paper" for not wanting them to apply for CSSA, or their applications for CSSA being turned down because of their meagre savings, which is just a small amount of money. Furthermore, there are cases where the elderly people were deterred from applying for CSSA due to their traditional thinking. So, how do they survive? By collecting cartons or taking up jobs that have long working hours but very little pay. They are all senior citizens, I eagerly hope that

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

MISS CHAN YUEN-HAN (in Cantonese): the Government can think of a new measure to resolve the poverty problem of the elderly people.

MS EMILY LAU (in Cantonese): Deputy President, recently a Bureau Director asked me what my constituents were most concerned about. Deputy President, they are definitely most concerned about direct elections. Many people have actually joined in processions for this reason. However, the Bureau Director was also told that my constituents were very concerned about inflation, too. Surges in prices in every sector have made the public — I believe not only the voters in my constituency find it hard to bear; voters in other constituencies should feel the same, too.

I attended a luncheon meeting hosted by the Executive Council in the Mandarin Hotel last Thursday to get in touch with the business sector. The issue discussed during the meeting was inflation — Members should know that all the participants were senior managers in the business sector. They understood that inflation was a major issue. However, when I requested them to act quickly to increase the wages of their employees, they told me that the issue was extremely complicated. Nevertheless, Deputy President, the business sector was concerned because inflation, if not tackled properly, would affect social stability.

The Secretary of Department should be aware of the two questions raised by me in October and December relating to inflation and what will be done in order that inflation can be tackled. Deputy President, the replies given on the two occasions were exactly the same. It was said that the Government was very concerned about the grassroots — including low-income earners, elderly people in need of financial assistance and other disadvantaged groups. It was also said that the Government was very concerned about the well-being of these people and fully appreciated that the recent rises in prices the reply to my last question had the additional remark that "in particular, the rising food prices have exerted additional pressure on the livelihood of the grassroots." Therefore, it cannot be said that the Government is not aware of the problem. The point is what had been done after the Government became aware of the situation.

Talking about the situation of the grassroots or low-income earners, I have to refer to a report published by the Hong Kong Council of Social Services two months ago — according to the figures of 2006 — the number of low-income earners in Hong Kong was 1.33 million, or 20% of the population of the territory. Therefore, Deputy President, the figure we are talking about is very huge. While all these people are low-income earners, many middle-class people have found the going very rough, too.

Therefore, like other colleagues, I support the amendments proposed by other Honourable Members. The point specially raised in my amendment was actually copied from the reply given by the Administration to my question raised in October regarding what the Government would do in face of serious inflation. The Government replied that a variety of measures, including waiving of rents, rates, and so on, would be adopted. Actually, this point has been mentioned during the discussion on the budget between the Secretary of Department and me. Now I would like to appeal once again for a waiver of rents payable by public rental housing tenants for three months, and a rates waiver subject to a ceiling of \$5,000.

Deputy President, I was very pleased to hear Mr Tommy CHEUNG, a representative of your political party, say that the Liberal Party will not oppose the waiving of rents payable by public rental housing tenants for three months, only that the cost should not be met by the Housing Authority — I do not care about so many things. Sometimes, the money is merely put in different pockets. Anyhow, the Secretary of Department has heard the comments. Everyone is talking about this — the measure is not intended to benefit these

people; it merely seeks to help alleviate their pressure. Therefore, the rents should be waived for three months. Should inflation persist, I believe a three-month waiver is not enough and the waiver period will have to be extended further.

Deputy President, I am also very pleased to see Mr CHAN Kam-lam make a proposal in his amendment for the granting of two additional months of CSSA payments. Deputy President, why do we have to make so much effort actually? Because we find that the grassroots are living in dire straits. I have also raised another proposal, which is supported by all Members of this Council, namely raising the OAA to \$1,000. However, I have not heard anything about it so far. Furthermore, I have requested the Government to expeditiously provide assistance to the poor people living in remote districts by giving them transport subsidies. There is also another proposal we have debated so hard here that our gums have started bleeding, and that is, to provide people with disabilities with transport concessions, be they half-fare concessions or other subsidies. I hope the Secretary of Department can consider these proposals.

Other measures to help the middle class should include the rates. I also hope that the rates can be waived for an entire year, subject to a ceiling of \$5,000. All these measures should be implemented expeditiously and by all means. I wonder if the authorities I believe the Central Policy Unit often conducts opinion surveys to gauge the pulse of the public. Insofar as inflation is concerned, I believe — now the prices of pork, bread and everything are going up — it is not entirely proper to suggest eating less. To what extent should people cut down on their food intake? Deputy President, I have repeatedly raised the point during the debates here that some people said that even if they could choose not to eat, they could not avoid commuting to their workplaces. What can they do when they have to spend \$40 to \$50 a day on transport? This issue must be addressed by the Secretary of Department.

When Dr YEUNG Sum mentioned the two power companies' Scheme of Control Agreements in his motion, I believed the Secretary must have felt a sense of loss — there was no applause despite the fact that \$5 billion a year had been saved. Members have all agreed that 9.99 is actually no different from 10. Therefore, that is not a single digit, but a double digit. Furthermore, Deputy President, about two years ago, Members of this Council, facing a motion similar to the one today, passed the motion requesting the figure be lowered to

seven or below. How will Members be pleased when the figure announced stands at 9.99? Furthermore, the market has not been liberalized at all. 2012 I do not know when we can achieve what we have in our hands at the moment. Even our goal cannot be achieved in 2022 or 2032. Therefore, the authorities should cease asking the public why they are not pleased with the saving of \$5 billion, because this is not what the public has expected. Furthermore, we take great exception to the authorities when we open our windows every day because we all know that the air we breathe in through the windows will cause an adverse impact on our health. Therefore, insofar as the two power companies are concerned, I believe a lot more need to be done by the authorities.

Deputy President, in addition to these measures, there are two issues that must be considered as they have made people very unhappy. One of the issues concerns the high land price policy. Both the public and the business sector are suffering terribly as a result of the Government's land sale policy, which has pushed up land prices and in turn property prices and rents. Even costs are being driven up. Though it might be argued that taxes might have to be increased if land prices are not pushed up, I think it is, on the contrary, better for taxes to be raised. With the authorities insisting on pushing up property prices, many people simply have no chance to regain their breaths and are suffering terribly. Therefore, some people have requested me to raise this point again in this Council. Though the authorities might not listen, this is a crucial issue.

Deputy President, another issue I would like to discuss concerns the linked exchange rate. Over the years, the authorities have all long maintained that the link, as a foundation for Hong Kong's success is crucial. Our city was thrown into chaos when this Council expressed an intention to study the link a couple of years ago. Although everyone supported the idea of conducting studies initially, I was subsequently made a target of fierce condemnation. Actually, some people across the community are discussing this issue every day. While everyone in the community can join in the discussion, only the Legislative Council cannot do so — for the issue is considered very sensitive.

However, even members of the public can see that US dollar has kept falling, and is expected to continue falling for a long time. Let us look at Renminbi (RMB), a currency used to be linked with US dollar. However, there is now a huge gap between RMB and Hong Kong dollar. Some people have

written to me complaining that they are suffering terribly as if they are spitting blood. They have also asked why we cannot give some consideration as RMB, used to be pegged with US dollar, is now pegged with a basket of currencies instead. High land prices and the linked exchange rate are among the factors leading to inflation.

I believe even members of the public would have a question like this: As these senior officials earn such a high salary and possess so much power, will they consider for the public who are in dire straits instead of insisting on this and that on the ground that they are proven or beneficial to Hong Kong? Even though something might have been proven to work well, should the authorities have their own ideas when changes occur? However, the authorities have rejected this, for something can become very sensitive once it is mentioned. Now, the entire community is discussing this issue. There must be a way. Are there any crucial issues which are affecting us?

Deputy President, Honourable colleagues have raised so many issues, and they have all said that they will render support. I do not know what view the Secretary of Department will hold. Will he tell us later that our motion does not have any legal effect and that there is no need to pay attention to us? Deputy President, more than one Bureau Director has said something like this outside the Chamber. They said that there was no need to heed us, and they would let us pass the motion, for it would not carry any legal effect anyway. Should this be the case, the relationship between the Government and Members of this Council will worsen. However, I do not think the Administration will care because the relationship is really very bad already. However, I believe the Chief Executive and the Secretary can hardly shirk their responsibility if the people's livelihood is affected in such a way that many people are left greatly dissatisfied, and when even social stability is affected.

MR LEE CHEUK-YAN (in Cantonese): Deputy President, as we move into 2008, we are supposed to greet each other merrily with "Happy New Year". However, there is actually a big issue in our hearts and that is, as we move into 2008, we are actually meeting a year of soaring prices. Inflation, like a tiger, has now been set free. As the saying goes, "inflation is more fearful than a tiger". Actually, the relevant figures are quite appalling: the inflation rate last year had continued to rise and hit 3.2% and 3.4% in October and November respectively. As the latest figures are not yet available, the situations in

December and January are not known yet. However, Members should be able to tell something from the trend. At present, the price of everything, from pork, beef to vegetables, is on the rise. The situation is actually perfectly clear. Inflation is very likely to exceed 4% after the Lunar New Year, only that it is not yet known whether the inflation rate will reach 5%. In my opinion, the inflation rate is set to exceed 4% within this year. Members referring to other figures will find that the Social Security Assistance Index of Prices — CSSA recipients spend most on foodstuffs — already reached 5% in October last year. Insofar as the poor are concerned, the inflation rate has already reached 5%, as foodstuffs are their predominant spending item. Therefore, Deputy President, we must not be optimistic for this entire year, for it is almost certain that inflation will exceed 4%. The point is we do not know whether it will reach 5%.

When it comes to the ability to combat inflation, it can be said that the poorer the weaker and the more miserable. As Members already know, even if Hong Kong is hit by inflation, the salary of high-income earners might still rise, and they will have some spare money to meet their essential living expenses. But the poor and low-income earners simply do not have any spare money to meet their essential living expenses and must therefore tighten their belts.

Many wage earners not offered pay rises have complained to me that there is nothing they can do. In the past, they might take a bus instead of walking between two bus stops; now they can only walk. Members can surely tell them to consider walking as a blessing because they will become healthier as a result. However, this is meaningless as our life is so stressed. On the other hand, some people have to wait until it is nearly time for the market to close before they go there to buy groceries. In other words, they wait until other customers have bought their groceries so that what is left must be the most rotten and worst in terms of quality because it must be the most inexpensive. Even if they are sick, they will not consult a doctor. The situation of the elderly is even worse. There is even a greater need for elderly CSSA recipients to tighten their belts. Therefore, Deputy President, we can now see that, owing to the serious disparity between the rich and the poor in Hong Kong, the poorer people become, the harder is their living once they are hit by inflation. Therefore, Members should think of ways to ensure that the general public in Hong Kong are capable of combating inflation.

However, Deputy President, it is most deplorable that the Government has demonstrated either incompetence or heartlessness in curbing inflation. In what

respect can we see that it is incompetent? The Secretary might tell us later on that there is nothing he can do. For instance, the Government can be said to be completely hamstrung under certain circumstances because its hands and feet are tied by itself. For example, the Government is completely hamstrung when it comes to the Western Harbour Crossing (WHC) because its toll is set to rise. Should the WHC increase its toll, public light buses will raise their fares, too.

There is another incident of hamstringing which relates to the power companies mentioned by Dr YEUNG Sum in the original motion. The power companies have been acting according to a formula under which their net fixed assets are multiplied by 13.5% or 15%. Even if the percentage is reluctantly lowered to single digit after discussion in the future, it is still deceiving — can 9.99% be considered a single digit? Furthermore, they will receive a bonus if they can do a better job in emissions reduction. Obviously, it is not bad to operate a power company. Actually, the percentage will definitely exceed 10% after doing this and that calculation. However, members of the public have expected it to come down to at least between 6% and 8%. It is unreasonable for such an awful figure of 9.99% to be maintained. How can the Government deliver? Furthermore, Deputy President, Hong Kong people are really miserable, for they are offered the worst mode of power supply. If the power companies are run by the State, the Government can settle the problem perfectly. If the power market is free and open, competition will prevail. We are, however, trapped in the most miserable situation, for we ours is a completely monopolized market. Under such circumstances, nothing can save us because we are already completely hamstrung. Therefore, the Government will probably tell us that it can do nothing at all.

The Government has also insisted that it is incapable of doing anything about fare increases by public transport operators. It was said sometime ago that a fare adjustment mechanism that allows fares to go upward and downward would be put in place. When it comes to such a fare adjustment mechanism, how strong can the Government raise objection when public transport operators apply for fare increases according to the established formula? The answer must be not very strong. Therefore, although the Kowloon Motor Bus Company (1933) Limited is predicted to make an ambitious request of raising fares by 9%, and its request is likely to be rejected, it will still be allowed to raise fares slightly because it can do so according to the fare adjustment mechanism. For members of the public, fare increases by such public transport as buses mean that the prices of all basic daily necessities have been raised.

All business operators should find it most deplorable that they would face rent increases when their businesses turn for the better. Two possibilities will arise when the rent of their shops is raised: they will either have to fold or pass the rent increases onto consumers, thereby leading to inflation. Hence, the Government is very often simply unable to deal with the causes of inflation.

In some cases, the Government is entirely to blame. For instance, the Government is unable to do anything when The Link REIT raised the rents after listing. In the past, the Government could still exert its influence when the shopping centres were managed by the Housing Department. Now, there is nothing the Government can do. It is all of the Government's own making. Many Members in this Council say that they hope The Link Management will not raise the rents of its car parks. However, Members should have envisaged something like this today when they supported the listing of The Link REIT.

On the other hand, however, the Government is not willing to do anything and make efforts to take forward a lot of things. For instance, it has refused to introduce a fair competition law. Actually, the law can bring down prices while avoiding monopolization.

Most importantly, the Government should facilitate pay rises so that the people will really be enabled to cope with inflation, though I feel that the Government has got the least intention to do this. With pay increases, people will be able to catch up with inflation. Such being the case, their standard of living will not degenerate, and the economic development will sustain. However, it is most deplorable that many people are not given a pay rise. According to a survey conducted by the Hong Kong Confederation of Trade Unions (CTU), 60% of the people did not receive a pay rise last year, with the wages of a minority of them even being cut. It is simply impossible to combat inflation without pay rises.

Actually, there is something the Government can do. The CTU has all along been advocating for the right to collective bargaining to give unions the status and power to negotiate with employers for pay rises such that a balance be achieved in employment relations to enable employees to fight for pay increases. Just now Ms Emily LAU said that when she met the people from the business sector, they just evaded the issue with a few laughs, saying that raising wages was not easy. Why should they be laughing? Because workers have no right

to collective bargaining. Should workers enjoy such right, they will be unable to laugh at all. Hence, a year of soaring prices aside, I hope this year can be a year of pay increases, too. I would like to make an appeal here that, insofar as wage earners are concerned, pay rises are the most radical solution to the inflation problem.

Lastly, Deputy President, I would also like to say a few words on my amendment. The Government as the largest shareholder of the MTR Corporation Limited (MTRCL) can actually put the proposal made therein into implementation. It was raised during the scrutiny of the legislation on the merger of the two railway corporations that even though fare concessions were offered to students by the former MTRCL, no fare concessions were offered by the East Rail. With the merger of the two railway corporations, why are across-the-board half-fare concessions not offered as the two corporations have now been brought under one roof? For students and parents, all their family members will feel a greater sense of relief should across-the-board half-fare concessions be introduced. The difference can be huge if hundreds of thousands of students from the New Territories can enjoy half-fare concessions for rides on the Light Rail, West Rail and East Rail. Whether they go out to participate in extra-curricular activities or go to school, they will feel a greater sense of relief.

However, the Government has chosen not to do anything, though it could have done something for the students. I have kept saying just now that the Government is simply not willing to do a lot of things. Members can certainly say that the Government's coffers are now flooded with cash, and it requires a flood relief now. While a flood relief is essential to the Government, members of the public will certainly be pleased to see the flood relief. I also hope that members of the public can thus be benefited. However, there is something which can be resolved structure-wise. Why does the Government not do so? If structural adjustments can enable the MTRCL to offer half-fare concessions to students, many people can actually be benefited. Furthermore, it is a way to combat inflation. I am worried that many of the proposals raised today are merely short-term measures. What we desperately hope to resolve are some structural problems. There is also a need to come up with structural methods to combat inflation so as to benefit members of the public in the long run. I have specially proposed an amendment today because I believe it can achieve a long-term effect. Offering half-fare concessions to students is indeed a long-term solution.

Lastly, I would like to give the Financial Secretary a little piece of advice, for I do not know if he is very happy today because he said that Hong Kong is the freest society — the freest society economically, not politically. However, he should not be overwhelmed with joy because it is meaningless for Hong Kong to become the freest society. Instead, it is most important for the territory to become the most affluent and, most importantly, the most competitive society. At present, Hong Kong is not the most affluent and competitive society. What is the meaning of Hong Kong's becoming the freest society? Most importantly, Hong Kong should strive to become the most competitive society. Therefore, I hope the Government can strive for this goal so that Hong Kong can become the most competitive and affluent society. Furthermore, individuals should be allowed to share the wealth. Thank you, Deputy President.

FINANCIAL SECRETARY (in Cantonese): Deputy President, first of all, I would like to thank Dr YEUNG Sum for moving this motion today as he has offered a very good opportunity for me to brief Members on the current economic situation, in relation to inflation in particular, and give an update on the latest development of issues of great public concern before the delivery of my maiden budget on 27 February.

Over the past four years, the economy of Hong Kong has seen robust growth and the unemployment rate has dropped to a record low in 10 years, having been restored to the level of early 1998. The living standard of the public at large has therefore improved. With an improving economy, both asset values and rentals have climbed steadily. The income and wealth of the majority of households have also increased, thereby stimulating consumption to a higher level and in turn strengthening the bargaining power of the retailers. Under this circumstance, it is only natural that the inflationary pressure will intensify.

Another major reason accounting for the picking up of inflation in recent months is the significant increase in global food prices. According to the statistics provided by the International Monetary Fund, global food prices have seen an annual increase of 15% on average since 2007, which was further enlarged to 24% in the fourth quarter. As revealed by the economic data of different countries, the picking up of inflation is actually a global phenomenon. As Hong Kong is heavily dependent on imported food, a global surge in food prices will inevitably have a direct impact on Hong Kong people.

In tandem with the recovery of Hong Kong's economy in recent years, the majority of households are able to benefit from our economic development. In the long run, the most effective and fundamental way to improve the living condition of the grassroots is to create more job opportunities by promoting economic development and enhance productivity. By doing so, people will enjoy real-term increases in salaries steadily, thereby improving their living standard.

Furthermore, the Government will strive to uphold free trade by maintaining a highly competitive market and stable supply, and ensuring a highly competitive business environment such that food and consumption products are available on the market in diversity in terms of variety and prices, with a view to providing more choices to consumers. What is more, competition among suppliers also enables consumers to enjoy reasonable prices. Since quite a number of our foodstuffs like fresh produce, are mainly imported from the Mainland which is also facing strong pressure on food prices and supply, we will therefore maintain close contact with the relevant mainland authorities and the trade, and exhaust every means possible to stabilize supply so as to avoid adding pressure to food prices.

With regard to public services like public transport and electricity supply, it has been the established practice of the Government to exercise proper supervision in promoting private investments and making use of the market forces, while signing contracts or agreements with investors or operators. Over the past few years, Hong Kong has not only been able to provide stable, efficient, quality and value-for-money services, but has also given reasonable rewards to investors or operators. This has either enhanced their standard of service or served as an incentive for re-investment.

In considering applications from public service operators for adjustment in fees, we will not just look at the justifications advanced by the operators, but will fully consider and balance all relevant factors, including people's acceptance and affordability, the operating costs of operators and changes in revenue, before arriving at a balanced decision that is in the interest of the community.

However, I do appreciate that many disadvantaged groups in the community, for example, the elderly or low-income people, are currently living under immense pressure amidst rampant inflation. We are very concerned about how inflation has affected them, and will strive to introduce timely measures to provide assistance as appropriate to individual people.

In the 2007-2008 Budget, the Government has not only reverted the marginal bands and rates of salaries tax to their 2002-2003 levels, waived 50% salaries tax and income tax (a ceiling of \$15,000) and increased the child allowance, it has also waived rates for two quarters and provided an additional month of standard rate payment or allowances for recipients of Comprehensive Social Security Assistance (CSSA), Old Age Allowance and disability allowance, with a view to relieving the burden imposed by the surging inflation on the people. This is also facilitated by the remission of public rental housing rents and the introduction of the Pre-primary Education Voucher Scheme last year. Furthermore, in the policy address released in October last year, the Chief Executive also announced a waiver of rates for the last quarter of 2007-2008, which is this quarter, to further relieve the people's burden.

Last month, the Labour and Welfare Bureau also applied to the Finance Committee of the Legislative Council for a provision to revise the standard rate of CSSA upward by 2.8%. In the event of persistent high inflation, consideration would also be given to seeking approval for additional inflationary adjustments to the standard payment rates ahead of the new annual adjustment cycle. In addition, the Hong Kong Housing Society has also announced earlier a rental freeze in the next financial year and remission of next month's rental, whereby nearly 100 000 residents would benefit. The Government has just signed new Scheme of Control Agreements with the two power companies, under which the rates of permitted return would be lowered to single digit. As a result, the basic tariff rates would be lowered, and it is estimated that Hong Kong people and shops on the whole can save up to \$5 billion in tariff expenditure every year. These are the measures that the Government has implemented over the past year to relive the financial pressure borne by the public.

Deputy President, I so submit. I will respond again after listening to the views expressed by Members on this topic. Thank you.

MR WONG KWOK-HING (in Cantonese): Deputy President, just now, the Financial Secretary spelt out a series of measures implemented by the Government over the past year. These measures, though quite effective, can still not respond to today's motion and amendments. As we move into 2008, a year of price increases, what measures and methods will be adopted by our Government to help the grassroots?

Deputy President, 2008 is a year of price rises. Though it was described by some Members earlier as a year of salary rises, I would actually like to aptly describe it as a year of shrinking wages. Not only wage earners in general have to fight for pay rises because they are not offered reasonable pay increases, even people having received slight salary increases have seen their real-term purchasing power diminished. I would like the Financial Secretary to take a look at this. I have randomly turned to the front page of today's newspaper and found that the entire page is about rising food prices, a caption printed in king-sized characters. An egg containing many types of food is also shown on the page, indicating that the prices of everything have gone up. The Financial Secretary must therefore work out ways to help the public at large to tackle the rising inflation confronting them now and the difficulties encountered as a result of "shrinking wages".

There is a song called "the fever of soaring fares and charges", which was sung by Samuel HUI. The first few lines of the song aptly echo the grievances of the general public. It reads, "The price of sugar is up; the price of salt is up. Everything is up, up, up." Does the song imply that our SAR Government has allowed those unscrupulous operators to increase prices freely? The Government is meant to safeguard the overall interests of the public.

On the first day of 2008, the two power companies, namely the Hongkong Electric Company Limited and the CLP Power Hong Kong Limited, substantially raised their tariffs by 6% and 4.5% respectively. Over the past 10 days or so, we have constantly heard news of price increases. In addition to the 10% rise in consultation fees charged by Western medical practitioners, we have also seen price rises in grains and fresh produce, with the prices of beef, formula milk, edible oil and grain flour going up by 15%, 10%, 10% and 30% respectively. While the tolls of the Western Harbour Crossing have gone up by 15%, the prices of basic foodstuffs have generally gone up by more than 13%. In the face of such circumstances, I think the Government should help Hong Kong people in a proactive manner.

Just now, Secretary for Financial Services and the Treasury Prof Ceajar CHAN gave us some advice to "enlighten" us on a four-year recovery and normal inflation. I think that inflation is acceptable if it is consistent with the cycle of development. However, given an abnormal inflation, should the Government take measures that can truly address the needs and sentiment of the people to prevent the abnormal inflation from eating into the wallets of Hong Kong people? Therefore, the Government should not allow unscrupulous operators to do whatever they want.

I would like to make several proposals for the Government's consideration. First, the Government should strengthen monitoring of the applications for fare increases by public utilities by adopting a drastic measure. Let me cite the tunnels as an example. We hope that the Government can consider buying them out using this year's huge surplus. Furthermore, the Government must closely monitor the applications for fare increases by buses, ferries, fuel oil and fuel gas and actively consider the introduction of a fair competition law to protect the rights and interests of consumers.

Second, I hope that the Government can actively consider enhancing the role and status of the Consumer Council such that its monitoring vigour can be boosted with a view to seriously combating unscrupulous operators who have exploited the interests of consumers as much as they like, and offer protection to the rights and interests of consumers at large in a pragmatic manner.

Third, as our food and foodstuffs are mostly imported from Mainland China, and we have to rely on various control points and provinces for support, we hope that the SAR Government can, having regard to the actual situation in Hong Kong, strengthen communication with the Mainland for greater support with a view to giving local people greater scope when confronted with inflation and greater room to manoeuvre for the sake of ameliorating the pressure exerted by inflation. On the other hand, I also hope that the SAR Government can offer active assistance to local businesses. However, it is regrettable that there has been a lack of long-term policies from the Government. Therefore, pig farming has no prospects, not to mention chicken farming. Although growing vegetables and fish farming has prospects for development and potential, little assistance has been received from the Government.

Fourth, I hope that SAR Government can, taking advantage of the existing huge fiscal surplus, actively consider freezing various government fees and charges and market rents and using the surplus of more than \$100 billion to help the grassroots alleviate their hardship. We three Members from the Hong Kong Federation of Trade Unions have put forth specific proposals during a meeting with the Secretary on 13 November last year. We hope the Government can give active consideration to our proposals, and I am not going to repeat them here one by one.

Lastly, I hope the SAR Government can make use of its fiscal surplus to implement infrastructure projects to create more job opportunities. As the

construction industry remains the hardest hit by unemployment, and many people in the industry can still not find a job, I hope the Government can fulfil its pledge of spending \$29 billion a year for this purpose.

Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): Time is up.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, many colleagues have earlier spelt out the surges in prices in such aspects as clothing, food, housing and transportation to explain why the grassroots are living in dire straits. Actually, I find it quite superfluous for colleagues to spell out the soaring prices because I trust their ability to grasp the changes in circumstances is quite limited. Instead, the Government should be in the best position to grasp the information. Therefore, Members are merely showing off here by telling the Government that the prices of many items have risen. Unless the Government and the Financial Secretary is not concerned about people's livelihood and their sentiment, they should have a clear understanding of what is going on. There is simply no need for us to spend time telling them all this. What is the purpose of colleagues in keeping reminding the Financial Secretary relentlessly of the fact that many prices have gone up? This point was raised again because we have not seen any effective measures taken by the Government during this period to ameliorate or resolve the problems. Actually, Deputy President, I heard the Financial Secretary keep saying just now that he also agreed and conceded that prices had risen sharply. However, he did not think the problems have anything to do with him. Instead, they were attributed to globalization and external factors. This was because, with the rises in external prices, the prices of goods imported into Hong Kong would also rise; we would also face the same problem when the whole world was hit by inflation. Given that the economy has turned for the better, inflation would come. All these matters had nothing to do with the Government, and they were objective facts.

Deputy President, we certainly agree that objective circumstances do exist. However, it is how we address and respond to these problems that matters most. I heard the Financial Secretary say that he had made some efforts for quite some time. For instance, he had conducted a regular review of CSSA to examine if it

could catch up with inflation. However, Deputy President, from the items listed by colleagues today, we can see that it is not until today that we request the Government to do this. We have long since requested the Government to do this. Unfortunately, the Government has failed to deliver in this regard. For instance, the issue of offering half-fare concessions to people with disabilities has along been a matter of concern to me. Though it cannot be said that the poverty problem can be resolved with the implementation of this policy, and this is not what I mean, this problem was brought up by me six or seven years ago. What was the outcome? We still have to wait as we have been told by the Government that the outcome will be announced when the budget is published. Why can the Government not let us know earlier? The Secretary for Labour and Welfare promised last year to tell us good news at the meeting on 17 January this year. But now we are told the goods news is that we have to wait again till the budget is published. Actually, the Government can act and alleviate our pressure earlier. However, it has failed to do so.

Let me cite another example concerning the request made by Mr LEE Cheuk-yan in his amendment for the MTR Corporation Limited to offer half-fare concessions to students. However, this request was made some time ago, not today. These measures can alleviate the financial pressure on the public at large. Unfortunately, our Government is still adopting an attitude of indifference. All this reflects that it is not that the Government is unaware of the problems; the crux of the issue lies in whether the Government is determined and sincere to resolve the problems. Even Mr Tommy CHEUNG of the Liberal Party has also said that the existence of monopolization in society has caused prices to keep surging. But how can the problem of monopolization be resolved? Up to the present moment, we are still empty-handed. As no legislation has been put in place to curb monopolization, prices can naturally rise easily. Even in the absence of external factors, operators can still manipulate prices on their own.

Not only is the territory confronted with the problem of monopolization, it is also faced with policy blunders. The Government has kept telling us that the "positive non-intervention" policy must be upheld as part of the market operation. We must not intervene, or else we will run counter to the free market. Using this as a caveat, the Government has thus shirked all of its responsibilities. However, is this really the case? Sometimes the Government will make intervention. How can it be said that it will not intervene? The Government has once intervened in the property market, only that it will make

intervention or otherwise according to its own preferences. Therefore, it is unconvincing for the Government to say that it is adhering to the "positive non-intervention" policy.

Today, we see that inflation is serious. It can be said that the people affected are facing immense difficulties, particularly as the Lunar New Year is approaching. Why does the Government not take actions to rescue them? Today, a number of colleagues have proposed amendments. I also heard Members say that they would all give support. However, how many of the proposals can really be implemented? I am pessimistic about this. Why? Deputy President, these issues have been discussed for years. Over the years, the Government has maintained the same attitude of extreme stubbornness, and it is unwilling to heed or listen to public opinion. Of course, we should not be so pessimistic, or else it would be meaningless for us to do anything. Therefore, I am very grateful today to Dr YEUNG Sum and several other colleagues for their proactiveness and perseverance in insisting on telling the Government the long-term policy summed up by us over the years for combating inflation.

Lastly, Deputy President, I hope the Government can slightly adjust its policy and attitude to address our difficulties today and truly help us alleviate our pressure. This is because should inflation continue to worsen, the disparity between the rich and the poor will worsen. This will not do any good to social harmony. It has once been pointed out that society will become unstable should the Gini Coefficient continue to rise. I hope the Government will understand what this means and cease standing aside with folded arms.

Deputy President, I so submit.

MR WONG YUNG-KAN (in Cantonese): Deputy President, both the original motion and amendments have proposed such measures as further opening up the livestock market and even abolishing the quota system for supplying livestock to Hong Kong with a view to combating inflation. Regarding this issue, I would like to put forward my personal views here.

Doubtless food in Hong Kong is mostly imported from the Mainland. In particular, live and fresh produce, such as pigs, cattle, chickens and vegetables, is mostly supplied by the Mainland. In the past, the live and fresh produce was

supplied to Hong Kong by the country through Ng Fung Hong, the primary distribution agent. Moreover, a quota system was put in place to ensure that the live and fresh produce is supplied to Hong Kong through a unified channel to achieve price and supply stability. However, since the gradual opening up of the foodstuffs market on the Mainland, the restriction of importing live pigs through a sole agent has already been lifted, though it is still subject to a quota system. At present, only the last remaining live cattle market is operating on the smallest scale. Why do I make such a comment? Because there are altogether three agents, including Guangnan Hong Limited and Hong Kong Agriculture Special Area Corporation, responsible for importing pigs into Hong Kong.

I would like to brief Members on the prices and number of pigs yesterday. A total of more than 4 000 live pigs, comprising 3 500 imported and 559 local pigs, were slaughtered yesterday. The prices of live pigs recorded in the slaughterhouse in Sheung Shui in the morning ranged from \$1,700 to \$1,900 per picul, and from \$2,300 to \$2,400 per picul for 40 of them. The prices of live pigs recorded in the slaughterhouse in Tsuen Wan in the afternoon ranged from \$1,300 to \$1,700 per picul. This was how prices had been adjusted. The supply in the past two days was usual. In other words, there were more than 400 local pigs and 3 000 to 4 000 pigs from the Mainland. Insofar as the supply of live chickens is concerned, large chickens over three catties in weight and small chickens are sold in local farms at \$13 to \$18 per catty and \$18 per catty respectively. These are the off-farm prices. The wholesale prices of large chickens and small chickens are \$17 to \$18 per catty and \$20 to \$21 per catty respectively. The retail prices of large chickens and small chickens stand at \$37 to \$38 per catty and \$40 to \$42 per catty respectively. This is how the wholesale and retail pricings are operating in the territory. At present, about 15 000 chickens are locally bred, and about 20 000 are imported. In other words, there is a quota 40 000 chickens. We really cannot explain the asking prices for pigs. The price of 40 of them stands at \$2,400 per picul, according to both the media and the community. Actually, all prices have already gone down. I do not understand why such a situation has arisen. I hope the Government can look into the causes.

The situation of the mainland market is thus clear — as I frequently visit the Mainland for inspection — as regards the sale of beef on the Mainland, I found during my trips to Beijing and Guangdong during the New Year and

Christmas that the wholesale prices of beef on the Mainland were extremely high.

Furthermore, the market wholesale price of live pigs on the Mainland now stands at RMB\$18 per kg. In Hong Kong, the price stands at HK\$21. However, as the value of RMB is higher than that of Hong Kong dollar, the price of pigs is actually higher on the Mainland than in Hong Kong when such expenses as transport charges and administrative fees are deducted.

I think it is worthwhile for the Hong Kong Government to pause and consider the reasons involved. The live pig market must be opened up. Actually, it has now been opened up, for the market has changed from having just a sole agent in the past to three competing agents now. At present, 2 800 to 3 000 pigs are supplied by Ng Fung Hong every day, while the remaining quota, that is, 1 300 to 1 400 pigs, is supplied by Guangnan Hong Limited and Hong Kong Agriculture Special Area Corporation. Not only are they competing against one another, the number of pigs supplied by the last two companies is also gradually on the rise. This is one of the solutions to the problem.

In my personal opinion, the tight supply in the past was related to the indifferent attitude adopted by our Government towards our agricultural industry. This comment of mine was made not only today. I have all along been holding this view. Let us imagine this. What will happen to the prices of pigs if we have only got 3 800 imported pigs without these 500-odd local pigs? The price of pigs might really reach \$2,400 per picul. If local farms do not produce 15 000 chickens, the prices of chickens might rise even higher. Actually, several years ago, when TUNG Chee-hwa was the Chief Executive, I already pointed out that should our government officials fail to be vigilant in peacetime and prepare for danger because of a lack of a sense of crisis, we would suffer terribly in the future. Actually, this was precisely the point raised by the DAB then. Is it true that there is a lack of space for the promotion of the agricultural industry? Actually, I disagree that there is a lack of space. Furthermore, the Government has acted in the most inappropriate manner this time, for it has made repeated calls for the surrender of pig farming licences, even though it knows very well that the price of pigs on the Mainland is rising. When the programme for surrender of pig farming licences was launched, pig farmers thought it might be better for them to cease operation as every regulation would be tightened. Their decision to cease operation has not only brought

losses to Hong Kong people, but also led to inflation, that is, rises in prices of foodstuffs. As regards the other aspects of inflation, a number colleagues have already enumerated them one by one earlier. I very much share their views.

Hence, as I have repeatedly pointed out previously, the agriculture and fisheries industries can stabilize prices. However, their economic benefits might amount to only \$3.2 billion, which is very low. There is no way to compare it with GDP. Therefore, I hope the Government can reconsider the role played by the local agriculture and fisheries industries in stabilizing prices in Hong Kong and enhance its efforts.

MR ALBERT CHAN (in Cantonese): Deputy President, on 1 January this year, the League of Social Democrats (the League) staged a bicycle procession aimed at fighting for universal suffrage and opposing the surge in fees and charges. Last year, the League already received a lot of complaints from the public. During my visits to the districts, I also received a lot of complaints from the public and felt that the surge in fees and charges would seriously affect people's living. In view of this, I have repeatedly appealed to the Government to carefully deal with increases in fees and charges by public utilities, such as power companies and transport operators, and rent increases to prevent people's livelihood from being affected.

Recently, the top echelons of the Government have kept intimating the prospects of harmony and prosperity, adding that the economy has turned for the better, that the income of members of the public has increased, that it is easy to look for jobs, and that the unemployment rate has gradually dropped. Very often, an improving economy is followed by a surge in fees and charges. Rent will certainly take the lead, and many others, such as bus companies and the MTR Corporation Limited (MTRCL), will capitalize on the situation and follow suit. Then, there will be a surge in prices for liquefied petroleum gas, Towngas and petrol one after another.

In this latest trend of price hike, we can see that the situation is very serious, with the CLP Power Hong Kong Limited and the Hongkong Electric Company Limited raising their tariff by 4.5% and 6% respectively. As for buses, the Kowloon Motor Bus Company (1933) Limited (KMB) and the New World First Bus Services Limited (NWFB) have raised their fares by 9% and

5.8% respectively. Regarding increases in food prices, as pointed out by many Members earlier, the prices of many foodstuffs have increased 20% to 30%, and some from 40% to 50%. Other increases include the wholesale prices of Western medicines and beer from the Mainland, the fees charged by car parks managed by the Housing Authority, and so on. However, I have not heard increases in wages. In general, the income of wage earners has been increased by a mere 2%, or 4% at most. Generally speaking, grass-roots wage earners are facing crazy price increases. However, they can only eke out a living with their meagre wages. And some of them have even gradually found that they cannot eke out a living with their wages.

In view of this, when chatting with the Financial Secretary in the Ante-Chamber before the meeting, I proposed that the Government, given its surplus of close to \$100 billion, should strive to help people in need. What methods have been figured out? Our Central Government has instantly taken a drastic measure by ordering oil companies to stop raising oil prices and offered subsidy in certain areas. However, owing to the "small government, big market" principle adopted by the Government, ordinary people will be victimized in the end.

This attitude adopted by the Government will only lead to endless ills. When the market is in a state of imbalance, the Government must, like the Financial Secretary engaging in fencing, demonstrate its virility and poke the chink in the armour, rather than succumbing to manipulation of the consortia. The Financial Secretary must indeed demonstrate his chivalry in fighting these devils. However, it is not going to work if he merely demonstrates his chivalry in fencing, but acts in an impotent manner when it comes to politics and government. Therefore, I very much hope that the Financial Secretary can display his swordsmanship by lending ordinary people a helping hand at this early stage of crazy price increases — we are only at an early stage for the real storm has not yet arrived, though it is heading towards us.

My political career started back in the 1980s when the campaign against the fare increases of the two bus companies was launched. Being a District Board member at that time, I simply had no idea what was happening. In view of the crazy fare hikes by the bus companies, we collaborated with members of the 19 District Boards — there were 19 District Boards at that time — to form a coalition opposing the surge in fees and charges. As the leader of the

demonstrations at that time, I participated in processions, demonstrations and protests every week. Now, we are like going back to the days when we opposed the surge in fees and charges two decades ago. In the blink of an eye, it was back in 1988 that the protest against the surge in fees and charges was staged.

The surge in fees and charges is attributed to the unfavourable political climate and monopolization by consortia. Actually, the surge is also associated with policy blunders by the Government. Over the past decade or so, I have successively presented to the Government a lot of opinions, particularly on issues relating to food policies. I have repeatedly stressed that every regional government in places all over the world has its own food policy. For instance, regarding the supply of pigs, vegetables and cattle, the Government must set a certain percentage of local supply. Years ago, I proposed to the Government that a livestock farming centre be set up for the breeding of pigs and cattle to ensure that a certain percentage of local production is maintained in Hong Kong to balance drastic surges in prices. A centre like this should be set up, whether for growing vegetables or whatever. However, there is a complete lack of government policy in this respect. Hence, the Financial Secretary should inject \$1 billion, \$2 billion, \$3 billion, or even \$5 billion to set up funds to assist the establishment of these centres. This is not only a national policy, but also a key regional policy. For instance, our reservoirs must maintain a certain percentage of storage capacity to cope with our short-term emergency need. The same goes with petrol. The Government has to maintain a seven-day reserve — I remember the airport has to maintain this level of reserve to meet its need. Whether for the food industry or other industries, the Government must come up with a policy. It must not allow itself to be dominated completely by external factors. Instead, it must protect the public's rights and interests through some short-term administrative measures.

The drastic surge in fees and charges is actually associated with oligopoly. We can see that all price increases are manipulated by a cartel. While petrol is manipulated by several petrol suppliers, transport is manipulated by the KMB, the NWFB and the MTRCL, and food is by Ng Fung Hong. Why is frozen meat not subject to crazy price increases? Because frozen meat is imported from many places all over the world. However, when 80% of the pork imported into Hong Kong is manipulated by Ng Fung Hong, the price of pork will go up crazily even when only a minor problem occurs. Therefore, the market must be open. Why can pigs not be imported from such places as

Taiwan and Thailand? Hong Kong people can even set up their own farms for mass production with a view to minimizing manipulation by Ng Fung Hong.

In the final analysis, the surge in fees and charges is attributed to either government control or policy blunders. I hope the Financial Secretary can demonstrate his chivalry and virility to curb the surge in fees and charges to prevent it from producing a catastrophic impact on the livelihood of the ordinary masses. Thank you, Deputy President.

MISS TAM HEUNG-MAN (in Cantonese): Deputy President, in the 1970s, a very popular song called "the fever of soaring fares and charges" was sung to make a mockery of the sky-rocketing cost of living at that time. I see that nearly all Members here are people of the 1970s. Therefore, please allow me to sing a few lines of the song: "You are frightened; I am frightened; everyone is frightened. The prices of tobacco and wine are up. Rent is up; bus fare is up; taxi fare is up. Even the prices of toast, cheese and everything are up." Deputy President, I am sorry that I was a bit off-key.

Three decades ago, Hong Kong was confronted by serious inflation. Today, three decades down the line, the lyrics of this song are still true. Today, we are debating again in this Chamber how inflation can be curbed and ameliorated.

As the saying goes, "inflation is more ferocious than a tiger". How powerful is this tiger called inflation? At a time when the prices of cooking oil have continued to rise, and the prices of beef, pork, grain flour have gone up, housewives who often go to the markets or supermarkets are the ones who best appreciate the exorbitant price of food. For instance, 15 eggs cost \$15 in the past, but \$20 now. A pineapple bun, used to cost \$3, is now sold at \$3.5. A \$10 wonton noodle has almost disappeared and truly become the "collective memory" of Hong Kong people. Have all housewives become "desperate house wives", given that the prices of everything in the market have all gone up?

The Government has forecast that, in the absence of such mitigation measures as waiving the rents payable by public rental housing tenants or rates, the inflation rate this year will definitely be higher than that of last year. Coping with inflation has now become a matter of great urgency. The usual method of coping with inflation is monetary and fiscal policies. Regrettably,

the constraint of the linked exchange rate has made it impossible for us to curb inflation through the monetary policy. On the contrary, the linked rate would aggravate the inflation problem of the territory.

Recently, the US dollar exchange rate has been hovering at a low level. Affected by the link exchange rate, the exchange rate of Hong Kong dollar against foreign currencies and Renminbi is under considerable pressure of downward adjustment, thereby causing serious imported inflation. As a result, the prices of imported food items, daily necessities and other consumer products are forced to rise substantially. Unfortunately, owing to the linked exchange rate, the Hong Kong Monetary Authority cannot step into the market to interfere with the Hong Kong dollar exchange rate. Hong Kong people can only bear all this in silence.

Furthermore, the linked exchange rate, coupled with the subprime mortgage problems plaguing the United States, has put Hong Kong's interest rates under considerable pressure of downward adjustment. The combined effect of low interest rates and high inflation will lead to negative interest rates. The onset of negative interest rates is tantamount to equipping assets prices with a jet engine. As a result, capitals will flow from banks to the property and stock markets, thereby leading to soaring assets prices.

Soaring assets prices will easily lead to the formation of a bubble. I really do not want to see Hong Kong repeat the mistake made when its property market bubble burst in 1997. What is more, I do not want to see the bubble created as a result of the rising property and stock markets cause inflation to further worsen. It is indeed imperative for the Government to keep a close watch on the negative interests in Hong Kong to ensure that an assets bubble will not appear and, when necessary, even take effective measures to ease the assets market, particularly when the property market is likely to experience an imbalance between supply and demand.

As the monetary policy has failed to address the territory's inflation problem, we can only resort to the fiscal policy. A series of mitigation measures and proposals for the regulatory regime of the market mentioned in the original motion and amendments are excellent examples of the fiscal recourse. In principle, although we have no specific opinions on these measures, I must emphasize that one-off mitigation measures cannot provide a permanent cure to the inflation problem.

For instance, a number of Members have proposed to offer a one-off waiver of rates to cope with inflation. Yes, a rates waiver can undoubtedly lower the inflation rate, as well as alleviating the burden on the public, but it cannot ensure that the purchasing power of the public will not be eaten up by inflation in the long run. Let us imagine this. If rates are not waived next year, how can members of the public meet the living expenses next year? We cannot rely on waiving of rates indefinitely, right?

In view of this, I think it is more effective to implement more long-term policies, such as reviewing the CSSA system and making public the mechanism for calculating the amounts of assistance offered under the CSSA and Social Security Allowance Schemes, as a way out for coping with inflation and assuring the living standard of the poor population. Some Members have been so kindhearted as to propose providing 14 months of CSSA payments. However, what can be done next year when this year has passed? As a result of price rises, CSSA payments will be restored to their original value. Insofar as combating inflation is concerned, what is the purpose of providing additional CSSA payments?

In considering the fiscal policy to be adopted for the purpose of combating inflation, the Government must adhere to the principle that the purchasing power of the public must not be increased as a result of the introduction of any form of relief or assistance, or else the inflation problem will only worsen. Let me cite an example to illustrate this point. Assuming that the inflation rate stands at 5%, and yet members of the public are offered assistance exceeding 5%. The additional assistance will very easily be injected into the consumer and investment markets. Consequently, demand will be pushed up. From the angle of economics, inflation will also be aggravated.

Deputy President, insofar as Hong Kong is concerned, inflation is a thorny issue. It is simply impossible for the Government to thoroughly resolve the problem overnight. However, the Government must ensure that the living quality of the grassroots will not be adversely affected by inflation. I so submit. Thank you, Deputy President.

DR KWOK KA-KI (in Cantonese): Deputy President, first, I thank Dr YEUNG Sum for moving this motion. In fact, "inflation is more ferocious than a tiger". Many people of Hong Kong are familiar with this saying. However, since the

Financial Secretary is so well-versed in the relevant figures and statistics, I had better not try to show off before an expert. Just now, I mentioned in a meeting with some colleagues that at present, the inflation is so serious that ordinary people are having a very hard time. In the past, when one had a set meal in a fast-food restaurant, a drink was included, but a drink is no longer included now. Just now, we also read a report in the press which says that even the diameter of pizzas, which young people like to eat when they go to the Pizza Hut, had been reduced from 12 inches to 10 inches. In other words, the impact of inflation is so pervasive that people at all stages of their lives cannot get away from it.

Just now, we learnt that there were some structural problems in Hong Kong that we could not change. The first is the linked exchange rate and the second is the fact that most of the food supplied to Hong Kong comes from the Mainland and in fact, the Mainland is also facing a great inflationary pressure. When we discuss this topic or make such a comment, of course, we understand that these things cannot be changed. For a long time to come, it will not be possible for Hong Kong to change the policy of a linked exchange rate or the objective fact that we have to rely on the Mainland for our food supply.

However, this year, the Government is in possession of a surplus of \$100 billion, so how can the surplus be turned into assistance for the Hong Kong public in countering inflation? First, this is a fairly important thing. Second, has the Government implemented any measures to prevent inflation from worsening? This is where the core of the problem lies.

First, I will talk about the impact of inflation. The part of their living that matters the most to the public daily, which is also a core item making up the price index, is surely rent and land prices. In 2004, in order to shore up the property market, the Government reintroduced the high land price policy by adopting such measures as the introduction of the Application List and a moratorium on the construction of Home Ownership Scheme flats. This kind of thing is nothing new in Hong Kong's history, however, this is tantamount to taking poison to quench one's thirst. What we find even more disappointing is that the Government, in the belief that it does not matter whether a trick is old or not as long as it works, reintroduced the policy of high land price once again. Although in the short term, we may be led into thinking that it does bring some benefits, everyone can now see that high land prices have a great impact on various trades and industries.

To the business sector or people doing business, a lot of their financial gains or profits are in fact pocketed by property developers or landlords. To ordinary members of the public, many of the price increases, including those in health care charges that people have witnessed, can be attributed to rent increases. Recently, many doctors in private practice said they had been forced to increase their consultation fees and one of the main reasons was that when they had to renew their tenancy agreements, the rent was raised by as much as 70% and even 100%. This is not unique to privately-owned shops. In fact, due to the past policy of the Government to sell most of the shopping malls owned by the Housing Authority to The Link REIT and, as we all know, The Link Management will pull no punches in increasing the rents, so when its tenants, including restaurants, department stores and even clinics negotiated new tenancy agreements with The Link Management, the increases in rent were quite substantial. These tenants had no alternative but to follow the law that "fleece comes off the sheep's back" and pass the increases onto the public and their customers. It is impossible for us to stave off such a trend.

On another front, to disadvantaged social groups, what is their situation? I am not going to talk about other areas and I wish to discuss health care first. Regarding the resources committed by the Government to health care last year, the total expenditure was about \$30 billion, however, judging from the expenditure on the medicine and medical equipment for public hospitals, I can foresee and predict that this year alone, the magnitude of inflation is very serious. First, due to the exchange rates and the fact that a lot of medicines come from regions other than the United States, including Europe, when the exchange rates rise, they directly cause the cost of these medical items to rise. Second, even when the inflation rate in Hong Kong was very low, the prices of medicine would still increase at a rate of 10% each year discounting the inflation rate, and this trend has continued uninterrupted.

Therefore, in these circumstances, we can see that a lot of poor people and people relying on the services of the Hospital Authority (HA) are having an even harder time. This is particularly so for two types of people, one being patients on long-term medication. Since the HA is increasingly short of money, we can see that often, many front-line colleagues are forced to either request patients to buy medicines on their own or to say sorry to patients as they can only provide medicines costing less and which have more or less the same efficacy. However, frankly speaking, there are more side-effects but they can only

prescribe medicines that cause patients greater discomfort. The second group is patients suffering from rare diseases and cancer. Up to now, in fact, it is not the practice of the HA to buy any expensive medicine, particularly medicines that treat these rare diseases or cancer. We also understand that the HA in fact does not have the money for these medicines, so it has to exclude these medicines from the standard drug formulary.

The present situation is that sometimes, doctors dare tell patients the reasons but sometimes they dare not because after they have done so, the patients may still ask, "Why do you not give me the medicine?" As a result, doctors have to spend 20 more minutes to explain that it is because the HA has no money that patients can only buy medicines on their own and that doctors really cannot prescribe the medicines to them. The situations of these patients are in fact most miserable. It has really never occurred to me that in such an affluent society as Hong Kong, when it comes to the treatment for cancer patients, the situation of "if you have money, you can get the medicine and treatment but if you do not, you cannot get any treatment" still exists.

I believe the Government should not disregard this situation. Of course, I can see that the Government and the Financial Secretary are keeping mum. In the end, they may give us some candies. However, what is laughable is that to many patients, they can only tighten their belts even when they are ill. If the authorities give them a sweet, saying that they will be given tax reductions — it is really good to get tax reductions as their profits tax will be reduced, their standard rate will be reduced or their rates will be waived — Deputy President, to many people, it is useless because what they need is greater care and support. In many areas in their personal life, including the amount of CSSA payment and basic medical services, they need greater assistance.

I hope that the Financial Secretary, apart from knowing how to hand out candies, must really take measures that can actually help disadvantaged social groups in Hong Kong in the long run. I so submit. Thank you, Deputy President.

MS LI FUNG-YING (in Cantonese): Deputy President, in the decade after the reunification, the SAR Government mainly faced the pressure arising from deflation and fiscal deficits. However, 10 years after the reunification, the

situation confronting the SAR Government is the exact opposite, and it is one of inflation and having a huge fiscal surplus. During the period of deflation, the Government reduced its spending and employers cut wages and laid off employees. At that time, the Government stressed the need for people to tide over the hard times together. In fact, they were just at the mercy of others. In particular, elementary workers with no bargaining power were subjected to exploitation. Despite great hardships, they managed to pull through the deflationary period, however, inflation has emerged and hardly had the wages and benefits of wage earners bounced back from the levels during the deflation period than they were eroded by inflation again.

According to the figures of the Census and Statistics Department, the Consumer Price Index in Hong Kong in July last year was 2.6% and in the second quarter of last year, the hourly wage of cleansing workers increased by 3.7% whereas the hourly wage of security guards increased by 4.6%. Apparently, the livelihood of elementary workers such as cleansing workers and security guards has seen an improvement, however, this is only a beautiful misunderstanding and the reality is the exact opposite. In getting a pay rise of 3.7%, cleansing workers in fact only got a pay rise of \$0.9, whereas the hourly rate of security guards only increased by \$1.2. However, if we look at pork alone, its price has increased by 25% in July when compared with that in June. The latest news is that the price of beef was increased by 15% yesterday. If we base our calculation on the price in July last year, the cumulative increase in the wholesale price of beef is more than 40%. In the past year, no matter by how much the wages of workers were adjusted, they still cannot catch up with the increases in the price of meat. This means that the living standard of elementary workers is actually on the decline.

If we want to look at the impact of inflation on people's livelihood, it will no longer do to just look at the Composite Consumer Price Index because movements in the prices of commodities with low demand elasticity can seriously affect the lives of the people. This holds true for pork and beef as well as rent and transport fares. Since the middle of last year, the property market has seen robust development and the increases in the rents of flats and shops are astonishing. Together with the planned increases in the fares of public transport services, all these increases have imposed an onerous burden on the living of the grassroots.

Here, I have no intention of demanding that the SAR Government follow the example of the State Council, which decided last week to limit the price increases made by some trades in the market. However, this does not mean that the Government can hoist the banner of free market and look on as the grassroots sink or swim. Today's motion and amendments all contain measures that the Government can take to ease inflationary pressure on the public, so I am also going to put forward some specific ideas here.

In order to ease inflationary pressure on elementary workers, the most important thing is for them to get reasonable wages. In view of this, I believe that coping with the problem of inflation cannot be separated from the demand of the labour sector to enact legislation to ensure a reasonable wage and standard working hours. Since it has been proven that the Wage Protection Movement of the Government does not work, I demand that the Government enact legislation to protect the wages of elementary workers as soon as possible.

Furthermore, the authorities should expand the scope of the existing cross-district transport allowance scheme for low-income people from four remote districts at present to all parts of Hong Kong and review the definition of "low-income people", so as to benefit more self-reliant grass-roots members of the public.

In one amendment, an Honourable colleague proposed waiving the rent of public rental housing and I fully support this proposal. In fact, in the budget debate of the last financial year, I also made such a request. Since the Government has a huge surplus, I believe that when waiving the rent of public rental housing, in addition to the tenants of public housing and interim housing, prospective public housing tenants on the Waiting List should also be included by granting them a housing allowance, so as to assist the grassroots facing the pressure of rent increases.

Deputy President, to the grassroots, inflation is not a figure in economics but a reality that has a great bearing on such basic necessities as clothing, food, housing and transport, a reality that will lead to a decline in their quality of life. Early this month, the Financial Secretary said that it would return wealth to the people by introducing one-off measures. Here, I wish to remind the Financial Secretary that although inflation affects all classes in society, to the middle and upper classes, inflation will not affect their basic quality of life. However, to the grassroots, inflation has an impact on their basic necessities. In past

budgets, one-off measures designed to benefit the public rarely benefited the grassroots, who do not pay tax and do not own any property. If the measures designed to benefit the public proposed by the Financial Secretary are once again skewed in favour of those who have more than enough by subsidizing them and forsaking the needy, I will be extremely disappointed. I so submit. Thank you, Deputy President.

DR JOSEPH LEE (in Cantonese): Deputy President, I believe the most urgent task of the Government in countering inflation is to deal with issues relating to people's livelihood. In the past few months, there has been a lot of press coverage on inflation and the across-the-board increases in the prices of various daily necessities. Even the prices of fuel, rice, oil, salt, sauces, vinegar and tea, which we use every day, are set for increases. Coupled with the intention of the power companies to increase electricity tariffs, one can say that the onerous burden borne by the public will get even heavier. It was in last year that Hong Kong clearly entered a year of inflation and the rise in the Composite Consumer Price Index in November last year was as high as 3.4%, which was the highest monthly increase in nine years. As prices soar, even though the public have great confidence in the economic prospect, the incomes of the public actually cannot catch up with the pace of price actually increases.

At present, the polarization of the labour market in Hong Kong has not seen any improvement. The cost of living in Hong Kong still ranks fifth in Asia and our Gini Coefficient, which reflects wealth disparity, is still higher than the alarm level of 0.5. These figures all show that the grassroots cannot gain much benefit from the economic upturn. In view of this, I believe the most urgent task for the Government is to take measures in various areas as soon as possible to cope with the problems in people's livelihood caused by inflation, so as to ease the pressure of living borne by ordinary members of the public, in particular, elderly people at the grass-roots level, so that prosperity in Hong Kong can be sustained and the public can share the benefits of economic prosperity.

In the motion and amendments, various Honourable colleagues have proposed a lot of measures. Here, I wish to focus my discussion on problems relating to the elderly. Today, I wish to talk in particular about the living conditions of elderly people at the grassroots and the issue of Old Age Allowance (OAA), which is commonly referred to as the "fruit grant". I have three

suggestions in this regard. The first relates to the amount of "fruit grant". I suggest that the Government should actively consider linking the amount of "fruit grant" to inflation or other factors, conduct a review and make an increase annually. Moreover, a system to make supplementary provisions should be put in place so that the amount of money received by the elderly people will not "shrink" in real terms due to pronounced inflation. At present, the "fruit grant" received by elderly people is about \$630 monthly, however, compared to the \$630 in "fruit grant" they received monthly in 2003 or 2004, I think the elderly people will also think that in real terms, such an amount nowadays cannot compare with that in those days.

Second, recently, a number of Honourable colleagues have also lobbied the Government on a number of occasions for an increase in the amount of "fruit grant". For example, the amendment proposed by Ms Emily LAU demands that it be increased to \$1,000, however, the Government insisted that the "fruit grant" was only intended for the elderly people to buy "fruit" — of course, I have put "fruit" in quotation marks — that it was only a sign of respect for the elderly and was not intended as a living expense. The Government also said that those elderly people incapable of supporting themselves financially can apply for CSSA because strictly speaking, the "fruit grant" is not intended to assist them in their living. However, we all understand why many elderly people chose not to apply for CSSA. This is because, at present, in order to apply for CSSA, the first thing that the elderly have to do is to prove that they have nothing to do with their family members. This policy discourages elderly people from applying for CSSA. However, the Government thinks that if elderly people are in need, they should apply for CSSA and should not rely on the "fruit grant" to get by. Members all understand that they are two different policies, but ultimately, elderly people probably will not choose to apply for CSSA and will only rely on the "fruit grant" to support their living.

In fact, there are many elderly people living in poverty and earning a meagre income in Hong Kong who actually rely on the "fruit grant" for a living. Therefore, to these elderly people, the "fruit grant" has to some extent assumed the status of a pension, albeit the amount of money is paltry. We have to know that these elderly people, in order to maintain their relationships with their families, their status at home and their dignity and in the absence of any pension or CSSA payment, really have to rely on these several hundred dollars of "fruit grant" for a living. In addition, it would not be difficult for us to notice that in the last decade or so, the social and family settings in which elderly people in

Hong Kong found themselves have seen great changes. In the past, the concept of "having an elderly person at home is like having a gem" may have existed, however, nowadays, to some extent elderly people are probably only a burden to some families. In these circumstances, the Government should not just look on and continue to insist that the "fruit grant" is only a policy intended to show respect for the elderly.

In fact, the Secretary for Labour and Welfare, Mr Matthew CHEUNG, also reiterated that some grey areas exist in welfare measures currently because some elderly people in need have not applied for CSSA and this has increased their reliance on the "fruit grant". In view of the reality and from the perspective of assisting the poor elderly people, I believe the Government should increase the "fruit grant" to a reasonable level. Apart from being a sign of respect for the elderly, it can also be used as a measure for assisting the elderly financially in the short-term and for solving their problems in living. At present, elderly people aged between 65 and 69 are entitled to a means-tested "fruit grant" of \$630 and elderly people aged 70 or above are entitled to a non-means-tested "fruit grant" of \$703 monthly. However, is this adequate? Now that the Government has such a large surplus, I hope it can consider whether this amount of "fruit grant" is adequate. I suggest that the Government, apart from adjusting the amount according to inflation immediately, should also adjust the amount of "fruit grant" upward appropriately.

Finally, with an ageing population, 25 years later, the number of elderly people in Hong Kong will account for as much as a quarter of the population in Hong Kong. By then, the number of elderly people receiving the "fruit grant" will increase significantly. Therefore, the Government should consider a long-term policy on the "fruit grant". I believe the Government should conduct an appropriate review at this time to make suitable arrangements for the future population.

Deputy President, in making these three suggestions, I hope the Government can consider how it can help existing elderly people at the grassroots through the "fruit grant", so as to maintain their quality of life at a time of inflation and constant price increases and work for the well-being of elderly people.

Deputy President, I so submit.

MR FRED LI (in Cantonese): Deputy President, today, I received phone calls from two members of the public. One of them was a married lady who said that she just did not know how she should buy food these days because it looked as though the prices of pork in food markets were like those of fresh seafood, that is, its price had been very high yesterday, it fell slightly today, however, it would rise again tomorrow. She complained to me, asking if the Government could do something. Another elderly man asked me why pork was so expensive. He had a great deal of expectation for the Government. Now, one has to bother the "God of Fortune" even about the issue of pork. I wish to use this as my opening remark.

Mr WONG Yung-kan said just now that the situation yesterday was most unusual. I hope the Government will not take this incident lightly because the public will be bothered by such trivial problems, the more so for the grassroots. They do not know what they can buy in food markets because the prices of all things are very high.

Although it is said that the Government has stabilized the prices of vegetables and, despite the supply of live pigs being normal, it turned out that individual buyers deliberately bid for pigs at a price of \$2,400, which was far higher than the normal price of \$1,500 to \$1,600. Moreover, only 1% of the pigs were sold at this bidding price whereas the prices for the remaining pigs came down. A rumour was then spread that the price of pig was very high, the supply was inadequate and each pig cost \$2,400. When the pigs were delivered to meat stalls and food markets, each catty cost close to \$50. With such abnormally high prices, where did the profits go to? In fact, even if one bids for a pig at \$1,600 or \$1,700, it would still be possible to make a profit and by that I mean the three companies including the Ng Fung Hong Limited and the pig farmers on the Mainland, so why did the price rise to \$2,400? Who pocketed the price difference? Is there a conspiracy in this? The Government is unable to answer this at the moment, but I hope the Financial Secretary can instruct the relevant Bureau Director, that is, Secretary Dr York CHOW and the departments concerned to carry out an investigation to see if any human factor is involved.

We have not yet introduced a fair competition law, have we? In view of this, we have to rely on the Government to carry out an investigation to see if any human factor has distorted the market and if anyone has seized the opportunity of the so-called opening up of the live pigs market to however, the opening up

the live pigs market is in fact bogus because the Sheung Shui Slaughterhouse is still controlled by the Ng Fung Hong Limited. The Ng Fung Hong Limited controls the Sheung Shui Slaughterhouse and those pig pens are in fact it is necessary to keep the pigs somewhere. Pigs that are not sold have to be kept somewhere and imported pigs also have to be kept somewhere so that tests of urine samples can be conducted. If there are not enough pig pens, it will not be possible to buy pigs in any large number. Even if one wants to buy a large number of pigs and even if one is able to find cheap and quality pigs, one cannot do anything because there is no room in the Sheung Shui Slaughterhouse to keep the pigs as it is controlled by the Ng Fung Hong Limited. Therefore, in fact, the Ng Fung Hong Limited has total control of the entire pig slaughtering business and also plays a part in the sale and purchase of pigs. This can give rise to unfairness very easily. I hope that firstly, a fair competition law can be introduced as soon as possible and secondly, an investigation can be carried out into the aberration in the pork market recently.

Next, I wish to talk about the issue of the "fruit grant" raised by Dr Joseph LEE just now. I believe the Financial Secretary, Mr John TSANG, also understands that in fact, the "fruit grant" should not serve the function of supporting the living of some people. The "fruit grant" is in fact called the Old Age Allowance and its purpose is for the Government to provide a subsidy to people who are advanced in years, and its meaning is to show respect for the elderly. However, the "fruit grant" has gradually become there is a group of people the number of which we are not sure of but which should be quite large who rely on their own savings and the several hundred dollars or a thousand dollars or so that their children give them each month for a living. They have not applied for CSSA. The "fruit grant" is an important and stable source of money for their meals, not simply the money for fruit. They find that for more than nine years, the fruit grant has not seen any adjustment. Now, prices have begun to rise, including those of pork, vegetables, other kinds of food and even fruit. Therefore, there is a great deal of pressure. They often hope that the "fruit grant" can be increased. The Government is also right in thinking that we should focus on helping people in need.

This is the present situation. In moving this motion, Dr YEUNG Sum hopes that the Government will free itself from such a way of thinking and admit the existence of such a group of people, instead of turning a blind eye to them, merely saying that if they have no money for meals, they can apply for CSSA and that we have put in place a safety net and that is it. The problem is in fact

not so simple and this group of people is out there. The former Chief Executive, Mr TUNG, could also see this problem, so he proposed a review of the "fruit grant" so that an additional category, perhaps one granting \$1,000, can be established to take care of elderly people in this sandwich category, that is, elderly people who do not receive CSSA payments but do not lead comfortable lives either. Will the Government establish another category of "fruit grant" for them? The review was launched, but we have not heard anything ever since. It is not possible for us to raise this matter again now. I hope a discussion can be reopened on this.

The third issue that I wish to talk about is electricity tariffs. Of course, the new Scheme of Control Agreements have been signed and no matter if we criticize or praise them, the matter has been settled. Looking ahead, two issues are critical. First, Secretary Edward YAU has to monitor the asset investment of the two power companies properly on behalf of the Government because a simple method is adopted now, that is, the net asset is used to calculate the return. In other words, the more the power companies invest in the replacement of power cables, transformer stations or even the construction of power plants, the more opportunities for the power companies to make profits. If the power companies expand excessively, make unreasonable investments and focus on the construction of the foregoing facilities, this will have the effect of lowering our electricity tariffs initially, but they will subsequently increase very quickly. Therefore, this point is very important.

The second is the opening up of the market. In the long run, supervision is only a passive approach. The truly effective measure is to open up the market and introduce competition. I hope that the SAR Government can achieve something in the coming five years and let us see that the Government has the goal of opening up the electricity market, so that the two power companies cannot build their own kingdoms. In fact, there is no competition between them. Hong Kong Island belongs to the Hongkong Electric Company Limited whereas Kowloon and the New Territories belong to the CLP Power Hong Kong Limited. The expectation of the public, including that of the business sector, concerning electricity tariff in the long term is to identify ways to introduce competition from a third party or between the two power companies. I hope the Government can do something for us in this regard. I so submit.

DR FERNANDO CHEUNG (in Cantonese): Just now, many Honourable colleagues have cited a lot of figures to show that the inflation now is really serious. Recently, a newspaper carried a report using the metaphor of "the four knives robbing the public of all their money". The first knife is that of the Western Harbour Crossing. Members all know that the toll of the Western Harbour Crossing has seen a hefty increase. The Government said that according to the agreement, it was powerless to do anything. The second knife is that of the oil companies. Deputy President, you are probably well-versed in this issue. In fact, the prices of petrol and liquefied petroleum gas (LPG) have already increased. One will find on chatting with taxi drivers that they have a lot of complaints. They said that even though the fare had been increased by \$1, the increase could not cover the increase in the price of LPG. In addition, each time oil companies increase prices, they will often act in concert. Everyone knows about this kind of commercial behaviour and it has actually violated the principles of free market. Recently, Hong Kong was again chosen by the Heritage Foundation as the freest market, but I feel somewhat ashamed. In fact, many of our public utilities, be it those in the domain of clothing, food, housing or transport, practise a fairly high degree of monopolization. It is only necessary to look at our supermarkets to see this. The third knife is that of the two power companies and they are also going to increase their tariffs. In the past, when the power companies increased their tariffs, the Government would say that it could not do anything. Now that the Scheme of Control Agreements are being negotiated anew, it seems that it still cannot do anything and the true opening up of the market is still very distant. May I ask how free our market is? The fourth knife is the issues relating to the Ng Fung Hong Limited, as mentioned by Mr Fred LI just now. This is also a matter closely related to people's livelihood because the company controlled the supply of meat.

Is the Government completely powerless in the face of these four knives? I do not think so. If the Government often cites the free market as the ground and says that it cannot do anything, the executive-led strong Government that we talk about these days will all turn out to be empty talk. Whenever problems relating to people's livelihood emerge, the Government will say that although it wants to help, it cannot do anything.

Generally speaking, such a situation has exerted a great deal of pressure on the public. Regarding the grassroots, in particular, members of the public struggling for survival, people who are unemployed or have other difficulties, such as elderly people the Legislative Council has already reached a

consensus. The "fruit grant" has not been adjusted for many years, so should we consider making an adjustment, so that elderly people who cannot apply for CSSA can receive a better supplement? Regarding the CSSA for elderly people, we demand that the Government should not use the "bad son statement" anymore, so that elderly people can make applications separately. In fact, why are poor elderly people not allowed to apply for CSSA separately instead of involving the whole family? This is in fact unreasonable. In various parts of the world, this kind of system is available to assist elderly people, that is, elderly people are allowed to make applications separately.

As regards the entire CSSA system, there is really a serious problem. Can the CSSA payments nowadays enable poor members of the public to meet their basic daily needs? The Hong Kong Council of Social Service conducted a study two years ago and found that the prevalent level was lagging behind, however, the Government was unwilling to conduct a review and the base it adopted was set in 1996. Now, more than 10 years have passed, so why does it not conduct a formal review? Even if the Social Security Assistance Index of Prices as suggested by the Government was used, CSSA payments were slashed by 11% in 2003. In the past several years, prices have increased and the lost ground in CSSA payment recovered so far is in fact still lagging far behind price increases. The increases in CSSA payment in the past several years, together with the recently proposed 2.8% increase, amount to less than 5% in total and the amount is still far less than that in 2003. Do Members not think that the prices of various items nowadays are already far higher than those in 2003?

Even if the Social Security Assistance Index of Prices is used, if we look at the comparisons made by the Census and Statistics Department, we will find that the change that occurred in the five years between 1999-2000 and 2004-2005 was that the spending pattern among families on CSSA has changed. We are not talking about the latest figures but the change between 2000 and 2005. We find that they ate less, bought less clothes and spent less, that is, the spending on these several items *vis-a-vis* the overall spending had decreased. On what items had they spent more? On water charges, electricity tariff, gas, transport, housing and health care. In those five years, the proportion of spending on water, electricity and gas increased by 27%, whereas the spending on transport increased by 10% and the spending on housing and health care increased by 11%. Deputy President, in this way, you will understand that it was precisely these several areas that affected the grassroots the most. In contrast, they had

to cut back on the spending on basic necessities. This is most evident because the proportion of the spending on all this has dropped significantly. This being so, we still do not know how the situation in 2007-2008 is like. If this situation continues, how can the grassroots get by?

The situation of people with disabilities is particularly serious. At present, since we do not have a disability insurance scheme, many people with disabilities can only be taken care of by their family members. If the incomes of their family members are low, how can their family members take care of them? Similarly, the existing disability allowance was also drastically cut by 11.1% in two phases and in the past few years, it has not recovered the decrease no matter how. We can see that they in particular have to incur a large number of expenses, be it in health care or in other areas. The additional expenses incurred by them due to their disabilities are more than those that ordinary families can shoulder. In these circumstances, if we want to, through the system if people with disabilities are admitted into institutions or if they study in a boarding school, their disability allowance has to be deducted. This system is in fact utterly unreasonable and the amount of allowance cannot catch up with inflation at all.

In view of this, I think that in these several areas, if the Government does not conduct a review of CSSA and the system of disability allowance seriously, in the future, the lives our grass-roots members of the public in the face inflation will be very miserable. In fact, all these problems have been discussed by us before, so I hope the Government will heed our advice. Thank you, Deputy President.

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

MR KWONG CHI-KIN (in Cantonese): Deputy President, I support the amendment proposed by Miss CHAN Yuen-han, particularly her proposal to provide living supplement to poor elderly people who are not CSSA recipients. Since Miss CHAN Yuen-han did not have enough time to talk about her views on this, I will now add a few words. First, I wish to talk about the rationale for providing such a supplement.

No matter how good the economic conditions are, there are still some poor people in Hong Kong who cannot benefit from the economic prosperity and the elderly is one of these groups. A study showed that among the people with low income in 2006 in Hong Kong, about 307 000 of them were elderly people aged 65 or above. They do not receive any CSSA, probably because they have some savings, as a result, they were not eligible to apply. Or, as they are living together with their family members and their family members do not support them in applying for CSSA, so they cannot apply for it. These poor elderly people not on CSSA can only rely on the "fruit grant" or on scavenging for cardboards to get by, so they are leading an extremely difficult life. Many Honourable colleagues have already talked about this earlier.

Since the 1970s, the Federation of Trade Unions has proposed the introduction of a comprehensive retirement protection scheme with tripartite contributions from the Government, employers and employees. Through the adoption of a pay-as-you-go model, it will provide immediate retirement protection to elderly people living in poverty. It is not until 2000 that the Government implemented the Mandatory Provident Fund (MPF) scheme based on private contributions. However, it is expected that it will take at least two or three decades before the results of the MPF scheme can be seen. Therefore, existing elderly people still cannot get any immediate retirement protection.

In order to enable the elderly to get immediate financial protection, we propose that the Government, apart from issuing the "fruit grant", should also issue a living supplement of \$1,000 monthly to elderly people living in poverty, so that elderly people can have a sense of security.

Next, I wish to talk about the criteria for granting the supplement. We can make reference to the existing medical fee waivers mechanism. In order to protect low-income people who are not CSSA recipients, so that they are also entitled to medical fee waivers, the Hospital Authority established a fee waivers mechanism for patients not on CSSA. We can make reference to the income and asset limits in this medical fee waivers mechanism and lay down the criteria for providing a living supplement to poor elderly people not on CSSA. The criteria in the existing mechanism of this scheme are as follows:

- (1) The elderly citizen's monthly household income does not exceed 50% of the Median Monthly Domestic Household Income applicable to the elderly citizen's household size;

- (2) the value of the elderly citizen's family asset is within a certain limit applicable to their household size. The residential property owned and occupied by the elderly citizen's family will not be counted towards this asset limit, that is, there is a means test; and
- (3) even with family members under the same roof, the elderly citizen can still have a subsidy at an amount equivalent to the medical fee waivers.

The merit of making reference to the medical fee waivers mechanism lies in that it is an existing mechanism approved by the community. The community considers that the income and asset limits are appropriate for poor people who need assistance. Moreover, there is an existing approval procedure in the medical fee waivers mechanism and some experience has also been gained, so it would be easier to implement this mechanism than to formulate another one.

Thirdly, I wish to talk about the financial implications of this scheme to the Government. Various sectors of the community estimated that the Government will have a huge fiscal surplus this year and some people even estimated that it would amount to as much as \$100 billion. If the Government provides about \$1,000 as living supplement to the 307 000 elderly people aged 65 or above living in poverty each year, the annual expenditure will be about \$3.7 billion. If we make a calculation based on the over \$100 billion in surplus in our possession, this will account only for about 3.7% of the surplus and one can say that the sum is very much insignificant.

In sum, to grant a living supplement to elderly people living in poverty is meant to address the inadequacy of the MPF, so that retirement protection can be given to elderly people who cannot benefit from the MPF system. This will also improve the financial situation of elderly people living in poverty immediately, so that they do not have to rely on the "fruit grant" or scavenging for cardboards to support their living.

Deputy President, I so submit.

MR RONNY TONG (in Cantonese): Deputy President, yesterday, I read this report in the press: Earlier on, a social welfare organization responsible for delivering meals to elderly singletons told the mass media that because of the

comparatively low prices of commodities in the past few years, the cost of ingredients for meals were low, so it had been possible to provide better fare to elderly people and it would only provide only two vegetarian meals to elderly people each month. However, since last year, due to soaring prices and increases in the cost of ingredients such as meat, the organization could only buy less meat and had to provide four vegetarian meals each month instead. Now, things have come to such a state that no meat broth was provided. The elderly people who were using the service of this organization said that in fact, they wanted very much to have some meat, but they fully understood that the funds of the organization were limited, so they could only accept this quietly.

Deputy President, the greatest evil of the wealth disparity in Hong Kong lies in the fact that no matter at what time, poor people always suffer the most from it. In times of economic gloom, poor people suffer from such miseries as pay reductions, unemployment, reductions in CSSA and discrimination. In times of economic recovery, poor people also bear the brunt as they have to endure the blows of soaring prices. All the income at their disposal has to be spent on basic necessities and they still have to lead a hand-to-mouth existence.

In fact, in recent months, the prices of basic foodstuffs have kept soaring and the blows to the lower classes are a cause for grave concern. Based on the Consumer Price Index (A), which reflects the expenses of the grassroots, in November last year, the prices of foodstuffs have increased by 12.4% and among them, the prices of beef, canned meat and eggs have even increased by more than 30%, whereas the prices of such items as pork and cooking oil have also increased by nearly 30%.

If we look at the price of pork in the past two days, we can say that the situation is even more appalling. Yesterday, at one point, the wholesale auction price of pork rose sharply from \$1,400 per picul to \$2,400 per picul and the increase was more than 70%. This is the greatest increase on record. And the rate of situation was rather alarming. It was only after discussions among meat traders that the price of pork fell back to \$1,600 per picul, even so, the price was still very high.

The hike in the price of beef is also a serious cause for concern. The beef in Hong Kong is even the most expensive in the world. In the middle of last year, the Government once made the prediction in the Legislative Council that the price of pork would become more stable. At that time, the Government

asserted that since the market share of live pigs in the pork market in Hong Kong had decreased from the original 51% to 30% now, whereas the market share of frozen pork had increased to 66%, there would be increasingly less fluctuations in the price of live pigs. However, why is the reality now totally different from the Government's prediction?

This shows that in analysing the situation, the Government made a fairly big mistake by considering the market for frozen pork and that for fresh pork together. Put simply, the majority of families in Hong Kong and the grassroots in particular, are still accustomed to consuming chiefly fresh pork, that is, live pigs and chilled pork in their consumption pattern. Of the two, the market share of live pigs is still predominant. As the live pig market is still monopolized by the Ng Fung Hong Limited, even though the price of live pigs on the Mainland has dropped, the wholesale price of live pigs in Hong Kong may not drop accordingly. Coupled with the fact that since 2006, the supply of live pigs to Hong Kong has been greatly reduced, as a result, the price of pork has remained high in recent years and the Government's claim that the price of pork would remain stable is simply pulling the wool over the public's eyes.

In the face of such a situation, are we totally incapable of doing anything? In fact, three months ago, in this Council, I already reminded the Government that we had to pay attention to the issue of inflation. I remember that when I raised this matter for the first time, Secretary Prof Ceajer CHAN responded in a very light-hearted mood saying that it was impossible to control or predict inflation. In fact, we do not think so. On reforming the meat supply market, we can put an end to the monopolization and introduce competition. This is the most effective and thorough-going approach. In fact, in the past several years, the trade has called for an end to the monopolization and the opening up of the meat supply market a number of times, however, it seems the Government has turned a blind eye and a deaf ear to them. In fact, the measures that can be adopted include: (1) to actively discuss with the relevant parties on the Mainland with a view to allowing more pork suppliers in Hong Kong to buy live pigs direct from registered pig farms on the Mainland supplying live pigs to Hong Kong; (2) to lobby for and promote the establishment of experimental farms on the Mainland, so that pig farmers in Hong Kong can invest directly and take part in the operation of agricultural bases on the Mainland, as well as supplying reliable and quality pork to Hong Kong; (3) to establish a communication mechanism on the supply of food between China and Hong Kong; and (4) to expedite the

establishment of a fair competition commission to investigate and prevent any anti-competitive conduct.

Deputy President, to counter inflation, we must follow the remarks frequently voiced by the Democratic Party, that is, we have to walk on two legs: on the one hand, we have to reinforce the ability of the grassroots to counter inflation, including the immediate implementation of various measures on poverty alleviation on which a consensus has been reached in the Legislative Council. At the same time, the applications by various public utilities to increase charges have to be dealt with cautiously. More concessions should be offered to socially disadvantaged groups, so that poor people can have greater financial means to counter inflation. On the other hand, we must also target some incompletely opened-up markets that are still being monopolized and introduce reforms immediately, so that competition can give consumers and even grass-roots members of the public at large greater actual benefits.

Thank you, Deputy President.

MR ANDREW LEUNG (in Cantonese): Deputy President, over the past year or so, there have many news stories about the worsening inflation. Housewives find that prices have risen when they buy food in markets. People who dine out, do shopping and get around on public transport all notice that prices have clearly gone up. Inflation has obviously worsened to the extent of affecting people's purchasing power or even Hong Kong's competitiveness. The Federation of Hong Kong Industries (FHKI) and I both fear that if the situation continues, Hong Kong's overall development may be affected. Yesterday, it was reported by the media — some Members have also mentioned it — that a certain Italian pizza shop had started to reduce the sizes of its pizzas due to the rising costs of ingredients. This aptly reflects that inflation has not only affected those who buy food in markets but also boosted the costs of food manufacturing to a very alarming level.

On 1 January this year, the Mainland started to implement an export quota permit system for grain flour such as wheat flour and corn flour and also impose an export tax of 25% on all unprocessed food grains and related products supplied to Hong Kong. But since the Mainland had not yet formulated any guidelines on the actual allocation of quotas then, the export of flour from the Mainland to Hong Kong was disrupted starting from the New Year Day. The

measure concerned impacted Hong Kong greatly, and the industry immediately reflected the situation to the FHKI. The FHKI and I therefore met with the industry, and after gaining an understanding of the situation and holding discussions on possible solutions, we hastened to approach the Secretary for Commerce and Economic Development and the top echelons of the Government, who both expressed grave concern. The top echelons of the Government replied to us swiftly, saying that they would promptly inform the Central Authorities of the situation. I am very glad, and I am very grateful to the State for fully appreciating Hong Kong's situation and swiftly resumed the export of flour to Hong Kong on 7 January. And, I am also very grateful that the Ministry of Finance announced on 8 January that the export of flour to Hong Kong, Macao and Taiwan would be exempt from the 25% export tariff, so as not to affect the daily life of Hong Kong people.

In order to stabilize the supply and prices of flour exported to Hong Kong, it is necessary to solve all the possible problems related to quota allocation. The FHKI and I are currently following up the issue with the assistance of the Commerce and Economic Development Bureau. We do understand that it is necessary for the Mainland to formulate planning on grain export in order to stabilize the supply and prices of grains in its domestic market. But I still hope that the Central Government can consider the fact that as a non-agricultural city, Hong Kong must rely mainly on the Mainland for the supply of staple and non-staple foods. Our volume of flour import is very stable, and the rate of flour re-export to overseas places is very low. This indicates that most of the flour we import is for domestic consumption. I hope that when the authorities raise the problem with the relevant departments in the Mainland, they can emphasize this point and ask for flexible treatment in quota allocation.

Deputy President, owing to the rising goods prices in the Mainland in recent years, the prices of many goods in Hong Kong have also been rising incessantly. On 20 December last year, the Ministry of Finance and the State Administration of Taxation formally cancelled 84 items of tax rebate ranging from 5% to 13% and involving unprocessed grains such as wheat, rice, corn and soybean and their related products.

The Hong Kong industrial sector can understand the rationale behind this State policy, but local food manufacturing enterprises are very concerned that the cancellation of the tax rebate will affect the local food manufacturing industry very greatly. The tax rate of 5% to 13% has increased the pressure of inflation.

Besides, RMB has been appreciating drastically, but due to the linked exchange rate, Hong Kong dollar has failed to catch up with the appreciation of RMB. As a result, the prices of many foodstuffs and daily necessities imported mainly from the Mainland have also risen, thus leading to inflation and affecting people's livelihood. I believe that as long as the Government can ensure an adequate and stable supply of daily necessities to Hong Kong, goods prices will stabilize and stay within the affordability of the public. I hope that the Financial Secretary can make more efforts to draw the Central Government's attention to the effects of rising prices in the Mainland on Hong Kong as a whole. The SAR Government must also adopt effective measures to curb price rises and assist the public and enterprises in coping with inflation.

Deputy President, I am concerned that recently, some bakeries have increased the prices of their bread very drastically on the ground that the shortage of flour has led to increasing costs. Now that the Mainland has exempted the flour supplied to Hong Kong from the 25% export tariff, I call upon the bakeries concerned to lower their prices, so as to relieve people's financial burden in daily living.

Deputy President, I so submit.

MR CHIM PUI-CHUNG (in Cantonese): Deputy President, it has been roughly 127 months since the reunification. There was deflation for a period of 68 months. What I mean is that when there was deflation, Hong Kong suffered, and now, when inflation emerges, Hong Kong suffers even more.

Any Financial Secretary, especially one who switched to this post so late in his life, will find it no easy task to deal with such a dilemma and such difficulties, though he might have majored in economics or finances. But Members must also realize that under the system in Hong Kong, the Financial Secretary The wife of a former Financial Secretary once remarked that his husband must not be held responsible, for the whole SAR Government (formerly the Hong Kong Government) was supposed to assume collective leadership. This actually means that whenever any problem emerges, all in the Government must pull their brains together to consider it. Therefore, my opinion is that having experienced deflation for 68 months, the public now find the inflation even more difficult to bear.

The whole point is that the SAR Government must show its commitment bravely. Why? A government must most importantly realize that it must not act like a miser. When it comes to the formulation of budgets, a government must be courageous and innovative enough to formulate a deficit budget. But for one reason or another, especially the very heavy influence of COWPERTHWAITTE's philosophy of financial management during the colonial times, all in the SAR Government simply stick rigidly to the rules. The only things that everybody wants are fiscal surplus and no mistakes.

Times have changed, however. Who in this world is the biggest swindler in the economic and financial spheres? The United States. The greenback has been sought after by practically everybody, and in the past, the United States Government promised to pay on demand one ounce of gold in exchange of US\$35. But changes occurred later on, and now, it will just issue a piece of paper, which is often called "paper gold". In other words, it is now all about paper for paper. Therefore, the whole world has been deceived by the United States. Let us not make it as serious as deception. But it is still something misleading, and people are misled unawares.

When the SAR Government formulates financial budgets, especially when China is developing its huge potentials, it must seek to tie in with China's development. It must not allow itself to turn complacent and refrain from taking actions, thinking that "Grandpa" will always give it support. This will not enable it to create a better tomorrow. The Financial Secretary should provide the main impetus in Hong Kong. He should have no fear in his work. Once any plans are formulated, he must carry them out.

The first task that must be done is related to Hong Kong's infrastructure. I do appreciate the Chief Executive's proposal on the 10 major infrastructure projects in his policy address. But while I appreciate his proposal, I must say that such projects must be implemented. He must not mislead the public anymore. As told by Mr LAU Wong-fat just now, it is common among rural people to use certain things to mislead their dogs. Whenever a dog hears certain sounds, it will think that there is food for it. But in fact, there is not any. This is also the case with the SAR Government. Since it has put forward the 10 major infrastructure projects, it must launch and take them forward out as early as possible. Are we supposed to wait 10 years for their implementation?

We can remember that discussions on the construction of Container Terminal No. 10 have continued for more than a decade. Society is ever-changing, so in the end, it may no longer be necessary to build this container terminal. Is this not misleading? What is the most important impetus for social progress? Isn't the answer very clear by now? As long as any places (especially rural areas) are equipped with infrastructure facilities, as long as they are served by transportation networks and roads, they will become places of importance. Therefore, one can proceed first with infrastructure construction without any fear.

There is actually one example in history. In the early days, Shenzhen was sparsely populated, but during the time of LIANG Xiang, many thoroughfares were built, thus leading some to question whether these thoroughfares were meant for the landing of military aircraft in times of war. As Members are aware, these thoroughfares are by now no longer wide enough to meet the needs. This is the most important consideration.

(THE PRESIDENT resumed the Chair)

Second, since the economy of Hong Kong is not supported by any sound foundation and natural resources, what advantages over others do we enjoy? The answers are shrewdness and audacity. That again, it must be admitted that an element of gambling is involved. The stock market, for example, is a place where audacity is required. But the fact remains that one must know everything thoroughly well and then make corresponding efforts before one can capitalize on any opportunities.

Admittedly, the SAR Government must pay special attention to those who are relatively underprivileged. But we must realize that welfare provision by society as a whole must not be regarded by anyone as a permanent means of living. Rather, we must seek to look after the underprivileged by encouraging employment and creating job opportunities. Since so many Members have made special mention of the "fruit grant" and the Government should have heard all their views, it should really give thoughts to their ideas. Are their remarks meant for canvassing? If not, what is the point of resisting their request so anxiously? How large is the proportion of Members who hold such a view?

Does each and every one of them just want to get votes? If not, why not make some concession? What is the point of all the arguments anyway? All must somehow accommodate one another. People will surely know if anyone is motivated by any ulterior purposes and objectives. Hong Kong must really tie in with the overall development and construction of the country.

Even if the Government indeed has a surplus of \$80 billion or even \$100 billion, we must still realize that the situation may not remain the same forever. So, must the Government hand out all this money? If the Government can really spend the surplus on constructive development and add to the impetus in society, I am convinced that the people of Hong Kong, however hard up, will still support the Government's actions. If the Government simply behaves like a miser, refusing to spend any money at all, I believe it will never command the support and commendation of the public. Financial Secretary, good luck!

DR RAYMOND HO (in Cantonese): Madam President, first of all, I must express my strong support for and agreement to the Chief Executive's view that rather than waiting for 20 or 30 years like before, we should expeditiously launch the 10 major infrastructure projects. The Chief Executive has also pointed out in the policy address that he will insist on promoting economic development as the primary goal and press ahead with infrastructure projects as an impetus for economic development.

Last month, the Census and Statistics Department announced the Composite Consumer Price Index for November 2007, which shows a 3.4% increase in overall consumer prices over the prices in the same month of the previous year. Owing to the increasing prices of clothes, food, housing and transportation, the inflation rate of Hong Kong has soared to a record high in nine years. It is projected that the inflation rate this year may range from 4% to 7%. As a result of worsening inflation, Hong Kong people, especially the grassroots, will face heavy pressure in living.

Public transportation has always accounted for a substantial portion of Hong Kong people's overall expenditure. And, transportation expenditure also accounts for 9.09% of Hong Kong's Consumer Price Index. As international

oil prices and operating costs continue to rise, many public transport operators have applied for fare increases. From the commercial perspective, it is only natural for public transport operators to seek maximum return for their shareholders. However, as enterprises playing a significant role in Hong Kong, public transport operators should also discharge their corporate social responsibility to a certain extent. While focusing on reasonable profits and long-term development opportunities, they should at the same time set their rates of fare increases at reasonable levels. On the one hand, this can take account of passengers' affordability, and on the other, reasonable prices can enable them to enhance their competitiveness, attract more patrons and increase their profits. On the part of the Government, when it considers fare increases, it must take account of people's affordability, in addition to considering the business situations of transport operators. Besides, the Government should expeditiously formulate a plan encompassing the direction of Hong Kong's transport development and the roles of different modes of transport. In this way, public transport operators can work out their development plans accordingly and focus on long-term development and reasonable profits, rather than short-term profiteering.

Expenditure on electricity, which accounts for 2% of the local Consumer Price Index, has also been one of Hong Kong people's concerns. The Government has just concluded new Scheme of Control Agreements with the two power companies. Under the new agreements, the rate of permitted return for the two power companies is lowered from the range between 13.5% and 15% to the single-digit rate of 9.99%, thus making substantial reductions of basic tariffs possible and in turn reducing people's power bills. The new agreements can strike a balance between the interests of the public and the two power companies. On the one hand, they can ensure that people's expenditure on tariff payments can remain at reasonable levels. And, on the other hand, the two power companies can still make reasonable profits while continuing to invest in the equipment for power generation and supply and provide the public and various industries with a stable and reliable power supply.

In an environment of high inflation, while the lower strata of society feel the pressure of living, elderly persons in receipt of the Old Age Allowance are also affected immensely. Since the incomes of most of them are fixed, their quality of living has worsened as inflation gathers momentum. Since the Government has already decided to increase the rates of CSSA and the Disability Allowance, it should also consider offering a one-off special supplement and

increasing the Old Age Allowance, so as to make sure that old people's quality of living will not decline as a result of inflation. It is expected that the Government's fiscal surplus this year will amount to \$100 billion, so it is certainly able to offer such assistance to the elderly, who contributed so much to Hong Kong in the past. The Government should take concrete actions to manifest its determination to implement its policy concept of fostering a "caring society".

Madam President, Hong Kong has been rated as the freest economy for 14 years in a row. Since ours is a market economy, the Government can indeed do very little to control inflation. But it must still exert its best to assist the public, especially the lower strata and the disadvantaged, in coping with inflation. Madam President, I so submit. Thank you.

MR LEUNG KWOK-HUNG (in Cantonese): President, inflation is connected with the need for issuing currency (in whatever forms), right? Why is it necessary to issue currency? For making payments. What are the causes of inflation? The causes are many, one example being imported inflation, which is related to the linked exchange rate. Once the issue of abolishing the linked exchange rate is raised, many people will immediately argue that it requires prudent consideration. The point is that an abolition of the linked exchange rate will lead to the depreciation of Hong Kong dollar, so those who hold the currency will be affected. For me, the losses will be minimal.

If we are to maintain the link exchange rate — for the moment, let us not consider whether it is desirable or possible to do so, and let us just make one point here — we will inevitably realize that if we refrain from severing the link for the sake of those who hold huge quantities of the Hong Kong currency, thus inflicting imported inflation on Hong Kong, the Government is obligated to protect those who hold very little Hong Kong currency, that is, the poor and low-income earners.

Has the Government done so? I have heard the Financial Secretary talk about "one-off" measures. In other words, no matter how much is spent this time around, all will just be a one-off measure. I object to this. On the economic development of Hong Kong, our Government has all sorts of grand ideas. Visits to Beijing and many foreign countries are frequently conducted. And, they are even talking about operating the Islamic securities business. That

being the case, why does our Government refrain from considering the plight of those who are victimized by the imported inflation resulting from the linked exchange rate?

Who are another category of victims? This is related to the inflation triggered off by the bubble economy. I am talking about the effects on those who do not take part in the so-called investment (or "gambling") activities. A wealth increase of \$10, for example, may result from inflation, but these victims may get only \$1 out of it and the rest all goes to others' pockets. The situation in that case will be very bad for them, right? But no one bothers about them at all.

Third, if inflation is really an index of our economic growth, rather than that of the wealth effect, workers should receive wage increases in tandem with the increase in currency issue. If this happens, there will be no problems. But this is not the case in reality. Our Government refuses to allow those in the labour market to enjoy the protection of a minimum wage level. This actually means that workers will all lose out in the midst of inflation. In other words, workers will be the biggest losers in this so-called free market. Government statistics can all clearly illustrate this point. In our society, the wealth possession rates of the richest and the poorest are going increasingly to the two extremes. Our Gini Coefficient now ranks fifth among the Five Little Dragons, indicating that our wealth gap is the widest. I have not heard any solution from the Financial Secretary. The Government may actually do something about the public utilities or other policy areas such as energy, transport and land prices that affect rents. But our Government has been adopting a policy of complete non-intervention, full *laissez faire*.

What all this means is that the victims of the inflation triggered off by this so-called prosperity are just the ordinary people. I have advised the Government many times that it must make some improvements of a fundamental nature, right? One-off measures just will not work. This should be the most important thing we must discuss.

I may cite a very simple example to illustrate my point. When the Government has a surplus of \$100 billion, and when all this money is earned by the efforts of all, the Government is obliged to make use of this \$100 billion to make life easier for all those who are victimized instead of benefited by inflation. The Government must not continue to allow public utility operators to increase

their prices at any time. We should stop them from doing so. The Government may buy back certain public utilities, or it may simply apply political pressure; in any case, it has the duty to rid the victims of their plight. The Government also has the duty to abandon the policy of high land prices, so as to pre-empt operating costs rising. The Government also has the duty to refute the irresponsible comments made by people, such as Executive Council Member Henry FAN. I think the present situation is the best illustration of collusion between the Government and business.

Mr Henry FAN is the Managing Director of CITIC Pacific. He has joined the Executive Council and is now also an Executive Member, so he must be a much more important person now. Nothing has been done to stop what the Government is supposed to prevent. Water charges have now also gone up. I therefore think that the Government is totally irresponsible in this regard. Honourable Members, the price of the Lipton tea that we enjoy in the Legislative Council free of charge has increased. Are Members aware of this? The meals, the things that we eat upstairs, have all become more expensive. Are Members aware of this? Have we ever thought about offering protection to the people? No. Instead of asking the Mainland to supply us with low-priced agricultural produce and non-staple foodstuffs, we should actually tackle all these problems in Hong Kong. There are so many low-income earners and jobless people in our society, but the Government has done nothing and simply allowed the situation to develop on its own.

In conclusion, I think the only solution to this problem is to subject the Government to the people's supervision. In that case, if the Government's political platform cannot work, or if it fails in its administration, it must be held responsible. Piecemeal changes simply will not work under the present situation. I therefore hope that Members can all do their very best to bring forth universal suffrage. Thank you, President.

MR ALAN LEONG (in Cantonese): President, according to the figures released by the Census and Statistics Department, the inflation rate has been on the rise since May last year, when it stood at 2.3%. In November last year, it already climbed to 3.4%. And, the increase rate for the Consumer Price Index (A), which reflects the consumption situation of grass-roots people, has been staying at over 2% since February last year. In November last year, it was even as high as 3.1%. This shows that during the whole of last year, the common masses were all the time battered by rising goods prices.

President, we generally think that high inflation is a reflection of prosperity. We think that rising prices are just the result of a booming economy and the consequent boosting of consumption desire. However, according to an analysis made by Retail Management Association Chairman Mr Bankee KWAN and quoted by several local newspapers yesterday, while high inflation has boosted all goods prices and rents, the wages and salaries of the middle and lower classes are unable to catch up with inflation. There is now a polarization of consumption, meaning that the sale of up-market consumer goods has not been significantly affected, but that of daily necessities has stagnated due to people's dwindling consumption desire. Small and medium shop operators do not dare to shift their costs to consumers, and some have even closed down either because business is difficult or they cannot renew their tenancies with the shopping arcades concerned. This shows that rather than enabling the masses and small and medium enterprises to fully enjoy the fruit of prosperity, high growth and high inflation have exerted an even heavier pressure on the masses and small and medium enterprises.

Price rises of clothes, food, housing and transportation aside, spates of medical fee increases have also emerged, much to our worries. According to the surveys conducted by the Hong Kong Doctors Union and the Hong Kong Medical Association, the huge rental increase of 30% to 60% imposed by The Link Management Limited in its shopping arcades has forced private clinics in public housing estates to increase their fees by 15% to 20%. In addition, since 60% to 70% of pharmaceutical companies have increased their drug prices, the factory prices of patent medicines and other medical products have also risen by 7% to 8%. I understand that the factory price of Panadol has gone up by 6%, and the prices of a bottle of king-size Pak Fah Yeow and a can of formula milk have also risen by 5.8% and 11% to 12% respectively.

President, economists generally agree that inflation will be here to stay in Hong Kong in the next few years. The Government must therefore formulate both short-term and long-term measures to cope with inflation. Admittedly, Hong Kong is a free economy, so it may not be possible for the Government to take any direct measures to curb price increases. But this year at least, the Government should make good use of the projected surplus. On the one hand, it should provide people with some sort of one-off financial relief and increase the assistance for grass-roots people. On the other hand, it should make advance preparations to cope with population ageing and poverty alleviation, with a view to preventing the quality of living of the elderly and the disadvantaged from being affected by inflation. In the long run, the

Government should step up its supervision of those public utilities that affect people's livelihood and foster competition, with a view to maintaining high efficiency and preventing unreasonable fee increases from adversely affecting the public interest.

President, for all these reasons, the Civic Party is basically agreeable to the various administrative measures and research items set out in the original motion and the amendments. In particular, we hope that the Government can really implement the consensus reached by the various political parties and groupings in this Council on increasing the "fruit grant" for the elderly.

President, the amendments by Mr Frederick FUNG and Mr Tommy CHEUNG both propose to review the CSSA policy. The Civic Party agrees that a review should cover the adjustment cycle and criteria and also other topics such as the proportion of consumption items in the Social Security Assistance Index of Prices. We also urge the Government to expeditiously initiate open and scientific discussions on a review of the CSSA system. Particular attention must be paid to the fact that the expenses on many necessities of the grass-roots people, such as information technology equipment used by students, have already increased and must be duly reflected in the new index.

We also urge the Government to squarely address the ill-effects of the privatization of public utilities and public services in the past and the problem of how all these adverse effects have aggravated inflation. For instance, the handing over of shopping arcades in public housing estates to The Link Management Limited has produced adverse impacts on the consumption of the grassroots. And, the Government can do virtually nothing to stop the Eastern Harbour Crossing and the Western Harbour Crossing from increasing tolls. All this can show that the present mode of supervising "BOT" tunnels cannot protect the public interest. Besides, it is also doubtful whether the new Scheme of Control Agreements signed with the two power companies can really ensure that they will operate in accordance with environmental principles and lower their tariffs.

President, in the face of inflation, society will expect the Government to protect the public interest in connection with various policies concerning people's livelihood and public utilities. I hope that the SAR Government can always bear in mind its responsibility in this regard.

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

MR ALBERT HO (in Cantonese): Madam President, inflation is rampant, and the worst-hit are the working poor, impoverished elderly persons and children. These disadvantaged members of society are facing a rapidly declining quality of life in the midst of inflation. There are totally 170 000 households each earning less than \$4,000 a month. In the community, there are 70 000 single elderly persons, many of whom must divide the quantity for one meal into several meals. There are some 1.3 million children in Hong Kong, and one in five of them live in a poor family.

In view of their difficulties, the Government should make good use of the enormous surplus and intensify its poverty alleviation efforts, so as to improve their life. The authorities should show long-term commitment to helping the working poor, impoverished elderly persons and children living in poverty. They should, among other things, extend the coverage of the transportation subsidy, increase the "fruit grant" to a reasonable level and expand the Child Development Fund. Besides, CSSA rates must also keep pace with the inflation rate, so as to ensure that the basic living standard of recipients will not decline.

To cater for the transportation needs of people with disabilities, we should introduce a transportation subsidy for people with disabilities. The Government should finance half of the subsidy, and the other half should be met by public transport operators. In this way, people with disabilities can enjoy half-fare concession while travelling on different modes of public transport. It is estimated that this will only incur an annual expenditure of merely \$360 million.

When it comes to assisting the impoverished elderly, the Government should increase the "fruit grant" to a reasonable level. Many elderly persons in Hong Kong must depend on the "fruit grant" for living, but since they still have some meagre savings, they are not eligible for CSSA. The monthly "fruit grant" therefore becomes their main source of income. It can thus be seen that instead of being just a token of respect for the elderly, the "fruit grant" has in fact become a great support for the livelihood of the elderly. An upward adjustment of the "fruit grant" can help relieve the pressure faced by the elderly in living as a result of inflation. The authorities should therefore increase the Normal Old

Age Allowance and the Higher Old Age Allowance. The latter should be increased to \$1,000.

In order to assist children in poverty, the Government plans to make use of the Child Development Fund this year. But the projects concerned can only benefit a rather small proportion of poor teenagers and children. We therefore propose the establishment of an extracurricular activity subsidy scheme, under which secondary and primary students in receipt of full textbook subsidy are provided with a subsidy of \$3,000 a year for participation in extracurricular activities, so that they can participate in extracurricular activities or go on study or fact-finding tours overseas to widen their horizons. In this way, they will not lag behind their peers in their school work and skills acquisition, and inter-generational poverty can be avoided. The Democratic Party estimates that the expenditure on this will amount to roughly \$250 million.

Furthermore, we also request the upward adjustment of CSSA rates to help recipients cope with inflation. Sometime ago, dozens of CSSA recipients staged a protest outside the Legislative Council Building. The slogans they put up can aptly show the difficulties they face every day. Let me now read their slogans aloud: "Government pays no heed to tragedies of CSSA recipients", "Government pays no heed to exorbitant prices of pork and beef" and "With the meagre increase in CSSA, people shiver at the thought of inflation". They are dissatisfied that the Government has proposed to increase CSSA by 2.8% only because this increase rate cannot reflect the rises in food prices, and the new rate will not be implemented until February. They are also dissatisfied that there is just an increase of \$1 to \$2 per day.

We demand that the CSSA rates for people with disabilities and the elderly be restored to the levels in 2002-2003, so as to improve their quality of living. We also propose to adopt a forecast mechanism for computing changes in CSSA rates, whereby standard CSSA rates are adjusted half-yearly in accordance with the Social Security Assistance Index of Prices, with a view to easing the problem of CSSA adjustments failing to keep pace with inflation.

Madam President, finally, we also demand the provision of one extra month of CSSA to the recipients, two extra months of disability allowance to disabled recipients and a special supplement of \$1,500 to the 1.3 million low-income earners, so that they can also share the Government's huge surplus together with the rest of society. It is estimated that the provision of extra

CSSA and disability allowance payments will cost \$1 billion and \$300 million respectively. And, the low-income supplement will incur an expenditure of some \$1.95 billion.

With these remarks, I support the motion.

MS MIRIAM LAU (in Cantonese): Madam President, the cyclical return of inflation has come to affect the prices of our clothes, food, housing and transportation. In regard to transportation, many modes of public transport, including taxis, minibuses, franchised buses, village buses and ferries, have already increased their fares or applied for fare increases. People's financial burdens in living will certainly become increasingly heavy.

As we all know, rising oil prices are the main reason for public transport operators' fare increase applications. International oil prices have been soaring incessantly, from US\$61.05 per barrel at the end of 2006 to US\$95.98 per barrel late last year. The rate of increase is as high as 57%. The pump price of diesel also rose by more than 10% in the same period, and the price of liquefied petroleum gas likewise soared, thus adding to the operating costs of the transport industry.

The Liberal Party is of the view that high oil prices have exerted pressure on the business operation of various modes of public transport. However, we do not encourage operators to rely solely on fare increases as a means of increasing their revenue. They should explore more alternative ways of increasing revenue and cutting expenditure, rather than shifting all the rising oil costs to the general public. On the other hand, as public transport operators increase their fares one after another, the Administration must play its monitoring role properly and strike a balance between the interests of the public and public transport operators, so as to check the prevalence of fare increases and make sure that fares will not be increased to the extent of drastically increasing people's financial burdens.

Oil prices aside, tunnel toll increases may also trigger off another round of public transport fare increases. The toll increase by the Western Harbour Crossing has immediately triggered off the fare increases of 14 red minibus routes using the tunnel. The operators of the residents' coaches from Tuen Mun to Central and Wan Chai via the Western Harbour Crossing have planned to

increase their fares by \$1 to \$2 starting from next month. The rate of increase exceeds 10%. The three bus companies which applied earlier for fare increases have also said that they will closely monitor the cost implications of changes in the business environment.

Since some tunnels face with inadequate throughputs, they find it necessary to increase revenue by raising their tolls. But the point is that some tunnels have already reach their capacity, and congestion is extremely serious. The Liberal Party is very concerned about this situation. We hold that such an imbalance of resource utilization has not only wasted motorists' time but also led to insufficient throughput at some tunnels. Those tunnel companies that have not attained the ceiling of permitted profits have kept on increasing their tolls, thus creating a vicious cycle. The authorities should actively negotiate with franchised tunnel operators and explore possible solutions, such as extending their franchise periods and the introduction of equal tolls aimed at evenly distributing traffic to the three tunnels, with a view to dealing with the present dilemma.

The effects of inflation vary from person to person and from family to family. And, the ability to withstand inflation is also different in each case. High inflation will exert the heaviest pressure on low-income families because while their expenditure increases incessantly, they cannot receive any substantial increases in their incomes. Therefore, the pressure on them is bound to be heavier than that felt by middle-class families.

If members of a low-income family have to go to work or school outside the district where they live, transportation expenses will impose a very heavy burden on them. In view of this problem, the Government must conduct a review to check whether the existing cross-district transportation subsidy is adequate. It should also relax the eligibility requirements, so as to benefit more people in need.

Cross-district transportation subsidy aside, I think that there is still room for reducing railway fares, too. Now that the rail merger has been implemented, the MTR Corporation Limited (MTRCL) should consider the Light Rail Transit System as part of the whole railway system and examine whether there is any room for fare reduction. Also from the perspective that there is now an integrated railway system, the MTRCL should also review its "one railway, two systems" arrangement of providing student fare concession, so

that students travelling on the former Kowloon-Canton Railway network can also enjoy half-fare concession.

Madam President, "inflation is more ferocious than a tiger". The Administration should respond actively to this motion today. It must explore and launch various measures to relieve the people's plight and ease the pressure of inflation on low-income earners. Madam President, I so submit.

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

MR HOWARD YOUNG (in Cantonese): Madam President, "up, up go the fares of buses and taxis, the prices of toasts and cheese and everything; up go the prices of butter, oyster sauce and". In brief, "you are terrified, I am terrified and everybody is terrified." Madam President, these are paraphrases of the lyrics of a "hit song" in the 1970s sung by Sam HUI, the God of Songs. But even today, 30 years later, the song is still such an apt description of our situation.

Just look around in any market or supermarket and we will notice how prices have been soaring all these years. Several days ago, pork was sold at \$40 per catty, and the price of one egg was more than \$1. The day before yesterday, the price of beef went up to \$55 per catty. And, today, pork is sold at \$50 per catty. Over a short span of just several months, there has been an average increase of more than 30%. Some academics have even predicted that the inflation rate will rise very sharply and may well reach 5% this year.

That was why we were full of expectations when the Financial Secretary John TSANG disclosed earlier that the authorities would explore various measures to relieve the pressure of inflation on low-income earners. It is hoped that the Government can honour its undertaking instead of disappointing the public.

However, the two power companies have already hastened to increase their tariffs. The CLP Power Hong Kong Limited has effected increased its tariffs by 4.5% and the Hongkong Electric Company Limited has effected an increase of 6%, much to the helplessness of the common masses and small business operators. Therefore, we really hope that following the signing of the new

Scheme of Control Agreements with the two power companies, basic tariffs can really be reduced at a double-digit rate later this year and early the next as claimed by the Government.

The Government must, however, scrutinize and approve the new assets of the two power companies with very great caution, lest they may continue to seek huge profits in the name of asset increases after the ceiling of their permitted profits has been lowered to a single-digit rate. In that case, the public and business operators will be unable to benefit genuinely from tariff reduction. This is precisely one of the reason for Mr Tommy CHEUNG of the Liberal Party proposing the amendment.

Madam President, disadvantaged members of society such as CSSA recipients and low-income earners are worst-hit by inflation because, while the prices of clothes, food and housing have all risen, their incomes have not seen any significant increase.

There will be an 2.8% increase in CSSA rates next month according to the findings of the yearly CSSA review, but prices have risen very sharply lately and inflation has gathered momentum at the same time. Therefore, the increase will just be a drop in the bucket. If people are asked to wait one more year before CSSA rates are increased again, it will be very difficult for them to make ends meet. For this reason, the Liberal Party has put forward an amendment, requesting the Government to shorten the cycle of review and re-examine the proportion of different consumption items in the Social Security Assistance Index of Prices, so that the actual livelihood needs of CSSA recipients can be catered for more appropriately. It is especially worth mentioning that it is very hard to justify the maintenance of a five-year review cycle, now that foodstuffs must have come to account for a greater proportion in the household expenditure after all the increases in food prices.

A Member — I am talking about Mr Frederick FUNG's amendment — proposes to adopt the approach of inflation forecast. His proposal is certainly well-intentioned, but we have some reservations about it. There is inevitably a time lag before the announcement of any inflation rates. If the forecast approach is adopted, which organization should we turn to for a forecast? And, it must also be pointed out that no forecast can be entirely accurate. What is more, according to theories of macro economics, if we increase our expenditure and give people more money to spend based on an inflation forecast, we will

only end up fuelling inflation. The reason is that inflation actually results from an imbalance of supply and demand, that is, an excessive currency supply against a scarcity of goods. On the other extreme, according to theories of macro economics again, if CSSA rates are lowered in advance on the basis of deflation forecast, we will similarly end up aggravating deflation. Therefore, both the overestimation and underestimation of inflation are bound to create problems. We therefore maintain that Mr Frederick FUNG's advocacy of inflation forecast is less practicable than the Liberal Party's proposal of shortening the review cycle.

To the proposal of offering two extra months of CSSA and welfare money, we will render our support as long as the authorities are financially capable of doing so.

Some Members propose to provide elderly persons not on CSSA with a living supplement. The underlying spirit of assisting the vulnerable elderly should of course merit our support. But we really wonder whether these elderly persons, who are not even willing to apply for CSSA, will care to apply for this supplement. If there are no eligibility requirements, we are afraid that abuses and indiscriminate approval may result. That being the case, we had better raise the "fruit grant" to the range between \$900 and \$1,000 as agreed by all political parties previously.

Besides the grass-roots people, those middle-class people whose incomes are not really very high will also need our assistance. For this reason, the Liberal Party agrees that the authorities should consider our proposal of waiving the payment of rates for one year, subject to a ceiling of \$5,000 per household.

Madam President, Members have all tried very hard today to explore various ways to ease the problems resulting from inflation. They have put forward a very wide range of proposals, which all merit the authorities' consideration. The Chief Executive expressed his intention of bringing forward a golden period of 10 years in the policy address he announced in October last year. But it will be very bad if the Government simply turns a deaf ear to public opinions despite its \$100 billion surplus. If it behaves like this, then, maybe, we will have to turn to "God" and "fly to the moon to earn a living", as Sam's song goes.

Madam President, I so submit.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon Dr YEUNG Sum to speak on the six amendments. He has up to five minutes.

DR YEUNG SUM (in Cantonese): Madam President, basically, the various political parties and groupings have all put forward their amendments in a very enthusiastic manner. It is obvious that all of us are very concerned about the impacts of inflation on the public. And, also since the Government has an enormous surplus, Members have expressed their valuable advice on the basis of their personal beliefs.

We have studied the amendments, and we basically support all of them. The Financial Secretary has also listened attentively to us. I hope that he can consider our advice thoroughly after the meeting.

Thank you, Madam President.

FINANCIAL SECRETARY (in Cantonese): Madam President, I wish to thank Honorable Members for expressing so many views on the motion "Coping with inflation".

Hong Kong is a metropolitan economy, where the great majority of our daily necessities are imported. Global market changes, which include an upward pressure on commodity prices currently faced by the State, has inevitably caused some implications on Hong Kong.

Luckily, benefitting from the sustained robust performance of our economy, the job market has improved on all fronts and the majority of households are earning more.

We have a very open economy, and the efficient market economy has been the cornerstone of our success over the years. In the long run, the best way to improve people's living standard is to promote economic development, enhance

economic efficiency and improve productivity. As our society advances, we must not forget to take care of the disadvantaged groups and the best way is to provide the needy with appropriate assistance direct.

I am going to respond to the major proposals put forward by Honourable Members. As for other proposals, I will consider in conjunction with the relevant Policy Bureaux and enforcement departments when preparing the 2008-2009 Budget.

The first point relates to transport fare. As a result of the recent surge in international oil prices, some public transport operators have applied to the Government for an increase in fares. The Government appreciates the public concern about fare adjustments, as transport fare is after all an important expense in their daily life.

Surely, the Government will exercise caution when considering public transport operators' applications for fare increase. Public acceptability and affordability have all along been our primary considerations in vetting public transport operators' applications for fare adjustments. In fact, a comprehensive mechanism has been established to assess and process applications for public transport fare adjustment. In processing such applications, we will not just look at the justifications given by the public transport operators, but will fully consider and balance all relevant factors. While taking into account people's affordability on the one hand, the operators' ability to continuously provide efficient public transportation services that caters for the need of the public will also be considered on the other.

In the course of processing applications for public transport fare adjustment, the relevant Legislative Council panel and the Transport Advisory Board will be consulted, so as to gain a good grasp of people's concerns and factor them into our consideration. The Transport and Housing Bureau will fully consider views from different sectors of the community before submitting a proposal to the Chief Executive in Council for a final decision.

With regard to electricity tariffs, the Government respectively signed new post-2008 Scheme of Control Agreements (SCAs) with the two power companies on 7 January 2008. The key terms of the new SCAs fully meet the public expectation expressed during the two rounds of consultation in 2005 and 2006 respectively, as well as fully reflect the Government's policy objective of "reducing tariffs and emissions, and opening up the market".

Under the new SCAs, the power companies are required to submit development plans to the Government every five years, which will set out such information as plans for capital expenditure and annual projection of basic tariff rates. The Government has the authority to approve their plans for capital expenditure and projection of basic tariff rates. The Environment Bureau and the relevant departments will properly perform their gatekeeping role to ensure that the power companies will make the necessary investment on electricity supply facilitates on the one hand, and the public will continue to enjoy a reliable, safe and efficient electricity supply at reasonable prices on the other.

As for our food policy, our main concern is to ensure food safety and stable supply. Since not much food in Hong Kong is produced locally, so the majority of our food, say, fresh produce, has to be imported from the Mainland or other places.

Insofar as livestock is concerned, live pigs and live cattle for consumption by Hong Kong people are mainly imported from the Mainland. To maintain a stable supply, the Food and Health Bureau has all along closely monitored the supply of live pigs and live cattle from the Mainland to Hong Kong, and maintained close communication with the relevant mainland authorities and agents, with a view to implementing effective measures to expeditiously resolve the problem of inadequate supply when necessary. For example, following a discussion between the Food and Health Bureau and the State Ministry of Commerce, the latter announced the opening of the market for importing live pigs from the Mainland in July last year, and subsequently added two more agents with a view to broadening the source of importation and stabilizing the supply of live pigs.

We noted that there have been unusual fluctuations in the auction price for a small number of pigs recently despite a stable supply of live pigs. We are concerned about any possible improper activities in the market. The Consumer Council will look deeply into the situation, and the Government will also work in tandem with it and keep a close watch on the development of the situation.

After a temporary suspension of the Mainland's grain flour supply to Hong Kong, the supply has been resumed after close liaison and exchange of information between the SAR Government and the relevant mainland ministries and commissions. We will closely monitor the supply of grain flour and maintain close communication with the relevant mainland ministries and commissions, with a view to ensuring the supply.

As for other staple food items and foodstuffs, including food, oil, canned food, vegetables, poultry eggs, live and frozen aquatic products, poultry and meat, they are imported both from the Mainland and other parts of the world. As a highly open economy, Hong Kong adheres to the principle of free trade in food import. For this reason, foods from all over the world, as long as they are fit for consumption, can be imported and distributed in Hong Kong according to market demand, thus promoting diversity in local food choices and prices to cater for customers with different spending power.

We believe that the stability of food supply can be better ensured under the market mechanism. The government departments concerned will monitor the supply of different kinds of food and maintain close liaison with the major food suppliers. Appropriate measures will be put in place to stabilize food supply when necessary.

Elderly people who cannot support themselves due to financial difficulties can apply for assistance under the Comprehensive Social Security Assistance (CSSA) Scheme, under which higher standard rates, special grants and supplements are provided by the Government to cater for their special needs. Free medical services are also available to elderly CSSA recipients and low-income senior citizens at public hospitals (including their Accident and Emergency Departments) and public clinics.

Old Age Allowance is a cash allowance provided to the elderly people to cater for the special needs arising from old age. At present, senior citizens aged 70 can apply for the Higher Old Age Allowance without undergoing any income and means tests, whereas senior citizens aged between 65 and 69 can apply for the Normal Old Age Allowance, but the required income and means tests are more lenient than that of CSSA applicants. The asset limit of Normal Old Age Allowance would be adjusted from time to time under an established mechanism.

Families in financial difficulties may apply for CSSA. Under the CSSA Scheme, we will adjust the CSSA standard payment rates according to the year-on-year movement of the Social Security Assistance Index of Prices.

We will continue to listen to public views, examine what else can be done to help people with genuine need, provide assistance with a focused approach to ensure that useful purposes can be served and ensure that public money is

properly spent on the most needy people. The Labour and Welfare Bureau will continue to consider the views expressed by different sectors of the community, and make its best effort to help people with different needs.

The Hong Kong Housing Authority (HA) has all along been giving full regard to the affordability of public rental housing (PRH) tenants when determining PRH rent. A new income-based rent adjustment mechanism to better reflect PRH tenants' affordability has now been put in place with the passage of the Housing (Amendment) Ordinance 2007 by the Legislative Council in June last year. To enable the new rent adjustment mechanism to operate effectively, the HA has reduced PRH rent by 11.6% since August last year.

Moreover, since the Government has also waived the rates for the first two quarters of 2007-2008, the HA subsequently reduced the PRH rent at an amount equivalent to the rates concession so as to benefit PRH tenants. Furthermore, following the Government's recent decision to further waive the rates for the last quarter of 2007-2008, the HA will deduct an equivalent amount from the rent payable by PRH tenants for January to March 2008.

PRH tenants facing temporary financial hardship may apply for rent reduction under the Rent Assistance Scheme (RAS). Upon the HA's relaxation of the eligibility criteria for the RAS starting from August last year, a greater number of needy tenants could benefit from the Scheme.

Also, to encourage people who have limited means and are living in remote areas to look for jobs and work across districts, the Government introduced the pilot Transport Support Scheme in the end of June last year as recommended by the Commission on Poverty, providing job search transport allowance and cross-district transport allowance which has a duration of as long as six months. As a response to public aspirations and to enable more needy people to benefit from it, the Government has advanced the review of the pilot scheme and actively considered relaxing the eligibility criteria. The review is expected to be completed by the end of next month, and I hope that I could give an account on the details of the review in the budget on 27 February.

To encourage people with disabilities to fully integrate into society, in the Summit on Social Enterprise held on 20 December last year, the Chief Executive

announced that the Government had decided to provide public transport fare concession to people with disabilities. The Secretary for Labour and Welfare and I are actively considering the relevant implementation details, and will make public the details of the proposal in the budget to be released next month.

Madam President, the Government has all along attached great importance to the well-being of the lower classes, including low-income workers, elderly with financial needs and the other disadvantaged groups. It also fully understands that the recent price hike has exerted great pressure on their living. We will continue to closely monitor the food price trend, and review in a timely manner the adequacy of our support to the lower classes.

On 27 next month, I will deliver my maiden budget since I assumed office. At the moment, I am carrying out extensive consultation on the budget. The different views and relief measures which Members mentioned in their speeches have mostly been heard during the consultation sessions with Members earlier.

Today, I have listened carefully to the suggestions made by Members on the ways to further alleviate the inflationary pressure faced by the public. I am making thorough consideration to Members' suggestions in conjunction with the relevant Policy Bureaux and enforcement departments. If the suggestions are consistent with our policy objectives, I will consider the need to make corresponding proposals in the budget so as to relieve the difficulties faced by the needy. We will also review the existing policies from time and time, with a view to building a more harmonious and caring society.

Madam President, I so submit.

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

MR FREDERICK FUNG (in Cantonese): President, I move that Dr YEUNG Sum's motion be amended.

Mr Frederick FUNG moved the following amendment: (Translation)

"To delete "as" after "That," and substitute with "the problem of disparity between the rich and the poor in Hong Kong continues to worsen, wages of the grassroots have not increased and"; to add "waiving the rates and Government rent for the whole of the next financial year, subject to a ceiling of \$5,000 per quarter per household; (b) waiving the rent of public rental housing for one to two months; (c)" after "(a)"; to delete the original "(b)" and substitute with "(d)"; to delete the original "(c)" and substitute with "(e)"; and to delete "and (d)" after "from increasing heftily due to insufficient supply;" and substitute with "(f) adopting the method whereby the rates of Comprehensive Social Security Assistance payments are determined on the basis of the inflation forecast, and shortening the adjustment cycle; and (g)". "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Frederick FUNG's amendment 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 James TIEN rose to claim a division.

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

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr David LI, Ms Margaret NG, Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Mr WONG Yung-kan, Mr Timothy FOK, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr CHIM Pui-chung and Mr KWONG Chi-kin voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr Andrew LEUNG and Prof Patrick LAU abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Chin-shek, Mr LAU Kong-wah, Ms Emily LAU, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr Ronny TONG, Mr Albert CHENG and Mrs Anson CHAN voted for the amendment.

Mr James TIEN and Mrs Selina CHOW abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, 13 were in favour of the amendment and 10 abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, 20 were in favour of the amendment and two abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was carried.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Coping with inflation" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU, be passed.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(Members raised their hands)

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

I order that in the event of further divisions being claimed in respect of the motion on "Cope with inflation" and any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, as Mr Frederick FUNG's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you have up to three

minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR TOMMY CHEUNG (in Cantonese): Madam President, I move that Dr YEUNG Sum's motion as amended by Mr Frederick FUNG, be further amended by my revised amendment.

Madam President, all the Members present have put forward various packages to assist the public in coping with the inflation cycle. The underlying principles of their proposals are basically the same. And, there are just small differences regarding actual implementation. We have put aside our differences for the sake of reaching a consensus, so that we can make joint efforts to make the Government to implement as early as possible

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, you are supposed to speak on the wording of your revised amendment. What are the changes in wording in your revised amendment? What you are talking about now was already covered in your speech during the motion debate. Please speak on the changes in wording in your revised amendment. If you do not think that there is any thing to explain, we can all understand, and you may take your seat.

MR TOMMY CHEUNG (in Cantonese): Madam President, I am coming to the point now. The Liberal Party has therefore decided to append my original amendment to the last part of Mr Frederick FUNG's amendment. This means the addition of "reviewing the weightings of individual consumption items in the Social Security Assistance Index of Prices, so as to assist families on Comprehensive Social Security Assistance in coping with the impact brought about by inflation" . I hope that this can provide CSSA recipients with more comprehensive and effective assistance, thus making sure that high inflation will not add to their misery. I call upon Members to support my further amendment.

Mr Tommy CHEUNG moved the following further amendment to Dr YEUNG Sum's motion as amended by Mr Frederick FUNG: (Translation)

"To add "reviewing the weightings of individual consumption items in the Social Security Assistance Index of Prices, so as to assist families on Comprehensive Social Security Assistance in coping with the impact brought about by inflation; and (h)" after "(g)"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Tommy CHEUNG's amendment to Dr YEUNG Sum's motion as amended by Mr Frederick FUNG, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr CHAN Kam-lam, as the amendments by Mr Frederick FUNG and Mr Tommy CHEUNG have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you have up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR CHAN KAM-LAM (in Cantonese): President, I move that Dr YEUNG Sum's motion as amended by Mr Frederick FUNG and Mr Tommy CHEUNG, be further amended by my revised amendment.

We are basically in support of the three Members concerned. But since we think that there are still inadequacies, we find it necessary to make a further amendment. We especially want to talk about some government fees and charges that affect people's livelihood, and we maintain that some of these fees and charges can be frozen for a certain period of time in the future. The reason is that in the new financial year, the Government will have a surplus of some \$100 billion. We hope that the Government can make good use of this surplus. And,

PRESIDENT (in Cantonese): Mr CHAN, please speak on the revised terms. I also advised Mr Tommy CHEUNG to do so just now. I hope you can also focus on the revised terms in your amendment.

MR CHAN KAM-LAM (in Cantonese): President, you are right, but what I seek to add is not found in their amendments.

PRESIDENT (in Cantonese): I know, but you already mentioned all this in the motion debate just now.

MR CHAN KAM-LAM (in Cantonese): I did not mention this point.

PRESIDENT (in Cantonese): Please focus on the revised terms in your amendment instead of repeating its contents, will you?

MR CHAN KAM-LAM (in Cantonese): Yes. Actually, I am going to explain why, President. But let us not argue anymore and waste any more time.

I hope that the Government can make good use of the surplus in the time to come. We hope that Members can support our amendment.

Mr CHAN Kam-lam moved the following further amendment to Dr YEUNG Sum's motion as amended by Mr Frederick FUNG and Mr Tommy CHEUNG: (Translation)

"To add "; (i) reducing the electricity charges chargeable by the two power companies immediately after the new Scheme of Control Agreements take effect; (j) freezing various Government fees and charges which affect people's livelihood; (k) actively studying various measures to reduce the tolls of the Eastern Harbour Crossing, Western Harbour Crossing and Route 3 (Country Park Section), including buying them out or extending their franchise periods; and (l) providing two additional months of Social Security Allowance and Comprehensive Social Security Assistance payments" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr CHAN Kam-lam's amendment to Dr YEUNG Sum's motion as amended by Mr Frederick FUNG and Mr Tommy CHEUNG, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Miss CHAN Yuen-han, as the amendments by Mr Frederick FUNG, Mr Tommy CHEUNG and Mr CHAN Kam-lam have 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.

MISS CHAN YUEN-HAN (in Cantonese): President, at this moment, I still want to say that I support all the amendments moved by the Members concerned just now. I shall focus on several points here. One of them is the provision of a living supplement to those poor elderly not on CSSA. President, the issue is too complex. Please give me some time.

Besides, since the Government has a surplus of more than \$100 billion, should it really properly implement the measures proposed by me and other Members? President, yes, I am going to start now. *(Laughter)*

I move that the original motion as amended by other Members be further amended by my revised amendment. Please support me. *(Laughter)*

Miss CHAN Yuen-han moved the following further amendment to Dr YEUNG Sum's motion as amended by Mr Frederick FUNG, Mr Tommy CHEUNG and Mr CHAN Kam-lam: (Translation)

"To add "; (m) using the fiscal surplus to waive the fees and charges for public facilities and services provided by the Government; (n) drawing up a new water supply agreement with the Guangdong Province with payment based on the supply quantity, so as to lower the water charges payable by the public; (o) enhancing competition among oil companies in Hong Kong, and waiving the levy on processed oil when oil prices are persistently high so as to stabilize oil prices; (p) discussing with the Mainland authorities not to impose export quotas on food and foodstuffs exported to Hong Kong; and (q) providing living supplement to the poor elders not on Comprehensive Social Security Assistance" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Miss CHAN Yuen-han's amendment to Dr YEUNG Sum's motion as amended

by Mr Frederick FUNG, Mr Tommy CHEUNG and Mr CHAN Kam-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)

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

PRESIDENT (in Cantonese): Ms Emily LAU, as the amendments by Mr Frederick FUNG, Mr Tommy CHEUNG, Mr CHAN Kam-lam and Miss CHAN Yuen-han have 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. You have three minutes to explain the revised terms in your amendment. You may now move your revised amendment.

MS EMILY LAU (in Cantonese): President, I move that Dr YEUNG Sum's motion as amended by Mr Frederick FUNG, Mr Tommy CHEUNG, Mr CHAN Kam-lam and Miss CHAN Yuen-han be further amended by my revised amendment. I am not going to speak on the terms of my amendment, President. *(Laughter)*

Ms Emily LAU moved the following further amendment to the motion as amended by Mr Frederick FUNG, Mr Tommy CHEUNG, Mr CHAN Kam-lam and Miss CHAN Yuen-han: (Translation)

"To add "; (r) in respect of the Old Age Allowance (OAA), increasing the amount of Normal OAA and Higher OAA to \$1,000 per month, and relaxing the asset limit of OAA recipients aged 65 to 69 to \$200,000, so as to improve the livelihood of the poor elders; (s) providing transport subsidy for the working poor living in remote areas with a view to improving the livelihood of the working poor and people with low income; and (t) offering public transport half-fare concessions to people with disabilities, or providing them with transport subsidy, and improving facilities in order to reduce the barriers to the disabled" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Emily LAU's amendment to Dr YEUNG Sum's motion as amended by Mr Frederick FUNG, Mr Tommy CHEUNG, Mr CHAN Kam-lam and Miss CHAN Yuen-han, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan, as the amendments by Mr Frederick FUNG, Mr Tommy CHEUNG, Mr CHAN Kam-lam, Miss CHAN Yuen-han and Ms Emily LAU have 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. I am referring to item 64. When you move your revised amendment, you have three minutes to explain the revised terms in your amendment. You may now move your revised amendment.

MR LEE CHEUK-YAN (in Cantonese): President, I move that Dr YEUNG Sum's motion as amended by Mr Frederick FUNG, Mr Tommy CHEUNG, Mr CHAN Kam-lam, Miss CHAN Yuen-han and Ms Emily LAU be further amended by my revised amendment.

President, the terms of my amendment read: "The powerful strike of Buddha's divine palm; powers of all Buddhas centralized in one". (*Laughter*) I hope my amendment can accommodate all the requests made by the abovementioned Members and hope that it is strong enough to make the Financial Secretary accede to the wishes of Members for the benefit of the public. Thank you, President.

Mr LEE Cheuk-yan moved the following further amendment to Dr YEUNG Sum's motion as amended by Mr Frederick FUNG, Mr Tommy CHEUNG, Mr CHAN Kam-lam, Miss CHAN Yuen-han and Ms Emily LAU:
(Translation)

"To add "; and (u) discussing with the MTR Corporation to offer fare concessions for rides on all its lines to full-time students aged above 12" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr LEE Cheuk-yan's amendment to Dr YEUNG Sum's motion as amended by Mr Frederick FUNG, Mr Tommy CHEUNG, Mr CHAN Kam-lam, Miss CHAN Yuen-han and Ms Emily LAU, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Dr YEUNG Sum, you may now reply and you have four minutes 34 seconds.

DR YEUNG SUM (in Cantonese): Madam President, I thank the 26 Honourable colleagues who took part actively by giving their speeches. Little did it occur to me that one of the amendments would have the effect of the "Buddha's Palm". Secretary, you can see that various political parties and groupings are very united and this is uncommon. Had it been the same in the campaign for universal suffrage, universal suffrage would have been introduced in Hong Kong in 2007 or 2008.

However, I hope the Financial Secretary will take note of several points. The prices of clothing, food, housing, transport and foodstuffs have all risen one after another. We can see that US dollar is weak and the exchange rate of Renminbi is persistently high, so I believe that in the future, inflation will only worsen and there will not be any let-up. However, the wealth disparity in Hong Kong is so great that it ranks the fifth in the world. Therefore, even though the economy has improved, in fact, the grassroots and the middle-lower classes cannot benefit from the economic prosperity. For this reason, the trickling

down effect, which is often mentioned in economics, cannot be materialized in Hong Kong. Otherwise, our Gini Coefficient would not be as high as 0.533.

We have put forward several proposals and hope that the Financial Secretary can consider them seriously. The first has to do with the supply of goods from the Mainland. The Government should discuss with the Mainland as far as possible to ensure a steady supply and stable prices. This is very important.

Second, concerning electricity, although it is said that new Scheme of Control Agreements have been reached, we demand that the two power companies lower their tariffs as soon as possible and we ask the Government to monitor their assets in order to prevent their assets from snowballing for no good reason. This is because if the total values of their assets increase, their profits will also increase.

Third, concerning the "fruit grant", the Secretary did not make things very clear. He only said that appropriate measures would be taken, however, I hope the Secretary can listen clearly. What we hope is that the "fruit grant" for the elderly can be increased to \$1,000 and we also hope that the Government can conduct a review of CSSA as soon as possible. As regards the transport subsidy for people with disabilities, the position of the Secretary is clearer. However, he only said that the details would be explained in the budget. I only hope that there will be more good news at that time.

In addition, I hope that the Secretary and the Government can monitor the price increases made by public utilities more closely. It must pay attention to affordability or there will be a knock-on effect. I hope the Government can look at the issues in this regard as soon as possible.

As regards the transport subsidy designed to assist the unemployed or people living in remote areas to find work, I hope the Government can also complete the review in this regard as soon as possible and relax the application requirements, so as to benefit a greater number of people and encourage them to seek employment.

Here, I thank the many Honourable colleagues again and hope that the Financial Secretary can listen to our proposals clearly and adopt them by all means.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr YEUNG Sum, as amended by Mr Frederick FUNG, Mr Tommy CHEUNG, Mr CHAN Kam-lam, Miss CHAN Yuen-han, Ms Emily LAU and Mr LEE Cheuk-yan, 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: Protecting the rights and interests of animals.

I will now invite Mr Albert HO to speak and move his motion.

PROTECTING THE RIGHTS AND INTERESTS OF ANIMALS

MR ALBERT HO (in Cantonese): Madam President, I move that the motion, as set out in the paper, be passed.

Before this debate starts, I would like to pay my tribute first to the non-governmental organizations (NGOs) and volunteers who have been engaged in protecting the rights and interests of animals over the years. I know that many of them have come to this Chamber to listen to this motion debate to show their concern for it. Were it not for their hard work all through these years, the

number of stray dogs and cats on our streets would have only increased, and without their perseverance, animal abuse cases would likewise have increased and occurred all the time.

However, Madam President, regardless of how many volunteers there are, their number will never catch up with the number of abandoned dogs and cats. Regardless of how hard we save these abused animals, the number of abuse cases known to us will only be the tip of the iceberg. From these volunteers we know that some of these dogs and cats have suffered the most heinous and revolting forms of abuse. We saw cats with the entire skin of their faces slashed, dying a most horrible death. The authorities have also received reports about dogs with mutilated limbs and some animals whose bodies have been bound by rubber bands over a long period of time. All in all, these animals are abused in various sorts of ways beyond our imagination.

The Democratic Party has done a lot of work on improving human rights, but we can only say that we are newcomers to protection of animal rights. We should collaborate with the NGOs and put in more hard work. All living things are born equal and animals are like us humans, they are living entities. Love and respect for animals is a basic value that should be shared by all people in a humane and caring community. We feel ashamed as we witness case after case of animal abuse and cruelty. Still less do we want to see many stray animals lose their lives when they are put down by staff of the Agriculture, Fisheries and Conservation Department (AFCD) because no one comes forward to adopt them.

Madam President, I will explain the five measures proposed by me in the motion today.

First, comprehensively reviewing and amending the Prevention of Cruelty to Animals Ordinance (PCAO). In end 2006, this Council passed the Prevention of Cruelty to Animals (Amendment) Bill to substantially raise the penalties for acts of cruelty to animals. In this regard, it can be said that the Government took the first step. However, the PCAO should be reviewed on a comprehensive scale and amended in various other areas. We all know that the PCAO was enacted in 1935 and very few amendments have been made to it ever since. There are very few amendments at the policy level apart from some penalties. Leaving aside the amendments made in 2006, the most recent occasion on which any major amendments were made to the PCAO was back in 1979.

Let me cite an example. According to this Ordinance, cruelty to animals is defined as when a person who "cruelly beats, kicks, ill-treats any animal", "neglects to supply such animal with sufficient food and sufficient fresh water", "causes the fighting of any animal" or "permits to be employed, in any work or labour any animal which, in consequence of any disease, is unfit to be so employed". All these are regarded as acts of cruelty to animals. However, they do not include those various forms of abuse done to animals, such as putting them in prolonged captivity, not providing enough food and water or tying ropes around the necks of animals for prolonged periods of time and restrict their space of movement. Under the existing law, all of these are not clearly defined as acts of cruelty. Therefore, we consider the definition and scope of the term "cruelty" should be reviewed under the relevant law.

Currently, abandoning animals is not regarded as an act of cruelty. Only in the Rabies Ordinance is some regulation imposed on the abandonment of animals. However, the intention of this law in regulating the abandonment of animals is to prevent the spread of rabies and it is not meant to target acts of cruelty done to animals. A person who contravenes provisions of this law is liable to a maximum penalty of \$100,000 and to imprisonment of six months, a very far cry from the penalty level in the amended PCAO. Therefore, the Democratic Party proposes to make the abandonment of animals an offence of animal cruelty. We have to warn the public that such acts are not acceptable. I believe if we do not amend the law, the number of abandoned animals will continue to rise.

The second point is to regulate the sources of animals. As far as we know, there are several ways in which dogs and cats are abandoned, thus becoming stray animals. First, some people find after they have bought pets that they do not actually like the animals or they cannot take care of them. Second, when it is discovered that there are physical deficiencies in the dogs and cats or if they are no longer regarded as having a pleasing appearance or if they do not have any market value, then they will be abandoned by those unlicensed breeding farms. Third, pet shops may abandon pets that cannot be sold owing to business considerations. Fourth, stray dogs and cats give birth to cubs. These are causes leading to dogs and cats becoming stray and uncared for.

In our opinion, if there can be sound regulation of the operation of pet shops and breeding farms, the number of stray dogs and cats can be reduced.

Now some of the animals in the pet shops come from unlawful breeding farms. Actually, we have no guarantee that these unlawful breeding farms treat the animals well enough because we have no regulatory system for that. Also, animals which do not look attractive or in poor health are likely to be abandoned. As the pet shops buy dogs and cats from these unlawful breeding farms, these unlawful undertakings thrive and become sources of supply for these animals. Hence to curb the emergence of stray dogs and cats, a method that can tackle the problem at root is to control the sources of these animals. The Democratic Party suggests introducing legislation to regulate the sources of animals for sale in pet shops, requiring that all such animals should come from licensed breeding farms, and stepping up enforcement actions against unlicensed breeding farms.

Currently the AFCD is considering amending the Public Health (Animals and Birds) Ordinance (Cap. 139) and the relevant provisions. Proposed amendments on the regulations on animal traders under the Ordinance may affect the owners of cats and dogs most. This is because without an animal trader licence obtained from the AFCD, even if animal breeding is carried out at home, it will be regarded as a contravention of the law if any acts of trading are involved. Once the above legislation and regulations are amended, the pet owners shall not be able to sell the offspring of their pets in public. The maximum penalty for unlawful sale of animals may be raised from the current penalty of a fine at \$2,000 to a fine at \$100,000 as proposed by us.

The Democratic Party holds that if not handled properly, even home breeding will also lead to a large number of stray dogs and cats. Once profit-making acts such as sale of the animals are involved, the line marking home breeding may tend to blur. So the issue has far-reaching implications. The Democratic Party suggests that public consultation be carried out before the law is amended and the Government must not only hear views from the trade alone.

With respect to the animal registration system, as the existing system only covers dogs, other pets especially cats must be registered if there is to be any effective record of the source and movement of the animals. It is only by so doing that the number of stray dogs and cats can be reduced.

Then there is the so-called "Trap-Neuter-Return" policy. For a long time, the animal-lovers groups have criticized the AFCD for insufficient transparency in its work and they have always queried whether or not the AFCD is treating the animals well. Now when stray dogs and cats are trapped, the AFCD will put down these animals if they are not claimed within four days. Some groups find out that the AFCD does not treat the animals well during this four-day period. An example is that some of the animals which do not look attractive and are not expected to be adopted, they will be placed at the bottom level of the cages. As the cages do not have any cover, the urine and droppings of the animals at the upper levels will fall onto the bodies of those animals at the lower levels. Hence the situation is extremely unhygienic. It is obvious that animals at the lower levels are abused. In addition, we have also received complaints that animals are not fed during detention.

Figures for 2004-2005 show that the AFCD and the Society for the Prevention of Cruelty (SPCA) to Animals have put down more than 23 000 animals. This is a monthly average of 2 000, and it includes healthy animals. The costs involved in euthanasia alone are a few million dollars. It can be seen that the euthanasia policy cannot solve the problem of stray animals and it results in a waste of social resources.

We consider the "Trap-Neuter-Return" programme an effective and humane method to be adopted in managing and reducing stray dogs and cats. Such a method can help build a community environment where animals and humans live in harmony. It also removes the reproductive capacity of the animals. When neutered, dogs and cats become tame, hence acts of aggression are reduced. Granting the absence of other outside factors, it is all right to return animals to their original habitat. It has been proven in many places that this policy can help reduce the number of stray dogs and cats effectively.

In Hong Kong, this policy of "Trap-Neuter-Return" is promoted by the SPCA. Only NGOs are involved in the promotion of this policy and there is no involvement on the part on the Government. Some officials in the AFCD even resist such a programme. So there must be co-operation between the public and private sectors before this programme can be effective and successful.

As for the "animal police" teams, the proposal is made because many animal groups are doubtful about police attitude in handling and investigating

into animal abuse cases. When a complaint is made to the police, the police do not want to open a file for the case and carry out investigation. When investigations are carried out, the police do not act with sufficient professional care. At times, the police would require the person reporting the case to have personally witnessed the acts of cruelty and taken photographs before any further action is taken. So to make the police attach greater importance to such cases, we urge the police to set up an internal detection team. The manpower establishment of such a team does not have to be very large and the police officers in it are only required to love animals, be properly trained and be well-versed in the relevant laws, then they can take charge of handling and detecting these animal abuse cases. The authorities should attach greater importance to such cases and carry out effective enforcement actions to alert the people that animals must not be abused.

Lastly, we hope to set up more parks and open spaces for dogs. In view of the fact that 206 000 households in Hong Kong keep pets and of these, 138 000 households keep dogs, I am sure many people will support this measure. I hope the Government can consider this policy. *(The buzzer sounded)*

I so submit.

Mr Albert HO moved the following motion: (Translation)

"That, the Prevention of Cruelty to Animals (Amendment) Bill 2006 was passed by this Council last year to increase the penalty for cruelty to animals, yet incidents of animal cruelty still continue to occur; in order to protect the rights and interests of animals, this Council urges the Government to adopt various measures to ensure that animals are protected under the law; the relevant measures should include:

- (a) comprehensively reviewing and amending the Prevention of Cruelty to Animals Ordinance, including reviewing the definition of cruelty to animals and making abandonment of animals an offence of animal cruelty;
- (b) improving the licensing and regulatory system for the sale and breeding of pets and consulting the public before amending the Public Health (Animals and Birds) Ordinance and the relevant regulations, extending the animal registration system to cover cats

and other kinds of animals that are commonly kept as pets, improving the licensing and regulatory system for pet shops and breeding farms, introducing legislation to regulate the sources of animals for sale in pet shops, requiring that all such animals should come from licensed breeding farms, and stepping up enforcement actions against unlicensed breeding, so as to stop the entry of animals from unknown sources into the pet market;

- (c) enhancing the transparency of the Agriculture, Fisheries and Conservation Department in its handling of stray dogs and cats, treating the animals kindly, abandoning the "Trap-and-Kill" method, co-operating with community organizations in jointly promoting the "Trap-Neuter-Return" programme, and using humane means to deal with the problem of stray dogs and cats, with a view to reducing their number in the community;
- (d) requiring law-enforcement officers to actively handle the reports on cruelty to animals from the public, considering drawing on overseas experience to set up "animal police" teams specially tasked to investigate cases of animal cruelty and abandonment, and rigorously enforcing the law to curb the situation of animal cruelty and abandonment from becoming prevalent; and
- (e) studying the provision of places at suitable locations for animals to move around, including providing more parks and leisure venues which are accessible to dogs and cats.

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

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

I now call upon Mr WONG Kwok-hing to speak first, to be followed by Ms Audrey EU, Miss CHOY So-yuk and Mrs Selina CHOW; no amendments are to be moved at this stage.

MR WONG KWOK-HING (in Cantonese): Madam President, keeping pets is very common in Hong Kong. According to the Thematic Household Survey Report No. 26 compiled by the Census and Statistics Department, there are at present 520 000 pets kept in Hong Kong and an average of one household among eight keeps a pet. And the number of dogs kept has seen an increase of 50 000 over that in 1997. Thus it can be seen that keeping pets is very common in Hong Kong. However, more problems are caused. Although the number of people who keep pets is growing year by year, the love which citizens show to pets has not increased with the growth in the number of pets kept. Cases of abandoned animals frequently occur. Apart from abandoning animals, animal abuse has become a widespread concern, too. I would like to focus on expounding my amendment, especially on the measures mentioned in parts (a), (b), (f) and (g).

With respect to comprehensively reviewing and amending the PCAO, this Council had in last year examined the Prevention of Cruelty to Animals (Amendment) Bill and increased the level of penalty for animal abuse substantially. I am also a member of the Bills Committee. I agree completely with the decision made at that time to raise the level of penalty substantially from a fine of \$5,000 to \$200,000 and a term of imprisonment from six months to three years. However, one year after the Bill was passed, we can still see case after case of animal abuse and killing from reports in the media and letters from animal-lovers groups. Hence, apart from raising the penalty level, stepping up enforcement is also very important. Currently, the SPCA has a 16-strong team of inspectors. Each year they get more than 40 000 telephone calls and about 6 000 animals are collected or saved. They make more than 1 000 inspections to the markets and pet shops and investigate over 600 cases of animal abuse. Yet it is clearly not sufficient to have just a 16-strong team of inspectors to handle all cases of animal abuse in Hong Kong. Hence, when citizens come across cases of animal abuse, many of them would ask the police officers for help. But the police have to handle all sorts of cases in the course of their day-to-day work, so would it be most effective if the police are required to handle such cases? When faced with such a situation, what then should the Government do? Apart from NGOs with their limited resources, should the Government not think about what practicable measures are available to support law enforcement?

With respect to improving the licensing and regulatory system for the sale and breeding of pets, owing to the fact that there are many unlicensed breeding farms in Hong Kong, the AFCD stated earlier that it planned to regulate the sale of dogs to ensure that dogs on sale come from legitimate sources. The animal-lovers groups showed their support for the proposal. But to date, no positive steps have been taken by the authorities to follow up. The findings of a survey done last year by an animal-lovers group called Animal Earth showed that more than 90% of the citizens said that they were not clear about the licensing and regulatory system for pet shops. In addition, 97% of the citizens said that they were not sure about the health conditions of animals sold in pet shops. From this it can be seen that information on animals for sale is clearly inadequate. This provides an opportunity for unscrupulous businessmen. Of greater mockery is that there are many pet shops at both ends of the Lo Wu Bridge and they tell customers that all they have to do is to pay the money and after they have crossed the boundary to the Hong Kong side, they will get the pets. We wonder why our Customs with all its brilliant enforcement records can pretend not to see such things. What actions are being taken by our monitoring authorities? Why can pets from the northern side of the Lo Wu Bridge bypass the normal channels so miraculously and get into Hong Kong, then find their way to the homes of people who buy such pets? I really want to hear what the Secretary has to say about this.

Madam President, apart from the need to step up enforcement and regulation, I think it is also important to enhance publicity and education. I hope that the Government can really do something to enhance publicity and education as well as to foster a greater love in the people for animals, irrespective of whether they actually keep any pets. That is also important.

Madam President, the original motion suggests that suitable places should be provided for animals to move about, including providing more parks and leisure venues which are accessible to dogs and cats. As we all know, there is only one park for dogs in Hong Kong and it is situated in the Wan Chai praya. This park is well-liked by the public and as a matter of fact, it is unable to meet the great demand. Also, those who keep dogs live all over various districts in Hong Kong, so do these people have to come all the way from Kowloon and the New Territories with their pets for a walk in Wan Chai? The Leisure and Cultural Services Department (LCSD) has recently announced that four more

dog parks will be opened this year, including those at Ferry Street in Jordan, Area 28 of Sheung Shui, Ma On Shan and Sham Tseng, and so on, but I do not think these can meet the actual demand.

Dog parks are immensely popular actually. But even if the few new dog parks recently announced by the LCSO are included, I think the supply is still lagging far behind the demand. Therefore, as I point out in my amendment, in order to provide more places for dogs to move around, the authorities must increase the number of dog toilets and dog excreta collection bins apart from parks accessible to dogs. After consultation, the relevant departments should try to identify suitable locations and set up public toilets for dogs on the streets or in certain districts. And in those places where dog toilets cannot be provided, the departments should look for suitable places to place more dog excreta collection bins. In this way, people who keep dogs can have more places to walk their dogs. Why should this amendment be proposed? This is because it also touches on animal rights and interests. When more dog toilets and dog excreta collection bins are provided in suitable places, the problem of environmental hygiene in the urban areas can be addressed on the one hand, and it would be easier for members of the public to find suitable places for their pets to move around on the other. Therefore, I hope very much that government departments can consider my amendment. Suitable spots in the districts and on the streets should be identified to provide dog toilets and place dog excreta collection bins, thereby giving pets more space to move around.

Madam President, I so submit to propose my amendment. I wish to point out that the amendment has no conflict with the original motion at all. I hope Members can lend their support to the amendment. Thank you, Madam President.

MS AUDREY EU (in Cantonese): President, not long after Members were returned to the Legislative Council in the present term, our attention was drawn to two issues of violence — domestic violence and cruelty to animals. At that time, the Government held the view that these problems were not serious at all, case figures being very much on the low side. Then it was found out that there were great problems with government statistics and the method of their compilation. I am very glad to see that at last the Government decided to take action and began to admit that these problems really did exist. In addition, after

Members from various parties and groups as well as the NGOs had organized all sorts of activities, taken actions and exerted pressure, at last the Government submitted a bill to this Council, proposing to increase penalties for abuse of and cruelty to animals. The Government also introduced a Bill to this Council on domestic violence.

I think Members can see from these developments that work done by Members has shown to be effective. So I am very pleased to see that in this motion on protecting the rights and interests of animals, so many amendments have been proposed. It shows that a strong consensus has been reached among various parties and groupings. I hope my own amendment can be passed so that the Government can be urged to make some changes.

Each amendment proposed by Members is the result of some consultation conducted and it shows that many Hong Kong people do respect the inherent right to life and dignity of the animals. I also hope that the Government, after hearing these voices, can really do something and act in collaboration with a society which is mature and sensible, then take the lead to promote and publicize a policy on animal rights and interests as well as animal welfare.

As we can all see, many views have been presented in the amendments. President, owing to the time constraints, I wish to highlight two parts in the amendment proposed by me. The first part is on hospice service for animals. Previously, the Government did provide some sort of hospice service, that is, the cremation service at the Kennedy Town incineration centre. However, since the cessation of the cremation service there in 1999, the so-called hospice service provided by Government has been only to have some workers from the Food and Environmental Hygiene Department (FEHD) to remove the dead bodies of pets to the refuse collection points just like any other garbage for onward transfer to the landfills.

President, this way of handling the dead bodies of animals is out of tune with society nowadays. For the people of Hong Kong, these animals used to live with them and share their joy and happiness. Many people would not just treat pets as darlings, but they would also treat them like their own children. So there is absolutely a need for the provision of hospice service for animals. However, President, I have been talking with officials on this issue for a very long time, but there has been no progress so far.

The Complaints Division of this Council has actually received complaints on this. There are animal hospice service companies located in urban Tai Kok Tsui. But what they provide is only cremation service. These companies are not subject to any regulation, hence a lot of nuisance has been caused. The smell caused by burning animal bodies is extremely unpleasant and it will also result in the production of black stains and oily smears, hence defacing the walls and windows of buildings. These are obviously a nuisance to the people living nearby.

When these residents came to the Complaints Division to lodge their complaints, we found that there was no government department responsible for handling such cases. The Fire Service Department said that it could not find any kerosene used for such purpose. The Environmental Protection Department said that it would not care about incinerators of such a small size. The Lands Department said that such activities did not constitute any breach of the land lease, for when its staff visited these places during office hours, conditions described by the complainants could not be seen. The Home Affairs Department said that it had sent people there and they thought there was nothing to be handled. The FEHD said that this was not their concern, for they could not see any animal carcasses and hence nothing could be done. In a nutshell, department wanted to take up any responsibility. Thanks to the effort by Members from various parties and groupings, at last the Home Affairs Department agreed to do some co-ordination work and the cremation service ended eventually, but that was the result of lengthy and tortuous efforts made.

Members can therefore see that the problem does exist. The Civic Party thinks that the Government should regulate such services and activities, for many hygiene problems are involved. There are also the problems of safety and nuisance caused to people living nearby. The Administration also needs to keep figures on this, for when there is an outbreak of avian flu or other diseases and such like problems, there is no way at all that the Government can regulate such services if there is no proper regulatory and licensing system in place. So I do not understand why the Government seems to be hearing nothing on this issue. The needs in this regard are clear and sensible enough.

President, I cited the example of animal hospice just now for I actually wanted to bring forth another part of my amendment. Whenever we talk about the rights and interests of animals, we can find that there is an unclear delineation of responsibilities among the departments and confusion in policy

implementation. We do not know to which Bureau Director, Head of Department or Permanent Secretary the problem should be brought to his or her attention. When the Policy Bureaux were reorganized last year, I raised the issue and proposed to separate the work in animals and plants, as well as in ecology and conservation from the scope of work under the Agriculture, Fisheries and Conservation Department (AFCD). On matters related to nature conservation and food, some specific departments are obviously responsible, but it is not logical to group animals under the policy area of food under the FEHD. It sounds ridiculous as well. On top of this, the officials there do not want to handle such matters, for they are no experts in that area. When members of the public come with certain demands or complaints or when a request is made to the authorities for service provision or reform, it appears that they are not going to the right place. I hope therefore that when the Government has heard this view, it can assign matters relating to the rights and interests of animals clearly to the charge of a specific department and co-ordination work should be done by that department.

After I had raised this problem, almost 10 animal rights groups asked me to make an appointment to meet the relevant government departments. At first, I talked to Dr CHOW, the Secretary for Food and Health. He did not want to see me and York only told me to find the Head of Department or the Permanent Secretary. Then I found the Director of the AFCD. She told me that arrangements would be made. President, do you know that it took me almost three months to arrange for that meeting? I talked to her about this in July, but the meeting was scheduled to take place in September.

I had urged her to arrange for the meeting sooner and asked her why it would take so long to arrange for a meeting and why so much painstaking effort had to be made. The Director explained that her department had only a very narrow scope of duties and she was not too clear about other policy areas. So she had to make appointments with other departments on my behalf. For example, with respect to animal and conservation matters, she had to approach the relevant sections in the AFCD; the FEHD with respect to the handling of animal carcasses; the LCSD for management of public space for pets; the Housing Department for public rental housing tenants who keep pets. She also had to approach the Transport Department for the issue related to means of transport, such as whether or not special carriages can be set aside by the MTR to allow passengers to ride together with their pets on the train. So she had to contact many departments to make the arrangements. That was why the Director took more than two months before a meeting could be arranged.

Then the follow-up work was even harder, for all the departments said that it was none of their business. They asked me to approach other departments. What happened was that these meetings turned out to be useless and the problem remained unsolved. The meeting did bring out a very important issue and that was about figures. The AFCD said that the problems of abandoned animals and animal abuse were in no way serious. But the animal groups explained that the first place they would go to when such problems arose was the police. The police have their own figures but they will not tell the AFCD. So this problem of unclear demarcation of responsibilities has made the Government totally unable to see where the problem lies and realize its gravity.

President, this is the reason why I raise these two parts in my amendment. I hope that the Government can first set up a department which is tasked with handling this problem and engage in the co-ordination work. I think this is the crux of the matter. As for other measures, I think the departments responsible would be able to understand and handle them.

Thank you, President.

MISS CHOY SO-YUK (in Cantonese): President, two centuries ago the first law outlawing acts of cruelty by humans to animals appeared in Britain. Two centuries later in Hong Kong we are still discussing very basic issues like animal abuse and the abandonment of animals. As a matter of fact, some words which sound very natural to us, such as "pets", have become obvious misnomers in the West, for animals are not really our pets, they should be regarded as animal mates and pet owners should be called animal carers. It may be due to convenience's sake that what I say today may actually turn out to be words wrongly used.

With respect to animal welfare, I wish to talk about the position of the DAB on four aspects which are our common concern. These four aspects are animal abuse, abandonment of animals, smuggling of animals and problems encountered in keeping animals. I think these are four aspects of animal welfare which Members are concerned about.

First, on animal abuse. Of course, we must condemn those heinous and hair-raising acts of cruelty done to animals. However, what makes people think to be a problem that cannot be solved is that the police do not take active actions

to handle animal abuse cases. We have read a lot of such reports in the newspapers and we have also received complaints from many animal lovers. At five o'clock this afternoon, my assistant accompanied a client to the police station. The incident is about a member of the public who left his dog in the foster care of a pet shop for a few days. The shop was closed down and the person could not find his dog. He went to the Chai Wan Police Station to report the case but the police did not entertain him. My assistant is now going with the client to the police station again in the hope that the case can be taken up by the police at last. Often in such cases, the police would only entertain them when they are reported by a Member of the Council. I think this is most undesirable and it makes the detection of many animal abuse cases impossible.

On top of this, our laws are outdated. The existing laws provide that the police should be informed if a cow or a horse is hit in a traffic accident and failure to do so is an offence in law. However, people are not required to inform the police if what they hit are animals like dogs and cats. Therefore, when many owners of animals — sorry, I use the wrong words again — that is, the animal carers have lost their animal mates or do not know their whereabouts, if they report to the police, there is a possibility that the animals can be saved. Moreover, as many Honourable colleagues have said, in the absence of any regulation, many people in the breeding business force their dogs to give birth to puppies on a continuous basis. This is also a form of animal abuse. These things happen because the trade is not subject to any regulation. To address the problem, I hope that the Government can set up a licensing system and the police should take active steps to follow up such cases. New provisions should be added to the laws to require that the police must be informed when vehicles hit dogs and cats.

The second problem which is also a cause of concern is abandoned animals. There are many such abandoned animals in Hong Kong, and the causes of this are none other than the following. First, insufficient public education. Now many people do not care whether or not the deeds of mutual covenants of the buildings in which they live permit the keeping of pets and they buy pets all the same. Then when they discover that the keeping of pets is not allowed under the deed of mutual covenant or by the owners' corporation, they will abandon the animals. One of the points I mention in my amendment is that both shops selling these animal mates and those animal carers who want to buy them must all check carefully whether or not the deeds of mutual covenant of the buildings concerned permit the keeping of pets. Another thing is that many people will buy animals on the spur of the moment. When a child sees a puppy

and likes it very much, the mother may buy it at once. There is no careful consideration of whether or not it is the right time to keep an animal or whether or not care for the animal can be provided over a long period of time. The decision to buy is made when one feels like it and animals are abandoned once people do not like them anymore or due to some other very trivial reasons. Such accounts for the large number of abandoned animals.

Another reason is that requirements such as implanting microchips in dogs have never been put into practice. This results in many dogs carrying no microchips implanted in them and their sources cannot therefore be located, hence no reports can be made. Also, a wrong approach is adopted by the relevant mechanism. The existing mechanism is to trap and destroy. Many people therefore do not make a report even when they see abandoned animals, for they think that to report the case is to kill the animal. Once they call up the AFCD, the dogs will be trapped and then destroyed. When few people want to report cases of abandoned animals, the number of abandoned animals would of course grow. In our opinion, an effective solution to the above problem is to trap the dogs, have them neutered and then set them free. The DAB urges that this requirement to implant microchips be extended to cover cats because such an act is now only required to be performed on dogs. As I have said earlier, the requirement to implant microchips in dogs should be put into practice because many dogs are not implanted with microchips now. This accounts for the large number of abandoned dogs.

The third problem which is a cause of great concern is the smuggling of animals. In this connection, our greatest worry is the importation of rabies. President, it would be a catastrophe if rabies is found in Hong Kong and Hong Kong becomes an infected place. So we must guard against even the slightest possibility of becoming one. And the DAB thinks the most effective way to eliminate animal smuggling is to set up a clear-cut licensing system. Of course, a licensing system has implications to all related parties once it is set up. I hope that when a comprehensive review is undertaken by the Government, there should also be an extensive consultation with various parties, such as the animal-lovers groups and shop operators. I hope that a clear consensus can be reached and a licensing system set up to address the problem of animal smuggling.

The fourth problem is about the various kinds of difficulties encountered by people in keeping animals. The main problems are the following. First,

the deeds of mutual covenant of the buildings do not permit the keeping of animals. Our suggestion is that in building public housing blocks in the future, consideration can be given to setting aside one or two blocks where tenants are allowed to keep animals, whereas no animals can be kept in the remaining blocks. In this way the two types of tenants are separated. Conflicts and clashes between neighbours can be reduced if this arrangement is made while the needs of those who want to keep pets can be taken care of. Second, public means of transport do not permit passengers to bring their pets when riding on such public means of transport. We hope that something can be done to lift this ban to allow passengers to take small to medium sized dogs and cats which can be put inside a bag as they ride on these public means of transport. Third, there are not enough dog toilets. With respect to this point, as an Honourable colleague has spoken on it, I am not going to repeat. Fourth, the animal hospice problem, which is also a concern to Members.

The above are what we consider to be concerns related to animal welfare in Hong Kong and situations people may come across. I have made numerous appointments for meetings with the Government and I have expressed our concerns to the Director of Bureau, animal-lovers groups and the Director of the AFCD with a number of persons in office at various points in time. On each occasion I was saying the same things over and over again. I have also spoken on the "Trap-Neuter-Return" programme in the District Council and made my strong views known. But no results can be seen to date. I hope something can come out of the debate today. I so submit.

MRS SELINA CHOW (in Cantonese): President, in December 2006, the Prevention of Cruelty to Animals (Amendment) Bill was passed in this Council to substantially raise the penalties for acts of cruelty to animals. Unfortunately, as reflected in the situation of last year, the substantial increase in penalties has failed to achieve the expected deterrent effect.

According to the statistics provided by the police, there were altogether 41 cases involving cruelty to animals from January to September last year. If the figure for the last quarter is added to it, including several dozens of dogs and cats cruelty cases disclosed by animal-lovers groups, the full-year figure must be higher than those of 2005 and 2006.

President, apart from the increase in animal cruelty cases, the cruel methods employed in abusing dogs and cats are extremely vicious such as pouring boiling water over the animals, wielding knives to cause multiple wounds in animals, using rubber bands to bind over the belly of a cat, and so on. All these methods are so very horrible. Regarding such cruel methods that challenge the law, the Liberal Party thinks that it is absolutely necessary to impose severe penalties on the offenders.

In the amendment I shall propose today, one of the points is to require the police to deal with such cases seriously and step up law-enforcement actions. Some animal-lovers groups have put forward their opinions to the Liberal Party to criticize the police. They pointed out that although ill-treating animals with cruelty is a criminal offence, front-line officers of the police always find it unnecessary to handle such cases seriously. Some may say that all that has happened is just the fact that a cat has died, and some may say that the injuries sustained by the animals could be the result of fighting among themselves. So they only classify such cruel animal killing cases as cases in which animal corpses are found, or in some cases, the officers may even refuse to open files for such cases. It leaves the people with the impression that they have never taken such animal cruelty complaints seriously.

Recently, a District Council member of the Southern District, Mr Fergus FUNG, had received a similar complaint. The dog of a member of the public was severely injured because it was kicked by a man in his neighbourhood who has a violent inclination. The dog was found to have sustained several fractured ribs. The dog owner called the police and the expatriate who had acted cruelly to the dog also confessed that he had committed the act. But contrary to general expectations, the policemen kept persuading the complainant not to make a fuss of it and settle the incident peacefully. This made the complainant very angry. The incident once again reveals that the police have not adequately respected the lives of animals in the law-enforcement process. It was really unforgivable.

Therefore, we think that the top management of the police should instruct front-line officers to take animal cruelty cases seriously and step up the patrolling of back alleys in various districts. As long as the police can take such cases seriously, possible offenders will not take the risk by continuing to commit such acts of cruelty against animals. As for the people, they will not tolerate such

acts of cruelty to animals and will step up making reports to the police, thus greatly enhancing the chances of bringing such offenders to justice.

With regard to the motion's suggestions on setting up animal police teams, as mentioned in the original motion, and treating the abandonment of animals as the same kind of offence as acts of cruelty to animals, and applying the same penalties, we support such suggestions, and believe that it would help reduce the number of cases of wilful abandonment of animals by irresponsible animal carers.

President, at present, if a pet kept by an owner has given birth to some cubs, the owner can sell them freely to others who will keep them. This type of breeding may be exempted, and they should not be required to obtain a license as in the case of breeding farms. However, in recent years, many unscrupulous people try to exploit this loophole in law. They keep and grow large numbers of pets in private households and let them breed and sell their offsprings for profit. This is tantamount to operating illegal breeding farms. Since such places are operated as illegal breeding farms, usually large numbers of animals are trapped in a very crowded venue or even inside cages, it would be easy for such crowded environment to cause serious hygiene and environmental problems and this practice will pose a health hazard to the animals and people living in the neighbourhood. In order to escape from investigation, the offenders will simply flee for good. This will lead to the termination of food and water supplies to the animals and they will easily die due to the lack of care in such circumstances.

Therefore, we would like to request the relevant departments such as the police, the AFCD and the Customs and Excise Department to crack down on such unlicensed breeding farms and illegal importation of animals, so as to eradicate the scenes in which large numbers of animal corpses or starving animals are found. On the other hand, the people would not end up buying unhygienic animals or animals with health problems.

However, the Liberal Party also thinks that it is necessary to step up publicity campaigns to educate the people and heighten the awareness of pet keepers, so that they would not buy pets from unknown sources. The AFCD should speed up the process of amending the relevant legislation; take into consideration the views and rights of animal-lovers groups and pet traders; and

define clearly the grey areas in law that exist between home breeders and illegal breeding farms. Only in this way can the rights and interests of animals be protected.

President, although the Liberal Party agrees that people buying pets should find out whether their residential buildings allow the keeping of pets, we at the same time feel that we cannot ignore the rights of animal lovers. For example, since the implementation of the demerit points system in public housing estates in 2003, the Housing Authority had decided to ban the keeping of dogs on an "across-the-board" basis, with the exception of those already kept before the implementation of the measures. So such dogs are allowed to be kept until their death. However, public housing tenants are allowed to keep other animals, such as birds, hamsters, rabbits, tortoises, pet fish and neutered cats.

In fact, we all know that many dogs are of sizes quite similar to those of cats. We should be able to recall that in our discussion on the legislation on dangerous dogs, and since the enactment of the provision that large dogs must be muzzled, dogs can in fact be classified into large dogs and non-large dogs. Some dogs are in fact very small in size, such as Chihuahuas, Pickles, Pekinese or Yorkshire Terriers. They are of nearly the same sizes as cats. And we all agree that dogs are very clever animals and these small-sized dogs should not cause disturbances to neighbours in public housing estates. As such, is it necessary for us to continue banning them? We very much hope that the subsidized housing sub-committee under the Housing Authority can find an opportunity to review this. We are not asking the authorities to change this policy with immediate effect, but it should be possible for us to study whether the ban on dogs can be suitably relaxed.

Besides, there is only one park fully open for use by dogs and cats and other animals in the entire Hong Kong. It is located in the promenade area near the Cross Harbour Tunnel in Wan Chai. During weekends, many dog carers would bring their dogs there for some physical exercises. Please imagine, there are nearly 286 000 households that keep pets in the territory, but only such a tiny place is open to them. It is most unsatisfactory. Therefore, the authorities should provide more parks and leisure grounds open to dogs and cats, so that the people can bring their pets to parks in different districts for various activities and fun. I believe everyone would welcome this proposal.

Ms Audrey EU's amendment proposes that we should implement a licensing system to regulate hospice service for animals. On the surface, the wordings mean issuing licenses to regulate the service that would enable animals to pass the final stage of their lives in a more comfortable manner. However, in our opinion, insofar as the animals are concerned, we do not know whether this is a good arrangement for them. Because some may find euthanasia is in fact the most humane method of disposal. Thank you, President.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, first of all, I wish to thank Mr Albert HO for proposing this motion on protecting the rights and interests of animals.

The Government attaches great importance to animal rights and welfare. Over the years, through publicity and education at different levels and co-operation with various sectors across the community, we have endeavoured to build up a culture for protecting and respecting the rights and interests of animals. This culture embraces love of animals and respect for their due rights and interests, an understanding and acceptance of the responsibilities of pet ownership, and zero tolerance for acts of cruelty to animals. Through these efforts in the past years, and with the support from various quarters including the Legislative Council, animal welfare groups, the pet trade and the general public, our society is giving increasing weight to animal welfare, and the level of animal welfare has been steadily enhanced. Apart from efforts in publicity and education, one of our main focuses is to combat animal abuse through legislation and enforcement actions. One year ago, with the support of the Legislative Council, we increased the maximum penalty under the Prevention of Cruelty to Animals Ordinance from a fine of \$5,000 and six months' imprisonment to a fine of \$200,000 and three years' imprisonment. Since then, the penalty meted out by the Court has increased and the highest penalty meted out so far is two months' imprisonment. Earlier on, the Court has, for the first time, sentenced a man to immediate imprisonment for slaughtering his dogs for food. This demonstrates to the community that slaughtering dogs for food and other acts of cruelty to animals will no longer be lightly pardoned.

The motion moved by Mr Albert HO and the amendments proposed respectively by Mr WONG Kwok-hing, Mrs Selina CHOW, Miss CHOY So-yuk and Ms Audrey EU raised a number of proposals to better protect the rights and interests of animals. Many of these proposals are compatible with

our position and they are also measures we are trying to put in place. An example is our ongoing study on stepping up the control of animal traders to prevent pets of dubious origins from entering the market. The Leisure and Cultural Services Department will act on the support of the community to open up more venues for entry by dogs.

Madam President, I shall stop here for the time being. After listening to the views to be expressed by Members on the motion, I will make another response. Thank you, Madam President.

MR LEE CHEUK-YAN (in Cantonese): Whenever we learn of cases of cruelty to animals, we cannot help but sigh: What has happened to human nature? It simply makes us feel that human beings are sometimes even worse than animals. Sometimes, animals fight against each other just because of the food chain. They do it for survival, not for being cruel to each other. In the cases of human beings acting cruelly to animals, we cannot help but sigh: What on earth has happened to human nature?

In the face of such circumstances, what can society as a whole do? To me, I think the attitude of the people in society as a whole towards such incidents is most important. But how do we bring about a change in people's attitude? I believe the attitude of the Government is very important. Just now we heard the Secretary say that he was concerned about this matter and would take it seriously. Unfortunately, the Government has along been giving us the impression that it has acted perfunctorily in dealing with such issues and is unconcerned, and that they would rather sweep all these problems under the carpet — I hope the Secretary can respond to this later on.

For example, I had once raised an oral question on an incident extensively reported in the media: That the AFCD, a government department that is supposed to take care of animals and take enforcement actions, had engaged in the mass slaughtering of pigs by cruel methods. Mass slaughtering of pigs is in breach of the guidelines issued by the United Nations, as this will create an immense psychological impact on other pigs not yet slaughtered. When even a law-enforcement government department such as the AFCD is widely reported to have engaged in such cruel acts against animals, what is the message conveyed to the public? If concrete actions are not taken by the Secretary to demonstrate to

the public that he is genuinely concerned about the animals, I am afraid whatever he says will be futile. In fact, the whole Government appears to have adopted a couldn't-care-less attitude, as if they wish to stay out of the whole affair.

Just now several Members have spoken on the attitudes of policemen when they are asked to handle complaints about these incidents. They simply do not want to handle them. If even the policemen are unwilling to handle these incidents, and would only deal with them perfunctorily, it would be futile even if the Secretary is saying it 10 000 times that he is concerned about the matter. The AFCD responded by saying that it is very difficult to investigate and handle cases of abandoned animals, and this would only demonstrate one thing: That it is actually telling the people that the Government does not care about such matters.

As such, Secretary, I am anxious to get a reply from you. Can you tell us clearly the attitude of the police towards this matter? With regard to cases of animals being killed or abused by cruel means, will the police take law-enforcement actions with deterrent effect in a manner showing respect for life? If you can tell me that there are measures that enable the police to pay greater attention to such incidents, then you are telling the people that the police are taking the matter seriously, which is a very important message. Therefore, I very much look forward to the response to be given by the Secretary later on, in which, hopefully, he can tell us that the Government will adopt a zero-tolerance policy; that the police will take the matter seriously and investigate the matter thoroughly; and that the AFCD will also investigate the matter thoroughly and bring those who have violated the law to justice. I very much hope that I can get this message today. But then, of course, I would not like the Secretary to be giving us only some empty talk. After giving us this message today, he must be able to put his words into action, and we will be monitoring the matter. I wish to know if the Secretary can really give us this message today, so that we can monitor and see if he can really put his words into action.

Secondly, I am very pleased to have heard from the Secretary just now that studies are being conducted on the possibility of regulating animal traders, which I believe is a very important direction. If we want to reduce animal abuse cases, we will have to identify the sources of such animals. And now, the sources are clearly visible. Very often, they come from illegal breeding farms, which is one of the sources. Besides, some dogs are smuggled into Hong Kong, which is another source too. If we could remove the associated financial

incentives by requiring that all animal traders or pet shops must be licensed in future to facilitate origins tracing, then, once the origins are traceable, we could eradicate and combat against illegal dog smuggling activities and illegal breeding farms.

We have learnt about a survey recently — President, I think the findings of the survey are most appalling — a pro-animal body "Happy Animal" conducted an on-street opinion survey in which they interviewed 209 pet owners. 109 of the interviewees said they bought their pets from pet shops, of which 36 said the pets they had bought had fallen ill within seven days from the day of purchase. In other words, one in every three interviewees who had bought a pet from pet shops had bought a pet with illness. This is an appalling figure. Why would the animals have fallen ill? Probably it has something to do with the sources. If we do not trace the sources, then the problem of sick pets will continue to exist.

When kindhearted owners find that the pets they have bought have fallen ill, they would take them to a veterinary clinic for proper treatment. However, some pet owners would simply abandon them, which would then be causing another problem. Furthermore, if there are problems with the sources, the pet shops themselves would be a place for spreading diseases and spreading infections to even more animals.

Therefore, if the sale of animals is subject to regulatory control, I believe the cases of animal cruelty will be reduced. Since the Secretary has said that the authorities will study the issue, I hope he will further elaborate on how long it will actually take for them to study the issue. Now, we often have all these talks on timetables, roadmaps, and so on, so, will the Secretary show us that the Government is really taking this matter seriously by legislating on this expeditiously? I hope the Secretary, when he responds to this later on, can let me know when the enactment of legislation will commence for imposing regulatory control on the sources of animals of pet shops, thereby reducing the cases of animal cruelty. I hope we can have an earlier timetable, and I believe this Council will make the best co-ordination in facilitating the expeditious enactment of the legislation, because there are no discrepancies of opinions among Members on this issue. Thank you, President.

MR CHEUNG MAN-KWONG (in Cantonese): President, Czech writer Milan KUNDERA writes in his novel *The Unbearable Lightness of Being*, "The real moral test of human beings lies in how they treat those animals that beg for their sympathy."

The respect given by human beings to animals is an indicator of the level of civilization of a society. We have the juvenile bay crocodile Pui Pui in Hong Kong. We feel happy for being able to find a cosy home for it. We also have the small pandas Lele and Yingying, and everyone in Hong Kong is delighted at their arrival here. But should we also seriously face up to the case in which the hind legs of a kitten Lam Lam were chopped off? Or the case of another kitten Tung Tung, the body of which had festered and its innards had become deformed as a result of being bound by rubber bands, or cases of those nameless dogs and cats cruelly killed?

Recently, the Legislative Council has amended the Prevention of Cruelty to Animals Ordinance to raise the penalties for killing animals. However, the number of cases of cruel killing of animals has not reduced, while more and more vicious methods are employed. Last year, animal-lovers groups organized a demonstration to chant the slogan "Enforce the law!", in protest against the police's incompetence in taking law-enforcement actions and their perfunctory attitude in handling reported cases. In the case of a kitten Ming Ming, despite it having been torn into two pieces and its nails chopped off by sharp objects, the police still said that there was no evidence of cruel killing by a human being, and they were very reluctant to open a file on it. A volunteer complained that the police would often refuse to deal with reports on the cruel killing of animals and always make life difficult for volunteers. They even told the volunteers to install closed-circuit cameras on their own to catch the offenders. The incompetence of the police will only encourage the offenders to step up their vicious acts in a bid to openly challenge the law by killing more animals with cruel means. Eventually, the legislation will only become some hypocritical provisions or a decoration of the civilized world, and it is by no means useful in protecting animals from being bullied, wounded and killed in cruelty.

Nowadays, "animal police" teams have been set up in certain states and cities of the United States. Professional officers who are animal lovers are specifically deployed to perform patrolling duties to investigate and arrest offenders for their possible involvement in abuse of animals. Abused animals

could range from the bigger ones like horses to the small ones like birds. They all receive equal treatment and their cases are handled in a solemn manner. This has demonstrated a government's attitude and determination in protecting animals and upholding the core values of society, which is, even if you do not love animals, you still have to treat them fairly. The Democratic Party suggests that the police should learn from overseas experience to set up detection teams within the Police Force specially tasked to investigating cases of animal cruelty, and through taking law-enforcement actions, it should strive to educate the people that animal cruelty is a serious crime that absolutely will not be tolerated.

In recent years, keeping pets has become a popular trend, and so has the act of abandoning them. The Government has kept appealing to the people that before keeping a pet, they should "stop a while and think about it carefully". However, over 2 000 dogs have been abandoned in a year, becoming stray dogs eventually. So as many as over 2 000 dogs have been abandoned. But the figure only covers dogs, while those for other animals are not yet included. Among all these abandoned animals, some are abandoned because their owners find after they have bought them that they do not actually like the animals or they cannot look after them. There are also some unscrupulous traders who operate unlicensed breeding farms. They abandon the animals because such animals are no longer productive or the physical appearances of such animals are unattractive and have no market value. There are also some dogs kept on construction sites. Such dogs are abandoned and left to their own defences after the construction works have been completed. There are also some old cows abandoned in the countryside after the farmlands have been deserted. The sorrow of abandoned animals originated in the vicious side of human nature.

Although animals are not as wise as human beings, they do have their own spiritual strength as well as dignity. Keeping animals is a life commitment, and people should not take animals as toys or tools, and discard them after feeling bored with them, after having enough fun with them and after using them. Please imagine, an animal originally kept by someone is abandoned just because its owner feels bored with it. How helpless and frightened it will feel as it trembles in a dark corner of the street, not knowing how to find its own food and may even be intrigued by its own illness and survival problems? Like human beings, animals also have their own feelings. They would feel painful, hungry

and frightened. The only difference is that they cannot use our language to communicate with us. But they certainly understand and long for the love and care from human beings. Unfortunately, their loyalty is often betrayed.

According to the existing legislation, people keeping pets will be regarded as having committed an offence if they neglect to provide the pets with adequate care and subject them to acts of cruelty. However, there are no legal provisions to deal with abandonment of animals to the streets and subjecting them to the same torture. I demand the Government to make the abandonment of animals an act of cruelty to animals which will be regulated by law, so as to fill the present vacuum in law.

President, tightening the legislation and stepping up law enforcement will deter acts of violence, but they cannot nurture love. In order to really raise the level of civilization in society and respect for the lives of animals, we must after all get back to the basics, that is, education. Be it in school or at home, we must educate the children to treat the animals well and treasure lives. This will at the same time develop the good nature of human beings. The Federal Bureau of Investigation of the United States has long confirmed that the majority of serial killers had killed animals by cruel means in their childhood. From this, we can see that we are by no means making a fuss in addressing squarely and respecting the lives of animals. Instead, it is the foundation of social morality and civilization. Today, if we underestimate the seriousness of cruel killing of animals, we are only tolerating and encouraging the spread of violence, and ultimately we shall be facing the bad consequences in future, thus putting society beyond cure. Thank you, President.

MR ALBERT CHAN (in Cantonese): President, on the surface, there is no essential connection between the two motions today. But they have reflected a very special situation. The topic of discussion of the first motion is the inflation problem, and then it is followed by this motion that focuses on acts of cruel to cats and dogs.

Nowadays, Hong Kong is a civilized and developed society on the surface, but there are still many people living in extreme difficulties and great agonies. Cats and dogs are also living in an environment with lots of hardship and cruelty. Not only human beings are suffering from great agonies, so are cats and dogs. The Government should conduct a review to find out why these two phenomena

could emerge concurrently in such a well developed, civilized and affluent society. Most interestingly, these two motions are debated in the same session and on the same day, and I believe this motion will be given unanimous support in this Council. I hope the Government can really reflect upon itself and identify the reasons for the emergence of such an abnormal social phenomenon.

President, in today's discussion, many Members have already pointed out the problem of many cats and dogs being subjected to cruel treatment. Several months ago, that is in last November, I presented a paper to the Government already. At that time, the paper was presented to the AFCD, and it mainly addressed such issues as the imposition of additional conditions on animal sale licences. It is certainly a solemn and significant matter for the police to take enforcement actions and handle cats and dogs issues.

The crux of the issue lies in how AFCD will exercise control over cats and dogs. I have held meetings with the AFCD. Together with representatives of some trade associations, I reflected a very important viewpoint to the Department. Now we need to know that, in particular the Honourable colleague who has moved the original motion, must explicitly know that the problem does not lie in organizations in Hong Kong that keep cats and dogs or those that are responsible for breeding cats and dogs.

With regard to the major causes of the entire problem, there are two levels. Many cats and dogs are subjected to cruel treatment, and this problem is mainly caused by illegal importation of animals. Since there are people importing cats and dogs illegally into Hong Kong by way of some inhumane methods in order to bypass quarantine and inspection and avoid investigation and prosecution, they resort to employing extremely inhumane methods of treating cats and dogs.

Therefore, the problem of illegal importation of cats and dogs has led to many accusations of cruel treatment or abuse cases of cats and dogs. Naturally, certain companies or retail shops would sell such illegally imported cats and dogs. Since such cats and dogs have not gone through proper quarantine and care, so this has given rise to many problems. Therefore, many of the problems are caused by illegal importation of cats and dogs. How should the Government rectify and deal with the problem of illegal importation, so as to

make the authorities pay proper attention to the issue of the overall management of cats and dogs and put them under effective management?

In fact, many Members have mentioned how to exercise supervision and how to make it a requirement for people involved in trading of cats and dogs to be licensed. However, we have overlooked a fact, that is, the breeding of many cats and dogs or many of those cats and dogs that are being sold in shops are bred in private households. For example, I am keeping a pair of cats and a pair of dogs at home, and if it just so happens that each pair should give birth to three to four cubs, then I shall have to give them away to friends as I may not be financially well-off enough to keep all of them. However, since many pure breed cats or dogs are very expensive to raise, so many such cats and dogs that are born in domestic households are sold through pet shops. If we force these people who breed and grow cats and dogs at home to be licensed, it could lead to a lot of trouble and chaos.

Many people who keep dogs at home are great animal lovers, but it would be impossible for them to comply with all the licensing conditions and be qualified for getting a license for selling dogs. Therefore, if we want to make it compulsory that anyone selling cats and dogs must obtain a license for doing so, I can tell Members and the Secretary that it is absolutely impossible. If such rules are implemented, cats and dogs born in domestic households will definitely be abandoned on the streets. It would even lead to many other problems. Even for some originally expensive cats and dogs, their owners may be forced to give them away to others. Will this affect many of those people who are keeping dogs in their private households?

Therefore, the trade associations have put forward a very good proposal to the Government, that is, the issuance of birth certificates. There is an advantage in the introduction of birth certificates, that is, whenever a cat or a dog is born, its owner must apply for a birth certificate for it. Under a strict birth registration system, all cats and dogs are issued with birth certificates once they are born, and after chips are implanted into them, they will be placed under comprehensive supervision, registration and quarantine. All transactions involving cats and dogs must be conducted with birth certificates. Regardless of the persons involved in the buying and selling of dogs, be they conducted among individuals or in pet shops, the implementation of this requirement will ensure that the cats and dogs involved would comply with the hygiene standards stipulated by the AFCD.

Very unfortunately, Secretary, the AFCD colleagues absolutely do not accept this and even oppose this because they say that it is impossible to implement this. I find this most absurd. In dealing with this issue, the AFCD is simply adopting an attitude of evading responsibilities. The authorities may make it a legislative requirement, and they may also do it by asking the veterinarians to take up the responsibility of issuing birth certificates, so that a more comprehensive and stringent regulatory system can be formulated to ensure that the issuance of birth certificates for cats and dogs must be verified to the effect that they are really born in Hong Kong and compliant with certain requirements. The evasive attitude of the AFCD is absolutely unacceptable. Besides, the AFCD even shirks the relevant responsibility to the owners of cats and dogs. If the regulatory control continues to be implemented by way of licensing, it is really irrelevant, and it would affect many owners who keep cats and dogs in their own households. This way, it has shifted the focus of the entire issue and would subject many people to unfair treatment.

Therefore, I hope our friends from different political parties can see the focus of this issue and do not be misled into accusing many animal-loving individuals of being unkind to cats and dogs. Thank you, President.

MR JAMES TO (in Cantonese): Regarding today's motion topic, we can pool together our viewpoints and make more suggestions to the Government. This will indeed enable us to do a good job of protecting the rights and interests of animals.

I have personally focused more on handling the work in relation in security affairs. In fact, I may share my own views with the Secretary from this perspective. The police are now theoretically responsible for all the law-enforcement duties, in particular, incidents related to cruel treatment. Very often, the final law-enforcement actions will fall into the hands of the police and they will be in charge of the entire operation. This is because the people find it easier to make reports to the police than elsewhere. However, maybe I should elaborate why the Democratic Party thinks that it would be more appropriate to set up a team of "animal policemen" or set up a dedicated division within the Police Force to handle such cases. I shall analyse this from several angles.

First, generally speaking, the police have to enforce many different laws. At present, we have the patrol teams, the CID teams or the general investigation teams. During the several hours in an evening when these police teams are on duty, they have to handle all sorts of cases or incidents that call for police assistance. What kinds of cases are the most common ones? They are those involving fightings between a married couple; family disputes; troubles caused by drunken persons, and so on. Of course, any incidents could happen, and such cases would normally be handled by the duty teams. Naturally there are also many miscellaneous reports filed by members of the public by way of calling up the 999 Centre or by going to police stations in person or even by calling in the police. However, generally speaking, from the angle of the policemen, they will have greater satisfaction if the cases they handle involve the arrests of major criminals, the prevention of violent cases or even some major duties such as maintaining law and order. They would find such duties in line with the work of the policemen. Therefore, regarding the reports of cruelty to animals or improper handling of animals by members of the public, they would find such jobs not at all consistent with their core duties. In fact, these are not the only cases that would make them feel that way. Instead, some other cases, such as those involving domestic violence, would also generate such feelings among them.

Why did we sometimes see that the Police Force was being criticized for their handling of certain cases? Perhaps they are all because of the same reason, or at least they are partly attributable to this reason. Sometimes, when a tenant is being evicted by the landlord, he may call the police for assistance. Some policemen may make sarcastic remarks, saying that they must be making use of the police to fight for a better compensation package. If some people are harassed by debt collectors, their would be speculation on an attempt to make use of the police to evade the responsibility of repaying the debts.

So, not only animal cruelty cases would elicit complaints against the police for improper handling of such cases or for not giving adequate weight to such cases. In fact, for many similar cases, that is, those that are not regarded as their core duties or not law and order cases, their manner in handling them is frequently queried. In fact, I think we should look at this issue from several different angles. For example, if we look at it from a professional point of view, if there are officers dedicated to such duties, even if it is just a small team, these officers are still specialized in the job. So they know more about this aspect and would have a better understanding of the feelings of the persons who

report the cases to them. As such, these officers would be in a better position to determine the extent of the cruelty involved, and then they can determine much quicker which types of dogs are involved and what kinds of situations and circumstances are involved when the incidents take place. Of course, since they are dedicated to handling such cases, so the major responsibility in terms of accountability is much clearer. And since they are dedicated to handling such cases, the professionalism in their work will be enhanced, as in the case of officers dedicated to handling cases of missing persons. It is in fact rather difficult to require each and every policeman in the duty teams to possess knowledge of handling cases of general cruelty to animals and an understanding of the mentality of persons who report such cases to them.

As time goes by, since this team of dedicated officers are already well equipped with such specialized knowledge and well-versed in the relevant mental state, they will become capable of handling such cases more promptly and have a better understanding of them, so that they can show their concern to the persons reporting such cases, and this would make the latter feel better as such officers know exactly how they feel.

Let me to make an extreme analogy. If a duty police officer is a member of a general investigation team, and it just so happens that he strongly dislikes animals or that one of his family members or even himself has been bitten by an animal and has been severely injured, then how can we expect that he can handle such a case properly? He would hardly have the mood to handle the case. Perhaps someone may say that it should not happen that way since the Police Force is a professional disciplined force and a policeman must be able to handle the case properly if such a case should arise. But after all, there must be a problem. I can only say that, as a matter of fact, judging from this perspective, I think only some specialized and directly accountable officers would find it easier in handling such reported cases. Sometimes, they may even play the role of a bridge in promoting in the communities the knowledge of determining the kinds of cases that should be reported. They may also go to schools and community centres to act as the bridge among law-enforcement officers, the people and the community. Or they may liaise with some concern groups. In fact, they can surely play some useful functions. I think this kind of holistic concern and holistic handling of cases are multi-dimensional. If there is such a small dedicated police team, it would be useful to the overall police framework, and I believe such a development would be welcome by the police officers.

Furthermore, for example, if such cases should take place on a very large scale that would necessitate the mobilization of enormous resources, this small police team may really find it unable to cope with the situation. Should this happen, this small team can still make an initial assessment and identify the reasons for triggering such mass acts of cruelty. Then, in view of circumstances that necessitate the conduct of a large-scale operation, the officer-in-charge of this small team may request the Police Force to make internal deployment of manpower to cope with the situation. This is still a very good arrangement. In this way, this would certainly be different from what a usual duty officer would do. And then in the case of a duty officer, if some really serious incidents have taken place and made a large-scale operation necessary, then he would find it very difficult to handle such a situation.

Therefore, according to my personal understanding of the culture, psychological conditions and operational procedures of disciplined forces, I hope it is possible to establish a dedicated team in this regard. This would really be beneficial to all those who want to do well in the work of protecting the rights and interests of animals as well as society as a whole.

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

(No Members indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon Mr Albert HO to speak on the four amendments. You have up to five minutes to speak.

MR ALBERT HO (in Cantonese): President, the Democratic Party supports the amendments proposed by the several Members. I must point out that many specific details are presented in the various amendments, and while we do have some minor reservation about some of these details, we would still support the overall major principles and spirit. This should also enable the Secretary to realize clearly that there is really a clear consensus in this Council, and we hope that he can prudently take our opinions into consideration, and that later he can give direct responses to the questions raised by us. We even hope that he can make some undertakings.

I wish to discuss the issue of setting up public toilets for dogs as proposed by Mr WONG Kwok-hing. In fact, I have also thought of this suggestion, but I think it may not be very useful. Frankly speaking, when a dog feels the need to answer the call of nature or excrete, it is very difficult to require it to do so only after it has arrived at the toilet. Therefore, I think a more practical method is to require the person leading the dog to be more self-disciplined, so that he should be always prepared to clean up the place right after his dog has excreted. This is the most practical approach. Of course, I do not oppose the establishment of dog toilets.

I also support Ms Audrey EU's amendment. Of course, I very much hope that the Government can reconsider whether it would resume the provision of public hospice service for animals by way of cremating animal corpses. However, the Government may at the same time consider exercising licensing control over the provision of such services by the private sector. In 2006, the Democratic Party had a meeting with Mr Eddy CHAN, the then newly appointed Director of Food and Environmental Hygiene to request the department to exercise effective control over the cremation service of animal corpses, so as to avoid affecting nearby residents and the surrounding environment and, at the same time, enabling such services to respond effectively to the demands of animal lovers. Unfortunately, up till now, the Government still does not have an effective regulatory system, and pet cremation services can still be provided in some industrial and commercial buildings. The Democratic Party thinks that these companies must obtain a licence from the Food and Environmental Hygiene Department (FEHD) for operating pet cremators, so as to ensure that they would not cause unnecessary nuisances to people in their neighbourhood. We think that it is necessary for the FEHD to study the granting of permission for providing this kind of services, and the place of establishing such services is also important. In the long run, the Government has the responsibility to formulate a licensing system for regulating the cremation services of animal corpses, so as to specify the licensing conditions and the requirement that the venues for providing such services must be far away from the residential areas. Only after they have satisfied such conditions that they can be issued with a license.

The Democratic Party basically accepts Miss CHOY So-yuk's amendment. However, I notice that she proposes to extend the scope of regulation to home breeding. It is believed that this point will trigger certain controversies. As Mr Albert CHAN has said just now, breeding is part of the

natural living process of animals, not the result of a business operation. Therefore, if a person keeps a pet, which keep breeding offsprings, and he then puts these offsprings on sale, will such a family be regarded as a domestic breeding ground? This will naturally lead to arguments. Therefore, it is exactly because of such situations that I feel that there is a need to conduct a comprehensive consultation. The Democratic Party adopts an open attitude on this issue.

Of course, we also attach very great emphasis to Mrs Selina CHOW's amendment. I feel that many people living in public housing estates love animals, but there are also objections. I hope Members can engage in discussions. *(The buzzer sounded)* Thank you.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, I must thank Members for speaking enthusiastically on this topic and the valuable advice they have given. In the motion debate today, the position of both the Government and Members is largely consistent. We all hope that public awareness of protecting the rights and interests of animals can be enhanced, thereby further safeguarding the rights and interests of animals. The Government will strive to achieve this aim through education, publicity, legislation and enforcement actions.

In the motion proposed by Mr Albert HO and the amendments proposed respectively by Mr WONG Kwok-hing, Mrs Selina CHOW, Miss CHOY So-yuk and Ms Audrey EU, as well as in the speeches given by other Members, there are many proposals on protecting the rights and interests of animals. Now I would like to respond to them.

Mr Albert HO has mentioned that the Prevention of Cruelty to Animals Ordinance (PCAO) should be reviewed and amended. The Agriculture, Fisheries and Conservation Department (AFCD) formed a consultative group last year with representatives from government departments, the pet trade, kennel clubs and some 30 local animal welfare groups to study how the PCAO could be amended. Views from various stakeholders are relayed to the Government through the group. After collecting the views from all quarters on improving the PCAO, we have come up with some preliminary proposals on amending the PCAO. The Legislative Council Panel on Food Safety and Environmental Hygiene has agreed that we will report on the relevant work and

latest developments in its meetings. Our preliminary proposals include amending the relevant provisions so that abused animals can be given proper care speedily and a government Senior Veterinary Officer is empowered to issue directions to the owner of animals to require certain measures be taken in order to safeguard the animals' welfare. We hope Members can give their valuable advice to us on these proposals then.

With respect to enactment of legislation to make the abandonment of animals an act of animal cruelty, the existing Rabies Ordinance provides clearly that a keeper of any animal who, without reasonable excuse, abandons that animal commits an offence and is liable upon conviction to a fine and to imprisonment. Since there is sufficient regulation provided by such provisions, we do not think it is necessary to add further provisions to the PCAO to make the abandonment of animals an offence of animal cruelty.

We also attach great importance to regulating the sale and breeding of pets. Mr HO suggests improving the licensing and regulatory system for the sale and breeding of pets. Now all the commercial animal breeding farms and pet shops in Hong Kong are required to obtain an animal trader licence and subject to supervision by the AFCD pursuant to the Public Health (Animals and Birds) (Animal Traders) Regulation. The AFCD will carry out regular visits and blitz raids to ensure compliance by animal traders in business and to eradicate unlicensed animal breeding farms and pet shops. The AFCD also makes investigations into complaints lodged by members of the public. In 2007, the AFCD made a total of some 10 000 visits to animal trading premises. Licensed animal traders must strictly comply with the licensing conditions set by the AFCD and offenders are liable to a fine or revocation of licences.

To eradicate animals of dubious origins, including those illegally imported or which come from illegal breeding farms, from entering the pet market, we are studying how the current supervisory system of animal traders can be enhanced. Our latest idea is to introduce additional licensing conditions to regulate animal traders more effectively and to require all dogs supplied to pet shops must come from lawful origins. The AFCD is presently discussing with the trade and animal welfare groups on the introduction of additional licensing conditions. The pet trade expressed concern over the possibility of a shortage of dogs supplied by lawful sources under the new licensing conditions. We will consider views from all quarters as well as needs like public health and animal health in order that a proposal which is able to balance views from all parties can be drawn up.

As regards an extension of the animal registration system to cover cats and other animals, the current registration system for dogs is based on the concern for rabies and the aim is to enhance source control through a registration system. After implementing source control on dogs, we will consider whether there are any public health or safety needs which justify the extension of the relevant system to cover other kinds of pets and we will assess the feasibility and public acceptance of the proposal concerned.

With respect to the management of stray animals, the AFCD will inspect black spots from time to time and the animals seized are kept temporarily in the animal management centres pending claim by their owners. If the owners do not claim these animals, then depending on the physical health of the animals and whether or not they are tame, the AFCD will arrange with the animal welfare groups for adoption of these animals. Currently, the AFCD collaborates with 11 animal welfare groups such as the Society for Prevention of Cruelty to Animals (SPCA) and the Society for Abandoned Animals Limited, and adoption of some 500 stray dogs and some 100 stray cats is arranged each year.

Some animal welfare groups suggest introducing the "Trap-Neuter-Return" programme which allows stray dogs to be returned to public places after being neutered while not being tended by the owners. There are diverse views on the programme in the community. The AFCD and the SPCA briefed the 18 District Councils (DCs) on the programme and nine DCs showed support for the programme in principle, seven were against it and two were neutral. The AFCD is now discussing with the relevant animal welfare groups on the details of the programme, including how proper care can be given to dogs after their return. We will consider the programme in detail after the relevant animal welfare groups have submitted their proposals.

Mr HO has also suggested that "animal police" teams be set up to be specifically tasked with investigating cases of animal cruelty. Currently various public officers such as Senior Veterinary Officers, Health Officers, Health Inspectors, police officers and authorized persons from the AFCD can enforce the PCAO under various circumstances. The AFCD has special teams tasked with animal management and welfare matters. The investigation teams of the police in various districts have sufficient capacity, manpower and experience to handle animal cruelty cases. Should there be an increase in animal cruelty cases in a particular district or if the situation there deteriorates, the police will

consider deploying special teams to investigate these cases. This will enable thorough and case-specific investigations to be conducted, thus enabling the early detection of the cases concerned. Given sufficient evidence, offenders will be arrested and prosecuted to prevent similar cases from happening. Such an arrangement will allow more flexible deployment of resources and effective handling of animal cruelty cases. It is believed that they are more effective than setting up "animal police" teams. The departments concerned will exchange information from time to time and will hold interdepartmental meetings when necessary to discuss how cases of a similar nature can be effectively followed up and the enforcement of relevant laws. Therefore, the Government believes that the existing enforcement arrangements are appropriate.

Considering the nature of animal cruelty cases and the fact that most of the animals reported in the cases are stray dogs and cats, it is inevitable that law-enforcement officers would encounter considerable difficulty in collecting and adducing evidence. Such a situation is, however, not unique to Hong Kong alone. Having said this, the law-enforcement officers are well aware of the problem of cruelty to animals and they know the gravity of cruelty acts. Hence they will handle each and every case with great care and seriousness in accordance with the law. No unlawful acts will be tolerated. In view of the recent cruelty cases, the police have reviewed their internal procedures for dealing with such cases and held interdepartmental meetings with the AFCD, the Food and Environmental Hygiene Department (FEHD) and the SPCA on how front-line officers can better handle the scene, animals or carcasses concerned. A consensus has been reached initially and it is hoped that police ability in handling this type of cases can be enhanced. We encourage members of the public to report to the police or the AFCD immediately should they find animals abused or abandoned. This would enable law-enforcement officers to take follow-up action at once.

As for the suggestion on opening up more parks and leisure venues for animals to move around, the Leisure and Cultural Services Department (LCSD) receives requests from members of the public from time to time on opening up more venues for the public to enter with dogs. On the other hand, the LCSD also gets complaints from many venue users about the nuisance caused by dogs. The LCSD remains open on these suggestions and will continue to provide appropriate venues to allow the public to enter with dogs subject to support from the District Councils (DCs), Area Committees and local communities. The aim is to balance the needs of animal lovers and other venue users. Factors to be

considered by the LCSD in opening up more leisure venues for the public to enter with dogs include whether or not support is given by the DCs and the local communities and whether or not nuisance is caused to other venue users and the surroundings. Other factors being considered are whether or not there are enough manpower and facilities to keep the place clean and maintain its hygiene.

According to the Pleasure Grounds Regulation, any person may enter parks and pleasure grounds managed by the LCSD with their cats, but their cats must be under proper control and effectively restrained. As dogs may cause a greater impact on other users of parks, the LCSD has opened up six of its parks in Hong Kong, Kowloon and the New Territories. Earlier on, some Members thought that only the park at the Wan Chai promenade is open for the public to enter with dogs, but in fact there are also other parks open for such purpose. They include the Peak Park in Central and Western District, the Kowloon Tsai Park in Kowloon City, the rest garden in Cheung Wan Street in Kwai Tsing District, the sitting out area in Castle Peak Road in Kwai Chung, the Jockey Club Hing Shing Road playground and the garden in Tsing Yu Street. The LCSD plans to open up part of four open spaces under planning to allow the public to enter with dogs. The relevant projects are expected to complete in 2008.

Mr WONG Kwok-hing suggests in his amendment to identify suitable locations for the provision of dog toilets or dog excreta collection bins, and increasing the frequency of cleaning and washing to improve environmental hygiene. On the provision of dog toilets, the FEHD will identify suitable locations to provide dog toilets in public places where members of the public like to walk their dogs or where such places are often soiled by dog excreta. If a suitable location cannot be identified or where technical problems preclude the provision of dog toilets, the FEHD will place dog excreta collection bins instead.

Currently, the FEHD has provided about 490 dog toilets and about 990 dog excreta collection bins throughout public places in the territory for use by people who walk their dogs. Such dog toilets will be cleaned at least twice a day and the dog excreta collection bins once to eight times a day. The FEHD will identify suitable locations with proven need to provide dog toilets or dog excreta collection bins to maintain cleanliness in the streets concerned.

Ms Audrey EU's amendment proposes to regulate hospice service for animals by licensing. Now veterinary surgeons in Hong Kong must meet the requirements in the Veterinary Surgeons Registration Ordinance and possess the professional qualifications required and be registered with the Veterinary Surgeons Board of Hong Kong before they can practise here. Therefore, we consider that there is already suitable regulation of veterinary services in Hong Kong, including hospice service for animals. As for animal funeral service, the Public Health and Municipal Services Ordinance and the Air Pollution Control Ordinance have imposed regulation on the treatment of animal carcasses and cremation. In response to market demands, many private organizations provide various kinds of related services such as placing memorial tablets for pets or producing memorial websites, and so on. In our opinion, such activities do not cause any concern for public health and hence they should be allowed to operate freely in the market.

On clearly designating a responsible department in charge of animal rights and interests, the FEHD is currently tasked with animal management, including policy matters related to animal welfare. The department which is mainly tasked with enforcement in animal management is the AFCD. As with other government policies, animal management matters cover various policy areas. The FEHD and the AFCD will continue to adopt the present arrangement and will seek to improve co-ordination between various Policy Bureaux and departments.

Miss CHOY So-yuk suggests that the Government should ensure that all dogs are implanted with microchips to facilitate the tracking down of owners of abandoned dogs. It is clearly provided in the Rabies Ordinance that the keeper of any animal, such as a dog, shall apply for a licence when the animal is five months old and implant of a microchip. Failure to comply is liable to prosecution. A total of 547 persons were prosecuted by the AFCD in 2007. In addition, stray dogs seized by the AFCD will be scanned to trace the identity of their owners and prosecution will subsequently be taken against the owners concerned. Any person found to have contravened the above provisions is liable upon conviction to a maximum penalty of a fine of \$10,000. We will continue with the abovementioned work to eliminate abandoned dog cases.

Miss CHOY So-yuk also suggests that when selling dogs to clients, animal traders should first confirm that the deeds of mutual covenant of the buildings

where their clients live state that the keeping of dogs is allowed. We are glad to consider providing more information for reference by animal traders so that should it be considered necessary, they can remind their clients of how to be responsible pet owners. As for requiring animal traders to confirm that the deeds of mutual covenant of the buildings where their clients live permit the keeping of dogs before dogs can be sold, we consider that there are great difficulties in putting this proposal into practice. From the perspective of the trade, animal traders may be concerned that they may not have the power or professional expertise to require clients to prove or confirm that the deeds of mutual covenant of the buildings where they live permit the keeping of dogs. For members of the public, they may worry that furnishing address and such like personal data to animal traders may infringe on their privacy. When members of the public decide to keep a pet, they have the responsibility to check if they can provide a suitable living environment for their pet and this includes confirming whether the deeds of mutual covenant of the buildings where they live permit the keeping of pets. We will continue with our publicity efforts to remind citizens that they should be responsible pet owners. The AFCD will use APIs and other means to dissuade people from buying animals of dubious origins. The Government will seek to enhance public awareness of responsible pet ownership and the right attitude in keeping pets, with a view to making members of the public consider various factors before they decide to keep a pet, thereby reducing chances of abandoning their pets later. Also, the AFCD also allocates funding to local animal welfare groups for the provision of affordable animal sterilization service.

Mrs Selina CHOW points out in her amendment that consideration should be given to relaxing the ban on dog keeping in public housing estates. In 2003, the Housing Authority (HA) conducted an opinion poll on the keeping of pets. It was found that about 70% of the respondents thought that pets should not be allowed to be kept in public housing estates. The main concern of the residents was the problem of environmental hygiene and nuisance caused by pets. Also, the HA also received submissions from many residents and groups, opining that the issue of dogs presently kept in public housing estates should be addressed from a humanitarian point of view. After careful study and consideration, the HA approved in September 2003 of the policy on pet keeping under the demerit point system in estate management in which tenants who keep pets despite the ban would be given demerit points. On the other hand, the HA partially relaxed the ban on keeping pets by permitting the keeping of small household pets which do not pose any risk to health or cause nuisance, and owners might continue to

keep their small dogs which they had been keeping prior to the introduction of the policy. For the time being, the HA does not intend to relax this ban.

We will study the views and suggestions which Members put forward earlier and if it is found that these are feasible and supported by the stakeholders, the Government will actively consider including such suggestions in the overall plan.

The rights and interests of animals is a topic which warrants active participation and discussions by the public at large and various stakeholders concerned. The relevant discussions will be of great help to the Government in formulating policies and measures in future: Therefore, I hope Members and the public will continue to tell us what they think when we are to make recommendations on the rights and interests of animals in the future.

Madam President, I so submit.

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 Mr Albert HO's motion be amended.

Mr WONG Kwok-hing moved the following amendment: (Translation)

"To add "although" after "That,"; to delete "yet" after "to increase the penalty for cruelty to animals,"; to delete "and" after "becoming prevalent,"; and to add "; (f) actively identifying suitable locations for the provision of public toilets for dogs, so as to make available suitable places for dogs to toilet and improve the environmental hygiene of streets; and (g) actively identifying suitable locations for placing dog excreta collection bins in areas or streets where public toilets for dogs cannot be provided, and increasing the frequency of cleaning and washing to improve environmental hygiene" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Kwok-hing to Mr Albert HO's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Audrey EU, as Mr WONG Kwok-hing'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. You may now move your revised amendment.

MS AUDREY EU (in Cantonese): President, I move that Mr Albert HO's motion as amended by Mr WONG Kwok-hing be further amended by my revised amendment.

President, the relevant amendment wordings are very simple. My amendment originally used the word "as", but since Mr WONG Kwok-hing's amendment uses the word "although", and given that his amendment has been passed, so I will change the word "as" to "although". Meanwhile, since items (f) and (g) of his amendment have been passed, so the original items (f) and (g)

of my amendment should be renamed as items (h) and (i). These are the relevant changes, and in fact the contents remain the same.

Ms Audrey EU moved the following amendment to the motion as amended by Mr WONG Kwok-hing: (Translation)

"To add "; (h) regulating by licensing hospice service for animals; and (i) improving the situation of fragmentation of responsibilities in dealing with the rights and interests of animals, and clearly designating a responsible department to avoid confusion over the implementation of policies" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Audrey EU's amendment to Mr Albert HO's motion as amended by Mr WONG Kwok-hing, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Members have been informed that Mrs Selina CHOW will withdraw her amendment if Ms Audrey EU's amendment is passed. Therefore, Mrs Selina CHOW will not move her amendment.

PRESIDENT (in Cantonese): Miss CHOY So-yuk, as both the amendments by Mr WONG Kwok-hing and Ms Audrey EU have 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. You may now move your revised amendment.

MISS CHOY SO-YUK (in Cantonese): President, I move that Mr Albert HO's motion as amended by Mr WONG Kwok-hing and Ms Audrey EU be further amended by my revised amendment. President, my revised wordings have not introduced any particular changes, so I am not going to repeat my points now. I hope Members can support me. Thank you.

Miss CHOY So-yuk moved the following further amendment to Mr Albert HO's motion as amended by Mr WONG Kwok-hing and Ms Audrey EU:
(Translation)

"To add "; (j) advising pet shops and private/domestic pet breeders that when selling pets to prospective pet keepers, the former should follow the practice of animal groups in dog adoption by confirming that the deeds of mutual covenant of the buildings where the dog keepers live state that the keeping of dogs is not objected to, so as to reduce the chance of the dogs concerned being abandoned in the future; (k) further educating the public on the concept of animal care and responsible pet ownership, and providing incentives to encourage people to arrange their pets to undergo sterilization and regular physical examinations; (l) ensuring that all dogs are implanted with microchips to fully implement the existing statutory requirements, thereby enabling the relevant authorities to track down the owners of the abandoned dogs according to the stored information and enforcing the penalties; and (m) further educating the public to, before proceeding to keep dogs, carefully consider and ascertain that the deeds of mutual covenant of the buildings where they live state that the keeping of dogs is not objected to and to truly behave as responsible pet owners, so as to reduce the chance of the dogs concerned being abandoned in the future" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Miss CHOY So-yuk's amendment to Mr Albert HO's motion as amended by Mr WONG Kwok-hing and Ms Audrey EU, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): At this stage, it should be the turn of Mr Albert HO to speak and reply. But he has already used up his 15 minutes of speaking time. Therefore, I now put the question to you and that is: That the motion moved by Mr Albert HO, as amended by Mr WONG Kwok-hing, Ms Audrey EU and Miss CHOY So-yuk, 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.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 3.00 pm tomorrow.

Adjourned accordingly at five minutes to Seven o'clock.

Appendix I**WRITTEN ANSWER****Written answer by the Secretary for Financial Services and the Treasury to Mr TAM Yiu-chung's supplementary question to Question 1**

On 17 August 1995, Mrs Anson CHAN, the then Chief Secretary, issued a statement concerning her private investment in residential property and the related mortgage loan. Generally speaking, if the Administration is aware or suspects that a civil servant's private investments or related information may give rise to conflict of interest or involve misconduct, it will take appropriate follow-up action in accordance with the established procedure. In accordance with established practice, the Administration will not disclose information or comment on individual cases.

Appendix II**WRITTEN ANSWER****Written answer by the Secretary for Labour and Welfare to Dr Fernando CHEUNG's supplementary question to Question 2**

As regards supplementary information on the "no-deduction" limit of Disregarded Earnings (DE) under the Comprehensive Social Security Assistance (CSSA) Scheme, to help the disadvantaged move from welfare to self-reliance, the arrangements on DE were relaxed since 1 December 2007 by raising the "no-deduction" limit for DE from \$600 to \$800, and relaxing the "no DE for the first three months" rule to a two-month rule.

The provision of DE under the CSSA Scheme is a very complex issue. On the one hand, there appears to be a case for providing CSSA recipients with more financial incentives to find and remain in employment, on the other hand, the provision should not delay the exit of the employable from the system.

The "no-deduction" limit has been revised from \$600 to \$800, representing a 33% increase in the limit. We hope the increase in "no-deduction" limit can help CSSA recipients meet the work-related expenses. The present arrangement strikes a balance between providing more financial incentives for CSSA recipients to find and remain in employment and not deterring the exit of the employable from CSSA which aims to be last resort for the financially vulnerable.

Appendix III**WRITTEN ANSWER****Written answer by the Secretary for Transport and Housing to Mr LEUNG Kwok-hung's supplementary question to Question 4**

As regards structural safety of franchised bus, according to the information gathered by the Transport Department, there is no international standard on the ratio of maintenance personnel to the number of buses maintained. We have drawn reference from London's figures since double-decker buses are commonly used in both London and Hong Kong. The relevant data indicate that the average ratio of maintenance personnel to the number of buses maintained in London is 1:8 while that for the bus companies in Hong Kong is 1:2.5.

The maintenance requirements of buses vary due to a number of factors, including the bus models, installations on buses (such as air conditioning), age and operating mileage of the buses; physical environment (such as road steepness) and traffic conditions (such as whether there are relatively more traffic light controlled junctions and frequent stopping is required due to traffic congestion), and the frequency of calling at en-route bus stops, and so on.