

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 30 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

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

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 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.

MEMBERS ABSENT:

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

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

THE HONOURABLE TOMMY CHEUNG YU-YAN, S.B.S., 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 WONG YAN-LUNG, S.C., J.P.

THE SECRETARY FOR JUSTICE

THE HONOURABLE FREDERICK MA SI-HANG, J.P.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

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

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

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): Clerk, will you please ring the bell. A quorum is not present.

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

PRESIDENT (in Cantonese): A quorum is now 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>
Waste Disposal (Permits and Licences) (Fees) (Amendment) Regulation 2008.....	11/2008
Road Traffic (Public Service Vehicles) (Amendment of Schedule 5) Regulation 2008	12/2008
Pension Benefits Ordinance (Established Offices) (Amendment) Order 2008.....	13/2008
Public Health and Municipal Services (Cessation of Setting Aside Places for Use as Public Pleasure Grounds) Order 2008	14/2008
Public Health and Municipal Services Ordinance (Amendment of Fourth Schedule) Order 2008 ...	15/2008

Other Papers

No. 67 — Report by the Controller, Government Flying Service on the Administration of the Government Flying Service Welfare Fund and the Audited Statement of Accounts, together with the Director of Audit's Report, for the year ended 31 March 2007

Report of the Bills Committee on Civil Justice (Miscellaneous Amendments) Bill 2007

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Promoting Use of Paper Coffins

1. **MR WONG KWOK-HING** (in Cantonese): *President, some staff members of non-governmental organizations (NGOs) have reflected to me that NGOs wish that they can, when assisting elderly people who are poor and those who are on Comprehensive Social Security Assistance (CSSA) in arranging burial matters, introduce paper coffins, which are lower in costs. They have also pointed out that at present, members of the public who use government crematoria services are all required to make cremation arrangements through licensed undertakers. However, as most of these undertakers do not wish to introduce paper coffins due to commercial considerations, it is therefore difficult for members of the public to choose to use such coffins. In this connection, will the Government inform this Council:*

- (a) *of the current number of licensed undertakers who have introduced paper coffins for the choice of members of the public, and the number of paper coffins sold in Hong Kong last year;*
- (b) *whether the authorities will formulate policies and take administrative measures to provide NGOs, charitable organizations and members of the public intending to use paper coffins with assistance (for example, helping them purchase paper coffins*

according to their own wishes, or allowing them to use government crematoria services directly without having to make the arrangements through licensed undertakers, and so on); and

- (c) *given that encouraging the public to use paper coffins is conducive to the promotion of environmental protection, whether the authorities have set targets and timetable for promoting paper coffins; if not, whether the authorities will consider setting such targets and timetable; and what new measures the authorities will take this year to promote paper coffins to the public, especially the elderly?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, first of all, I wish to thank Mr WONG for raising this question as it will enhance public awareness of the advantages of eco-coffins.

- (a) According to the information provided by licensed undertakers of burials to the Food and Environmental Hygiene Department (FEHD), 13 out of the 95 licensed undertakers of burials in Hong Kong offer eco-coffins for the choice and purchase by members of the public. At present, the FEHD does not specifically collate statistics on the use or purchase of eco-coffins by members of the public. To encourage the adoption of environmentally-friendly burial practices, the FEHD has introduced the use of eco-coffins for cremating unclaimed bodies since July 2007. As at 18 January 2008, a total of 37 bodies were cremated in eco-coffins.
- (b) Relatives and friends of the deceased or non-profit-making organizations providing assistance in making funeral arrangements for the deceased usually handle burial arrangements according to the will of the deceased. According to the law, a licensed undertaker of burials is responsible for undertaking all duties connected with the burial of human cadavers (including the funeral director), with a view to ensuring proper handling of human cadavers and maintaining a complete record for future inspection if required. As such, members of the public have to arrange burial services for the deceased through licensed undertakers of burials.

The Government has been striving to promote the use of eco-coffins. The FEHD maintains close contact and exchanges views on environmentally-friendly burial services with licensed undertakers of burials and non-profit-making organizations providing assistance in making funeral arrangements for the deceased.

- (c) The FEHD has stepped up publicity since last year by putting up notices about eco-coffins at its cremation booking offices to promote the use of eco-coffins by members of the public. The Department's website also contains the same promotional materials. Moreover, the Department distributes publicity leaflets at public mortuaries, hospitals, centres for the elderly and non-governmental organizations providing care services for senior citizens. On the other hand, the FEHD also maintains regular contact with the funeral trade and relevant non-profit-making organizations, and holds discussions with them on the promotion of the use of eco-coffins. Apart from an exhibition on eco-coffins organized by the FEHD in August last year to enable the funeral trade to have a better understanding of eco-coffins, a four-day public exhibition was also organized by a non-profit-making organization in mid-October last year to promote the advantages of using eco-coffins to the elderly, elderly care and service providers as well as the general public. This exhibition attracted wide media coverage and was attended by representatives of the FEHD.

Our observation shows that it will take a period of promotion and education before the public can gradually accept the idea of using eco-coffins. Having said that, in order to get hold of the statistics on the use of eco-coffins by the public, the FEHD will collect such information from applicants for cremation and burial service upon receiving their applications in future. In the coming year, the FEHD will step up the promotion and education on environmentally-friendly burial practices. It will organize talks on the environmentally-friendly burial practices at the Health Education Exhibition and Resource Centre at Kowloon Park each month. VCDs featuring the environmentally-friendly burial practices will also be distributed to the non-profit-making organizations providing elderly care and services. The

Government will promote the advantages of eco-coffins to the public through a number of channels, such as the production of announcement of public interest and leaflets as well as organizing seminars and outreach talks. In addition, the FEHD will maintain close contact and exchange views with the funeral trade and relevant non-profit-making organizations on various issues, including the feasibility of according priority to applications for cremation service using eco-coffins and requiring licensed undertakers of burials to provide the choice of eco-coffins for the public in the licensing conditions.

MR WONG KWOK-HING (in Cantonese): *President, I was very glad to hear the Secretary say in the last part of the main reply that the Government would step up promotional efforts, examine the feasibility of according priority to applications for cremation service using eco-coffins and provide for the relevant requirement in the licensing conditions. However, will it be inadequate if the Government only makes efforts in promotion and education? Will consideration be given to appropriately reducing the fees for cremation service substantially having regard to the use of eco-coffins, especially the fee for cremation using eco-coffins? As we all know, coffins made of very thick wood, particularly wood from Liuzhou, can hardly be cremated within a short time. The cremation process takes a few hours and the fuel consumption is particularly high. If eco-coffins and paper coffins are used, the burning time can be shortened and fuel consumption will be reduced. Should the Government specifically reduce the fee for cremating eco-coffins instead of imposing a single cremation fee across the board?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, concerning the existing cremation fee, the fee applied on Hong Kong Island is \$1,220 while that in the New Territories is \$1,300. With regard to funeral expenses or various expenses, the cost of an eco-coffin does not account for a large proportion. If we create an incentive only in this regard, it will not be an easy feat, and I believe it may not necessarily be effective.

Of course, we respect the wishes of members of the public and their ancestors in their choice of funeral services, but most people who use the cremation service will not purchase very costly, thick and heavy coffins for

cremation, because such coffins are usually very expensive. I have discussed this with experts from the FEHD. It takes about 10 minutes to burn an eco-coffin. As for a coffin made of wood, the burning sometimes takes about 30 minutes or even more. If more people choose eco-coffins, fuel and time can be saved. I believe this is beneficial to global greening.

However, we have to strike a balance, that is, members of the public should have the freedom of choice. Therefore, instead of just working on the cremation fee, we hope that there can be other alternatives to make people choose eco-coffins.

MR WONG KWOK-HING (in Cantonese): *President, the Secretary has not answered whether consideration will be given to the possibility of reducing the burial fee for using eco-coffins as a result of the reduced fuel cost.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *Madam President, I have just answered that this fee in itself is not high. If we make an adjustment in this respect, the incentive will not be significant.*

MR KWONG CHI-KIN (in Cantonese): *President, the Secretary said that promotional and education work would be carried out. I think that this is a good attempt. However, the Government should take the lead to demonstrate its idea. Although the Government's policy direction is to encourage the public to adopt arrangements which are more environmentally-friendly, it seems that it will not consider doing anything about the fees. Nevertheless, the Government has in fact proposed some administrative measures in the main reply, and I think they are good measures. It is stated in the last three lines of the last paragraph of the main reply that "including the feasibility of according priority to applications for cremation service using eco-coffins and requiring licensed undertakers of burials to provide the choice of eco-coffins for the public in the licensing conditions." I think these are very good administrative measures, but I do not understand why the Government has to engage in repeated discussions. If the Government considers them good measures, why does it not implement them as early as possible? May I ask whether a discussion timetable has been set stipulating the time for the early implementation of such measures?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, discussion with the representatives of undertakers is ongoing and we hope that a decision on this can be made as soon as possible. I believe that it is easier to reach a consensus on the latter, that is, requiring licensed undertakers to provide the public with the option of eco-coffins in the licensing conditions. With regard to according priority to applications for cremation service using eco-coffins, we have to listen to public views first. We hope that Members can give the Government more opinions to facilitate our decision.

MR KWONG CHI-KIN (in Cantonese): *President, the Secretary has not answered the part about the timetable. When can it be implemented?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, as I said just now, it will be implemented as soon as possible. I will inform Members once a specific timetable is available.

MISS CHOY SO-YUK (in Cantonese): *President, the Secretary has repeatedly mentioned the advantages of promotional efforts, but he has not taken this opportunity to promote the merits of eco-coffins. He has only stated in his reply to the follow-up question that eco-coffins burn faster. Will the Secretary please expound on the advantages of using eco-coffins? Apart from being more inexpensive to burn, what other merits do they have? How much savings can be made and what other advantages are there?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, eco-coffins have a few merits. The first relates to the material. Eco-coffins are usually made of paper. Compared with coffins made of wood, their impact on the environment is relatively small. The second advantage relates to the burning time, which will also have a certain effect on the fuel. I think the most important point is that these are not their only merits to the environment. The environmental awareness of the family members and descendents of the deceased will also be enhanced to a certain extent. In this connection, we will endeavour to make more promotional efforts, but we also have to acknowledge the fact that Hong Kong is a place with considerable freedom. We cannot force this choice

on the public by way of regulation. Therefore, adequate consultation is required before any decision can be made.

MISS CHOY SO-YUK (in Cantonese): *President, the Secretary has not answered how much savings can be achieved by using eco-coffins compared to ordinary coffins.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, the price of eco-coffins ranges from a few hundred dollars to tens of thousands of dollars. I think this includes not only the cost of the material, but also the design, that is, the cost of the design. I have some photographs here. If Members are interested, I can show these photographs to them. Among such coffins, there are some in Chinese style, Western style, Japanese style and it seems there are even some in Korean style. Regarding the price, as in the case of other coffins, the prices of eco-coffins can vary greatly with different designs.

MR DANIEL LAM (in Cantonese): *President, just now the Secretary mentioned cremation fee in his response. Why are there two different fee levels? What criteria are there?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, I believe Mr LAM should have a better idea than me. As the fees are set according to the decision made by the former Urban and Regional Councils, they are not standardized.

DR KWOK KA-KI (in Cantonese): *Madam President, it is indeed very unsatisfactory when only 37 cadavers were cremated in eco-coffins over half a year. Among the 95 licensed undertakers in Hong Kong, how many of them are non-profit-making organizations? Are they the only organizations willing to provide eco-coffins? If so, what measures does the Government have in place to facilitate the public in learning early about the provision of such service by non-profit-making organizations?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, the 37 cadavers mentioned by me were those the burials of which were undertaken by the Government because they were unclaimed cadavers. With regard to whether other people have used eco-coffins, I believe there are plenty of them, but I do not have the overall figures. Nevertheless, we plan to require undertakers to indicate, on the application form for cremation service in future, whether the relevant coffins are made of paper, wood or other materials. This will facilitate our keeping of statistics for follow-up in this respect.

I do not have any information on whether those 13 undertakers are non-profit-making or profit-making organizations, but currently some profit-making undertakers also provide such services. Therefore, most importantly, we hope more or even all undertakers can offer this choice to members of the public.

PRESIDENT (in Cantonese): Second question.

Department of Justice's Handling of a Case of Speeding Detected by a Laser Gun

2. **MR LEE WING-TAT** (in Cantonese): *President, it is learnt that in a court case in which a tycoon was prosecuted for alleged speeding, the Department of Justice amended the charge only after the commencement of the trial of the case early this month. The speed of the vehicle concerned as detected with a laser gun was revised from 114 km per hour to 79 km per hour, and thus the charge was significantly lessened from speeding in excess of the speed limit by 64 km per hour to speeding by 29 km per hour. The case has aroused wide public concern about the fairness and justice of the prosecution procedure. In this connection, will the Government inform this Council:*

- (a) *of the detailed reasons for significantly lessening the charge in the case, and whether any mistake made by legal officers or law-enforcement officers is involved; if so, of the follow-up actions the Government will take;*
- (b) *whether it has explored how it can address public concern about the fairness and justice of the prosecution procedure arising from the*

case, and if its way of handling the case has followed the principle that "justice must not only be done, but must also be seen to be done"; and

- (c) *whether it has assessed if the evidence obtained by using laser guns to detect the speed of vehicles can still meet the standard of proof required by the law?*

SECRETARY FOR JUSTICE (in Cantonese): Madam President,

- (a) As to why the Department of Justice amended the summons, after the prosecution witness (the police officer responsible for operating the laser gun) was cross-examined, the evidence he gave turned out to be weaker than expected, so that the Prosecution was unable to prove beyond reasonable doubt the speeding offence as alleged in the original summons. Accordingly, it was necessary to review the case in accordance with established prosecution statement and policy.

As far as my understanding goes, the main problem with the evidence of the police officer lies in his mistake about the offence location, that is, where the defendant was caught speeding. The police officer produced a sketch indicating the location of the laser gun and the location where the defendant was caught speeding. However, during cross-examination, the defence could show that the location where the police officer alleged the defendant's car was caught speeding, that is, the location as stated in the summons, was incorrect. Because of this, the Prosecution had difficulty proving the defendant's car was driving at 114 km per hour at the location alleged in the summons. This is the main reason why the Prosecution believed there was less than a reasonable chance to secure a conviction on the original summons.

Madam President, during the course of cross-examination, the police officer was also asked about the tests performed on the laser gun. As I understand from my prosecuting colleague, the police officer stressed all tests had been passed including the Fixed distance/Zero velocity test and that the laser gun was functioning

properly. However, under cross-examination, he also admitted that because of his negligence, he wrongly put down the test distance as 50 m instead of 60 m.

Secondly, under cross-examination, the defence produced a laser gun operation guideline issued by a certain Police Region, which required the police officer to perform the tests at the scene of operation in addition to the same tests performed at base. The requirement of performing the tests at the scene of operation was only mentioned in the guideline. This was not required by the manufacturer's user manual. According to enquiry with my prosecuting colleague, the prosecution expert had assured him that passing the tests as required by the manufacturer's user manual was already sufficient to ensure the accuracy of the laser gun. Thus, performing the tests at the scene of the operation was not strictly necessary and had no bearing on the accuracy of the laser gun at all.

According to the report from the prosecuting counsel, the defence counsel had asked him to offer no evidence against his client in light of the outcome of the cross-examination. The prosecuting counsel turned down the request but pointed out that a better proposal might be considered. Eventually, the defence counsel informed the prosecutor that the defendant was willing to plead guilty to speeding at 79 km per hour. Prosecuting counsel, a Senior Government Counsel, consulted the Case Officer, who then sought instruction from her superior superintendent. Finally, the police colleague indicated no objection. Prosecuting counsel then sought and obtained clearance from his supervisor, a Senior Assistant Director of Public Prosecutions, to amend the summons. After reaching agreement, the prosecution and the defence informed the trial Magistrate of the agreement. The trial Magistrate, who was conversant with the facts of the case, raised no question. Finally, the summons was amended and the defendant was fined with three points deducted.

- (b) The defendant was prosecuted in accordance with the usual practice of dealing with speeding offences. The decision to amend the contents of the summons was completely based on the quality of the evidence as it unfolded in court, without any regard to the

defendant's identity or status. Had the evidence remained as strong as initially expected, the prosecution would have proceeded with the summons in its original form.

Following publicity of the case in the mass media, the Director of Public Prosecutions had specifically reviewed the procedure as handled by the prosecutor of the case and was satisfied that the decision was correct. The review and conclusion of the Director of Public Prosecutions were released to the public through the mass media on 14 January.

- (c) There was nothing that emerged in the evidence which questioned the accuracy of the laser gun equipment. While each case must be decided on its own particular facts, based on previous experience, our courts have accepted the accuracy of laser gun equipment as a speed detection device, and there is no reason to suppose that a different view will be taken in the future. Independent expert evidence also confirms the accuracy of the equipment. As a matter of fact, the use of laser gun equipment as a speed detection device has been approved in many places apart from Hong Kong, including Germany, the United Kingdom, Austria, Switzerland, Sweden, Netherlands and almost all states in the United States.

Based on information provided by the police, laser guns are both accurate and reliable. They are regularly serviced and maintained by the manufacturer's local agent and mechanisms are in place to ensure the accuracy of the equipment through calibration. The manufacturer's user manual has all along been observed in full by laser gun operators in all Police Regions, and is now the only operating guidelines for laser gun operators. Moreover, a working group has been established to see if there is room to enhance the training and procedures in respect of the handling of enforcement cases involving laser guns to ensure the best advice is provided to officers handling such enforcement cases.

Madam President, I understand from colleagues of the Transport and Housing Bureau and the police that speeding is one of the major contributing factors causing traffic accidents. Laser guns are an integral part of our enforcement against speeding. To effectively

combat speeding, the police will continue with their robust enforcement action including the use of laser guns the accuracy of which has not been challenged in court in this case.

MR LEE WING-TAT (in Cantonese): *President, the Secretary for Justice's reply seems to suggest that the police officer concerned was the only one who was at fault. But as far as my understanding goes, although the police have set down guidelines on the use of laser guns as a means of law enforcement, the supervision on front-line police officers' compliance with the guidelines is very loose. There is no uniform requirement regarding whether a laser gun operator should draw a sketch of the location of the laser gun in use or when he must do so. President, my supplementary question is: Was the mistake made by the laser gun operator this time around caused by his personal inadequacies or simply by procedural defects? Besides, are such procedural defects a common and long-standing problem in all Police Regions in the course of law enforcement instead of being confined to this isolated case?*

PRESIDENT (in Cantonese): Which public officer will give a reply?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I wish to reiterate that what we are talking about the reliability and accuracy of laser guns, and in these regards, there are no problems at all. Mr LEE has questioned whether the case concerned indicates any procedural defects. I wish to point out that there are already standard guidelines, meaning that uniformity has already been achieved in this regard. All the testing and other procedures adopted now are based on the user manual supplied by the manufacturer. As for procedures, the police have also established a working group to study the training for enforcement officers and procedures, that is, the procedures of laying charges, so as to check whether it is possible to make the handling of documents and data more meticulous than now. But it does not mean that there were any problems with the procedures adopted all along. The Honourable Member used the adjective "loose" just now. We cannot agree to this. But at the same time we can of course examine whether there is still any room for improvement. We have established the working group for precisely this purpose. I must emphasize that the user manual adopted now has been completely standardized.

MR LEE WING-TAT (in Cantonese): *The Secretary has tried to evade my supplementary question. I am not asking her what is being done at the moment. Rather, I wish to know whether such procedural defects were in fact a common and persistent problem that went unnoticed in the various Police Regions, instead of one which was unique to the case in question.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, all along, laser gun operators in all Police Regions have been strictly adhering to the user manual supplied by the manufacturer. Some time ago, at a meeting of the relevant panel, Members requested the authorities to provide the training notes on this. This may have led Members to focus on the training notes. But we have already ceased using these training notes. All police officers must now adhere to the user manual supplied by the manufacturer as the only guidelines.

PRESIDENT (in Cantonese): There 12 Members in total waiting for their turns to ask supplementary questions. Will members who have a chance to ask questions please be as concise as possible, so that more Members can ask questions.

MR RONNY TONG (in Cantonese): *President, I hope and I believe the Secretary for Justice will still remember the case of Sally AW. He was one of the Council Members of The Hong Kong Bar Association at the time. President, I hope the Secretary for Justice will also agree to the prosecution code, which states that the staging of prosecutions and the amendment of any prosecutions must be based on the public interest. And, the public interest is said to be fulfilled when, among other things, the rule of law is seen to be upheld. In other words, it must be seen by all that the rich and powerful on the one hand and the ordinary people on the other are not subject to different treatments under the law. May I ask the Secretary for Justice whether he will agree that in such sensitive cases, the safest and best recourse should be referral to the Court for a verdict? The Court may rule that the accused is innocent, but this will not cause any adverse impacts on the rule of law and pose any challenges to the general acceptance of laser guns as a means of enforcement. Sadly, the handling of the case in question has not only led to doubts about the upholding of the rule of law*

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

MR RONNY TONG (in Cantonese): *But at the same time, I wish to say that as a result, even*

PRESIDENT (in Cantonese): Members are not supposed to express their views when asking a supplementary question.

MR RONNY TONG (in Cantonese): *I*

PRESIDENT (in Cantonese): I have already reminded Members to be as concise as possible.

MR RONNY TONG (in Cantonese): *I see your point, President. I wish to ask whether he agrees with me. I hope that he can give a detailed reply.*

PRESIDENT (in Cantonese): Fine.

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I wish to emphasize that according to our Prosecution Policy and Practice, even after a decision to prosecute has been made, the prosecutor concerned is still required to review the prosecution continuously in the light of developments, including the adequacy of evidence. Sometimes, as a result of subsequent reviews that point to insufficient or weak evidence, a prosecution may have to be terminated, or a decision to proceed on amended or alternative charges may have to be made. This is clearly stated in paragraph 13(1) of our Prosecution Policy and Practice and it is the responsibility of our prosecutors.

If because of other factors

For example, after we have made a decision, there may be various speculations, queries and criticisms. If, in spite of the weakened evidence and the subsequent impossibility to proceed with the

original charge, the prosecutor is nonetheless driven by his worries about such sensitive factors to proceed with the original charge instead of conducting any review, brushing aside all alternatives and simply referring the case to a Magistrate for a decision, with a view to avoiding the contentious issues, I must say that the prosecutor will have failed to discharge the responsibilities of prosecutors under the guidelines and practice which I have mentioned. I think this is a very important point. I think all will agree to the principle that "justice must not only be done, but must also be seen to be done". However, I do not think that this principle should be simplistically perceived as serving the sole purpose of checking whether there will be any deviation from or non-application of the established Prosecution Policy and Practice when the prosecuted belongs to a certain category of people, or whether the speculations surrounding a certain decision of ours will lead us to depart from our Prosecution Policy and Practice as well as guidelines. We must of course take full account of the public interest. But what I have mentioned is the responsibility that a prosecutor must discharge.

MR RONNY TONG (in Cantonese): *The Secretary for Justice has not answered my supplementary question. My supplementary question is: Does he also agree that the reference to the public interest in the prosecution code actually covers the requirement that the rule of law must be seen to be upheld, and that this is the most significant factor of all? Does he agree that the decision this time around has failed to take account of this factor?*

SECRETARY FOR JUSTICE (in Cantonese): I agree that the rule of law must be seen to be upheld. But it is also very important that there must not be any fundamental departure from our established principle due to the factors I have just mentioned. This is an extremely important consideration concerning the principle that the rule of law must be seen to be upheld.

MR ABRAHAM SHEK (in Cantonese): *My supplementary question is very straightforward. President, in regard to the case in question, may I ask the authorities how they are going to handle the more than 130 appeals and requests for a review? The people filing such appeals and requests were all prosecuted after being detected by laser guns. And, they were all made to pay a fine and incur penalty points.*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, Mr Abraham SHEK is right. There are indeed some 130 appeals or requests for review. But as far as my understanding goes, not all of them are connected with laser guns. Some members of the public may have some sort of misunderstanding. But this does not matter. Within the police, there is an established mechanism for handling requests for review of speeding offences and the associated fixed penalties. The police will follow the established procedures and handle all requests for review in an impartial manner, taking account of all relevant evidence and factors.

The handling of such requests will follow several procedures. First, upon the receipt of a request for review, the police will open a separate file for the case and assign a file number to it. Following this, a written acknowledgement of receipt will be sent to the complainant. Second, the police will immediately activate the review procedures. If necessary, they may contact the complainant, requesting him or her to provide more information to the police. In the meantime, the police may consider withholding their actions to collect the fixed penalty concerned. In general, the police are supposed to reply to the complainant within two months.

MR JEFFREY LAM (in Cantonese): *It is stated in the Secretary for Justice's main reply that laser guns are both accurate and reliable. However, we know that in the case of laser guns, there are no computer records on both driving speeds and speeds in excess of speed limits. Besides, the manual operation of laser guns may also lead to mistakes and various other problems. We know that in the case of speed detection cameras, there are complete computer records. Will the authorities consider the possibility of replacing all laser guns with speed detection cameras as a means of enforcement?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, different types of speed detection equipment are designed to serve different purposes. Both speed detection cameras mentioned by the Honourable Member and also laser guns are very important to our enforcement work. For this reason, we will continue to use both types of equipment.

Currently, the police make use of a whole series of equipment to enforce the laws on speeding. Speed detection cameras, which were mentioned just

now, are set up at fixed locations and do not require any manual operation. Therefore, what Mr LAM said just now is indeed right. However, laser guns are not without any advantage. They are mobile in nature, so motorists simply cannot reduce speed just when going past these cameras and then ignore speed limits during all other times. They cannot do so. We also hope that this can achieve some deterrent effect among motorists. For all these reasons, we will continue to use both types of equipment.

As I have mentioned, during the trial of the case in question, no evidence whatsoever was produced to challenge the reliability and accuracy of laser guns. Therefore, we support the position of the police. We will continue to use laser guns and at the same time step up enforcement against speeding.

MR CHEUNG HOK-MING (in Cantonese): *President, it is stated clearly in part (c) of the main reply that laser guns are both accurate and reliable. It is even pointed out that there are some guidelines. But in the same paragraph, it is also said, "A working group has been established to see if there is room to enhance the training and procedures in respect of the handling of enforcement cases involving laser guns to ensure the best advice is provided to officers handling such enforcement cases." I must say that there is already adequate hardware. May I therefore ask the Government to explain to us the necessity and rationale for setting up the working group? What is the progress to date?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, what I wish to say is that the user manual supplied by the manufacturer is now adopted as the standard guidelines. Therefore, police officers should not have any problems in operating laser guns because they can simply adhere strictly to the guidelines. The working group established by the police is intended to study the possibility of enhancing the training and procedures in respect of the handling of enforcement cases involving laser guns. As I have already explained, the working group will explore how to make the procedures of laying charges and handling data more meticulous than now. This will facilitate the production of evidence in court and therefore the conduct of effective prosecution.

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

MR ALBERT HO (in Cantonese): *To put it simply, what the Government has been saying is that the whole incident was mainly caused by the technical errors, or even dereliction of duty, of the enforcement officer, that is, the laser gun operator. He did not record the exact location clearly. He even recorded a wrong vehicle speed, putting down 60 instead of 50. But may I ask whether all these were purely the mistakes of an individual officer? Or, is it true to say that it would have been impossible for anyone to record the exact location under the same circumstances, the same system and the same procedures? In other words, is it true to say that the police officer concerned simply did not commit any errors at all?*

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I can only give a reply on the basis of our observations about the case. I suppose the essence of Mr HO's supplementary question is whether the case is just an isolated incident, or whether it is a reflection of other more serious problems. He mentioned two points. The first point was that the location indicated on the sketch was wrong. In this connection, I can observe that the mistake was made by the police officer himself. This was obvious in the cross-examination and should have nothing to do with the operation of the laser gun. The second point was about his reference to 50 m and 60 m. I suppose he made a small mistake there. They were not about the speed of the vehicle concerned but the test distance. As I understand from my colleagues, during cross-examination, when questioned on why he put down 50 instead of 60, the police officer concerned admitted that it was an oversight on his part. This can show that the problem was actually caused by the carelessness of the police officer himself. On the basis of these two points, I fail to see why it can be inferred that there were any fundamental problems with the procedures or overall mechanism.

MR ALBERT HO (in Cantonese): *The Secretary for Justice has clearly failed to reply to the first part of my supplementary question — disregarding any mistakes on the part of the police officer, was it really possible to record the exact location*

even if all the procedures had been adhered to? This is the first part of my supplementary question.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): A simple answer to this question is that both the procedures and equipment were in proper order, entirely without any problems. As mentioned by the Secretary for Justice just now, the police officer concerned did make measurements with the equipment, which were accurate at the time. The only problem was that in the course of document preparation, he made a mistake in marking the exact location. He marked a wrong location, in other words. This explains why our evidence turned out to be weakened and unable to achieve our expected prosecution outcome.

PRESIDENT (in Cantonese): Third question.

Vacant Government Quarters

3. **MRS SELINA CHOW** (in Cantonese): *President, will the Government inform this Council:*

- (a) *of the current total number of government quarters (excluding departmental quarters of the disciplined services) and their overall vacancy rate as at 30 September in each of the past three years;*
- (b) *of the current number of the above units rented to members of the public; the average and longest vacant periods of such units before their current leases came into operation, and the loss of rental in the past three fiscal years due to the above government quarters being left vacant; and*
- (c) *given that the residential rental market in Hong Kong has boomed and rental has soared in recent years, whether the authorities have plans to rent out more of the above government quarters to members of the public, in order to increase government revenue?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in the absence of the Secretary for Financial Services and the Treasury) (in Cantonese): Madam President, as Secretary Prof Ceajer CHAN is on an overseas duty visit, I will answer this question on his behalf.

As a general rule, we will not allow government quarters to be left vacant for a prolonged period of time. If a unit is no longer required for its original purpose as a government quarter, we will, in the long term, put the unit up for sale or development. In the short term, we will let out the unit if it is suitable for leasing. Individual units may be temporarily vacant for various reasons. These reasons include: the quarters will be sold or put to development shortly; the quarters are in the course of allocation or will be allocated shortly to eligible civil servants; a small number of quarters are located within the Government's work premises and are, therefore, not suitable for leasing; the quarters are being offered for leasing in the market; or they require refurbishment work and rental assessment to be done before they can be offered for leasing in the market, and so on.

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

- (a) As at the end of September 2005, there were a total of 2 304 government quarters excluding departmental quarters of the disciplined services. Those quarters which were temporarily vacant included 178 quarters which would be sold or put to long-term development shortly, 190 quarters which were not suitable for leasing or would require preparation work before leasing and three quarters which were being offered for leasing by the Government Property Agency (GPA).

As at the end of September 2006, there were a total of 1 938 government quarters excluding departmental quarters of the disciplined services. Those quarters which were temporarily vacant included 18 quarters which would be sold or put to long-term development shortly, 139 quarters which were not suitable for leasing or would require preparation work before leasing and 41 quarters which were being offered for leasing by the GPA.

As at the end of September 2007, there were a total of 1 849 government quarters excluding departmental quarters of the

disciplined services. Those quarters which were temporarily vacant included 103 quarters which were not suitable for leasing or would require preparation work before leasing and one quarter which was being offered for leasing by the GPA.

As of January 2008, there are a total of 1 804 government quarters excluding departmental quarters of the disciplined services.

- (b) Currently, apart from departmental quarters of the disciplined services, a total of 523 government quarters have been rented out to members of the public, with another seven still on offer, representing a letting rate of 98.7%.

According to the leasing records in 2007, on average these units can be let out within two weeks after being offered. Individual units which have less market appeal, due to their lease term of less than two years, their less favourable location or other physical constraints, would generally take longer to be let out. The longest period required is around three months.

As explained above, these government quarters were temporarily vacant for specific reasons. We, therefore, consider that not offering these temporarily vacant quarters for leasing or not renting them out as yet should not be regarded as constituting a rental loss.

- (c) Government quarters are provided for allocation to eligible civil servants to meet their housing needs. For those government quarters which are no longer required, the Government aims to put them to sale or development. In the short term, in order to optimize the use of public resources, the Government will continue to do its best to rent out those quarters which are suitable for leasing in the market.

MRS SELINA CHOW (in Cantonese): *President, first of all, I sympathize with the Secretary, for he is only a stand-in and many of the figures were provided to him by the department. I do appreciate his difficulties.*

However, in the first paragraph of the main reply, it is said that the Government "will not allow government quarters to be left vacant for a prolonged period of time", but it appears not to be the case in reality. In part (b) of the main question, I asked about "the current number of the above units rented to members of the public" and the Secretary said in part (b) of the main reply that it was 523. But I subsequently asked about "the average and longest vacant periods of such units before their current leases came into operation" and the answer tactfully told us that these units could be let out within two weeks after being offered. However, he did not tell us for how long these units had been left vacant before they were offered for leasing. More often than not, these units had been left vacant not for two weeks. In fact, I can always see from the Internet that some units have not yet been let out months after being offered for leasing. Can the Secretary clarify this and give my question a clear reply by telling us the average and longest time for these units to be rented out after they had become vacant?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Mrs Selina CHOW for her sympathy for my being a stand-in. Firstly, many circumstances may be at work from a unit being left vacant to it being rented out, and as far as I understand it, one of such circumstances is that completion of refurbishment works is required. The time required for such works may vary depending on a host of factors. For instance, during the time close to the Lunar New Year, it is difficult to hire workers for the refurbishment works and so, it may take a longer time. The vacant period is subject to a lot of factors and it is difficult to generalize the situation. However, I appreciate Members' concern about public resources and I will reflect the views of Members to the GPA and Secretary Prof Ceajer CHAN. If they have the information sought by Members, a detailed reply will be provided to this Council. (Appendix I)

PROF PATRICK LAU (in Cantonese): *Indeed, many quarters have been let out to members of the public. In the main reply it is mentioned that the Government's objective is to put the quarters up for sale or development. My question is: Under the Government's policy, when the Government is going to develop these quarters in the future, will they be put to public auction for further development, or will they be used by the Government for other purposes?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Certainly, it varies from case to case. In the past, when there were vacant units, we would often allow ample time for all the civil servants living in the building to move out first and the whole block of building would then be put up for sale by tender. There have been these cases in recent years. Sometimes, we may directly earmark the site for development. So, it varies from case to case, but we will certainly optimize the use of resources and we will not simply leave the quarters vacant and withhold them from development, sale or lease.

MS MIRIAM LAU (in Cantonese): *Indeed, the vacancy rate of government quarters is very high, because among the 1 000-odd government quarters, we can always find over 100 of them being left vacant. But part (b) of the main reply mentioned that the current letting rate of the quarters is 98.7%, which is very high. May I ask the Secretary whether the letting rate was calculated on the basis of the units being offered for leasing by the Government in the market? What if it is calculated on the basis of the overall vacancy rate?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): The main reply mentioned that 523 government quarters have been rented out to members of the public. Their proportion, when compared with the total number of government quarters excluding quarters for the disciplined services, is also quite high indeed. The reason is that there are only some 1 000 units and the number has also dropped from 2 300 to 1 300 and so, the proportion is actually quite high.

If I do not misunderstand Ms Miriam LAU's supplementary question, she was asking why so many units have not yet been let out.

PRESIDENT (in Cantonese): Secretary, please hold on. Because Ms Miriam LAU seems to take exception to your interpretation of her supplementary question.

MS MIRIAM LAU (in Cantonese): *The Secretary may have misunderstood my supplementary question. I said that in part (b) of the main reply, it was*

mentioned that the current letting rate of the quarters is 98.7%. I would like the Secretary to tell us on what basis this rate of 98.7% was calculated. Did they use the number of units being offered for leasing by the Government as the basis? Because the Government is not offering all the units for leasing, since some 100 vacant units have been set aside. The Government may choose from these units and offer one, two or three of them for leasing and use this as the basis for working out this rate of 98.7%. If the overall vacancy rate is used as the basis, what is the percentage of units rented out to members of the public? It should not be as high as 98.7% and so, what will be the percentage?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Ms Miriam LAU for her elucidation. Ms LAU was right. The number of units being offered for leasing is used as the basis of calculation. As for the percentage sought by Ms LAU, I will give Ms LAU a reply in writing later. (Appendix II)

MR HOWARD YOUNG (in Cantonese): *In part (a) of the main reply the Secretary mentioned thrice that some units are "not suitable for leasing or would require preparation work before leasing". As far as I understand it, preparation work refers to the refurbishment works required before the units can be offered for leasing. Can the Secretary elaborate that when he said that some units are "not suitable for leasing", for what other reasons are they considered not suitable for leasing apart from the need to complete refurbishment works before being offered for leasing?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): In fact, there are many types of quarters. Some are provided for civil servants with special duties. Of course, Mrs Selina CHOW's question does not include departmental quarters of the disciplined services. But let me cite an example. Take the Correctional Services Department as an example. There are some quarters at Stanley Prison but these quarters, when left vacant, are not suitable for leasing. I was just trying to cite an example, and this is a rather special example. Besides, there are also other reasons or cases, such as the quarters at Dills Corner Garden which have been left vacant after the withdrawal of the British garrison, and the GPA has decided not to offer them for leasing; (Appendix 1) or Block E of the Prince of Wales Hospital Staff Quarters

which are vacant quarters of the Hospital Authority temporarily managed by the GPA, and since these quarters are only temporarily managed by the GPA, it has been decided that they cannot be offered for leasing. All these are reasons why the units cannot be offered for leasing. But if there are other vacant units, I think colleagues of the GPA will certainly do their utmost to let them out and will not just set them aside.

MR LAU KONG-WAH (in Cantonese): *In part (b) of the main reply the Secretary said that this should not be regarded as constituting a rental loss, but as the Secretary for Commerce and Economic Development, he should be aware that in the market, leaving units vacant may be taken as rental loss. But why does the Government not do the same? Is it because the money involved is public money that this is not regarded as rental loss?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): This is absolutely not true. Obviously, as I have just said, when there are units suitable for leasing, the GPA will offer them for leasing as far as possible. But these units are primarily provided for civil servants and sometimes, a lot of redeployment may be made. For instance, a civil servant will return from overseas a few months later and it is not possible for us to let out the unit for only a few months. Therefore, there are many reasons why we will not let out the units temporarily. Certainly, loss will definitely be incurred but as I said in the main reply, as these units are not rented out or cannot be offered for leasing only temporarily, they cannot be regarded as constituting a loss. This is also the case in the private sector. Flats offered for leasing may, for various reasons, remain vacant for a few months, such as the flat has not yet been rented out or the need to carry out refurbishment works. This period cannot be regarded as constituting a loss because this can be factored into the new tenancy agreement and that is, the loss of a few months' rental can be made up for in the new tenancy agreement. I agree that if a thing is not fully optimized, a loss will definitely be incurred but under such circumstances, since their vacancy is only temporary, it is not considered a loss. It is more of a loss of the opportunity to make a certain amount of money.

MR LAU KONG-WAH (in Cantonese): *The Secretary did not answer my supplementary question. He said that it is a loss but then he said that it is not.*

It really beats me. I asked him whether it is because the money involved is public money that this is not regarded as a loss. This would certainly be considered as a loss in business operation.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): It is just a question of phrasing. This is a loss of opportunity.

MS AUDREY EU (in Cantonese): *President, the main reply mentioned a number of times that many units will require preparation work before they can be offered for leasing and so, they have been left vacant. Can the Secretary tell us whether the preparation work refers to renovation, painting or maintenance works? With regard to such preparation work, does it normally take a very long time? Can the Secretary tell us how long it takes generally?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): As I said in reply to Mrs Selina CHOW earlier on, it is very difficult to tell how long the preparation work will take because the size of the units varies. For the bigger units, the refurbishment works may take a longer time, or it may also take a longer time to carry out the refurbishment works required in dilapidated buildings. The time required for renovation is subject to a lot of factors. I think colleagues of the GPA will work very hard in this respect. What I have explained just now is the actual circumstances. According to colleagues of the GPA, it generally takes around a month on average.

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

MR JEFFREY LAM (in Cantonese): *In his response the Secretary said that individual units may be temporarily vacant for various reasons. For example, the quarters will be sold or put to development shortly and so, they should not be regarded as vacant and constituting a rental loss. We remember that at the end of 2006, Manhattan successfully triggered the site of non-departmental quarters at 12 Mount Kellett Road, the Peak, which eventually went to Sun Hung Kai Properties in the auction. This site had been put on the Application List for two*

years, and eight applications had been made for triggering this site. I wish to ask the Secretary this: During those two years, the site and the quarters had been "idling", and if the Government holds that a property to be put to development is not considered as vacant, under what circumstances would quarters be considered vacant? What are the criteria for quarters to be defined as vacant?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, as far as I understand it, this supplementary question of Mr Jeffrey LAM should be about the vacancy rate of quarters offered for leasing, rather than the situation of land. Concerning the case mentioned by Mr LAM just now, as we have in place the policy of the Application List, a site will be triggered and then put to public auction only when the triggering price has been met. So, firstly, his question is not within the scope of the main question. Secondly, why should it take two years? It is precisely because of the market and price factors. This has nothing to do with policy.

MR JEFFREY LAM (in Cantonese): *It seems that the Secretary did not answer my supplementary question. The quarters had been left vacant for two years, and if they can be left vacant forever so long as the Government's requirements are not met, how can they generate any rental revenue?*

PRESIDENT (in Cantonese): Mr Jeffrey LAM, please sit down. Let me explain this. The Secretary was actually saying that your supplementary question has little to do with the main question, because you were talking about triggering a site. That government site which was primarily used as government quarters had already been included into the Application List and could be triggered anytime. Moreover, he incidentally reminded the President in a very tactful manner that your supplementary question should not have been permitted, and this is what the Secretary meant. I, therefore, will not allow you to ask a follow-up question.

PRESIDENT (in Cantonese): Fourth Question.

Reduction in Emission of Air Pollutants in PRD Region

4. **MISS CHOY SO-YUK** (in Cantonese): *President, in April 2002, the Governments of the Hong Kong Special Administrative Region (HKSAR) and Guangdong Province reached a consensus to reduce, in their best endeavours, the emissions of four air pollutants by 20% to 55% in the Pearl River Delta (PRD) Region by 2010, using 1997 as the base year. However, according to the report on the mid-term review published this month, the actual pollutant emissions in the PRD Economic Zone in 1997 and the economic growth of both sides in the period far exceeded the estimations in 2002. As a result, the actual emission levels of three pollutants, namely, sulphur dioxide (SO₂), nitrogen oxides (NO_x) and respirable suspended particulates (RSP), will still exceed the original targets by 38%, 40% and 89% respectively, even with the additional control measures to be introduced by the Governments of both sides. Public expectation of the blue sky returning in 2010 may fall through. In this connection, will the Government inform this Council:*

- (a) *when the authorities became aware that the actual pollutant emissions in 1997 had been underestimated, the relevant details and who should be held responsible; why the relevant figures were not published until five years later; and whether any assessment has been made to see if the HKSAR Government has misled the public by never mentioning that the 1997 estimations were inaccurate;*
- (b) *apart from implementing the additional control measures stated in the aforesaid report to achieve the relevant pollutant reduction rates, whether the Governments of both sides will take other measures to ensure that the actual pollutant emissions in 2010 will not exceed the original projections; and*
- (c) *of the current number of factories operated by Hong Kong enterprises in the PRD Economic Zone, the total amount of air pollutants emitted from these factories each year, and the measures the HKSAR Government has put in place to encourage these Hong Kong enterprises to meet their obligations to reduce emissions?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): Madam President, I thank Miss CHOY So-yuk for asking this main question.

To improve regional air quality, the HKSAR Government and the Guangdong Provincial Government reached a consensus in April 2002 to reduce, on a best endeavour basis, emissions of four major air pollutants, namely, SO₂, NO_x, RSP and volatile organic compounds (VOC) by 40%, 20%, 55% and 55% respectively in the PRD Region by the year 2010, using 1997 as the base year. To meet the above targets, the two Governments have drawn up a host of emission control measures under the PRD Regional Air Quality Management Plan (the Management Plan). Progress in implementing these measures is reported regularly to the Hong Kong/Guangdong Joint Working Group on Sustainable Development and Environmental Protection.

To assess the effectiveness of the various control measures contained in the Management Plan, in 2006 both sides jointly initiated a Mid-term Review, which was completed in December 2007. The Mid-term Review seeks to assess the effectiveness of the existing measures under the Management Plan, examine the emission trends of the four air pollutants in the region, project the levels of emission to assess whether or not the reduction targets could be achieved, and facilitate the timely implementation of additional control measures. Since Guangdong and the HKSAR, upon the conclusion of this agreement, adopted different basis and methodologies for making estimations on pollutant emission levels, both sides jointly compiled the Handbook on Preparation of Air Emission Inventory in the PRD Region (the Handbook) for the purpose of compiling the emission inventory of 2003 and 2010. The Handbook ensures that estimations on emission levels are made by Hong Kong and Guangdong on the same scientific and objective basis.

Taking account of the fact that the emission reduction targets mutually agreed by Hong Kong and Guangdong were set in percentage terms using 1997 as the base year, it is necessary to recalculate the historical emission inventory following adoption of the Handbook. This is consistent with established international practices (including guidelines relating to conversion of emission data enacted by the United Nations Economic Commission for Europe in respect of the Convention on Long-range Transboundary Air Pollution) as well as the practices of other countries or established international practices. It serves to provide a consistent and common basis for making reasonable comparisons of emission levels over the years.

In light of the above, the 1997 emission inventory was recalculated in accordance with the methodology set out in the Handbook, with a view to

arriving at an estimation that more accurately reflects the situation at that time. The estimation methodology enshrined in the Handbook provides for a wider and more comprehensive coverage regarding pollutant emission sources, with more accurate information for making estimations. For instance, better estimations in respect of the emission levels of two major pollutant emission sources, namely, the power sector and industrial sector, have been derived by adopting fuel consumption based methodology according to the Handbook, compared to the previous methodology of relying on the self-reporting mechanism. Industrial emission sources, such as the cement, porcelain and quarry industries, that had not been covered in the past are also included in the Handbook to make the information complete. Pollutant emission data relating to emission sources on road surface, such as particulate emission from wear of vehicle tyres, brakes and road surface, have also been added under the Handbook. All these are emission sources that have not been factored into the 2002 estimations.

On part (a) of Miss CHOY So-yuk's main question, as I said earlier, the emission inventory of the base year was recalculated in response to the joint adoption by Hong Kong and Guangdong of the Handbook as the common and objective basis for estimations. The Handbook was compiled in 2005 and used as a basis for the Mid-term Review exercise which commenced in 2006. In this regard, the Administration informed the Panel on Environmental Affairs in its paper submitted to the Panel in October 2004 of the compilation of the Handbook. The recalculation process had been carried out in line with established international practices. On completion of the Mid-term Review in December 2007, we announced the report and its findings a month later in January 2008. The detailed findings have been submitted to the Legislative Council and uploaded for on-line access by the public.

I would like to stress that whilst the emission inventory in 1997 was recalculated, there has been no change to the emission reduction targets as agreed in 2002. The reduction targets in respect of the four air pollutants which I mentioned earlier were set in percentage terms. The regional air quality will be correspondingly improved when compared with 1997, so long as the required percentage of emission reduction is met by both sides. At the same time, the HKSAR will not relax its efforts in formulating practical measures, and we will continuously work towards the prescribed emission reduction targets in 2010.

Turning to the part (b) of Miss CHOY's main question, the Mid-term Review found that upon implementation of the various emission reduction

measures under the Management Plan, the HKSAR should be able to meet the mutually agreed emission reduction targets by 2010. To ensure that we could achieve the agreed reduction targets, we are putting in place a series of measures. For instance, with regard to emissions by the two power companies, as studied by Members earlier on, we have set out incentive and penalty arrangements in the new Scheme of Control Agreements concluded with the two power companies, with a view to linking their environmental performance with the rate of return. We are also working to introduce amendments to the Air Pollution Control Ordinance to stipulate, by legislative means, statutory targets for emission caps for power plants in 2010 and beyond.

To reduce pollutant emissions from vehicles, we offered duty concession for Euro V diesel starting from 1 December 2007. On the other hand, as Members may know, we are consulting the public on the proposal to introduce a ban on idling vehicles with running engines. We are also planning to conduct consultation on a proposal to control emissions from petrol and liquefied petroleum gas vehicles early this year.

To promote energy efficiency and conservation, we have commenced public consultation on a proposal to introduce implementation of the Building Energy Codes. Furthermore, we are working to introduce legislative amendments to mandate the use of ultra-low sulphur diesel in industrial and commercial processes in mid-2008. We are confident that following the adoption of these measures, Hong Kong should be able to meet the 2010 emission reduction targets as planned.

As for the PRD Economic Zone, with its rapid socio-economic developments which well exceeded the original estimates, the Guangdong Provincial Government is committed to proactively implementing the existing control measures as undertaken. In addition, a series of additional control measures have also been recommended in the report of the Mid-term Review on which we have discussed with them, and these control measures were also set out in our paper submitted to the Legislative Council Panel on Environmental Affairs earlier. With such steps taken, it is projected that the emission reduction targets could be achieved by 2010. These additional measures include requiring new coal-fired power plants to install NO_x removal equipment, tightening emission standards for boilers for industrial and commercial uses, strengthening cleaner production requirements for industrial sectors that produce VOC-containing

products, setting limits on the VOC contents of consumer products, and taking steps to enhance emission control of local vessels, and so on.

Finally, in her main question Miss CHOY asked about the measures being pursued by the Government in promoting Hong Kong-owned enterprises in the PRD Economic Zone to undertake emission reduction measures. It is estimated that at present there are some 56 000 Hong Kong-owned factories in the PRD Economic Zone. Their overall industrial emissions account for around 10% to 67%, which varies from one pollutant to another, of the total emissions of the major pollutants in the entire PRD Region. The Guangdong authorities have not made any separate assessment of the emissions generated from Hong Kong-owned factories. But in any case, the HKSAR Government has proactively taken actions and sought approval of the Legislative Council for a provision of \$93 million for launching a five-year Cleaner Production Partnership Programme through the Hong Kong Productivity Council to promote and facilitate adoption of cleaner production technologies and practices by Hong Kong-owned factories in the PRD Region. We hope that these initiatives can promote sustainable cleaner production in the region and help improve air quality.

MISS CHOY SO-YUK (in Cantonese): *President, although the Secretary's main reply is very long, he actually did not answer the questions raised in my main question. I can ask at least 10 supplementary questions but I can only ask one now.*

President, in the last paragraph of the main reply the Secretary admitted that at present, there are some 56 000 Hong Kong-owned factories in the PRD. But the programme mentioned by the Secretary covers 1 000 factories only, accounting for a mere 0.2%, and what is more, clean production is not a mandatory requirement for compliance by the factories, for the programme only tells the factories what they can do, without imposing any mandatory requirement on them. Despite that only 0.2% of Hong Kong-owned factories are involved, the Secretary still considered this a major accomplishment on the part of the Government which helps promote clean production among Hong Kong enterprises. May I ask the Secretary whether, after the miscalculation of the emission data, the Government will extend the coverage of the programme and carry out more work, so that the factories to be covered will be more than just 0.2%, and even draw up mandatory measures?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): Madam President, I thank Miss CHOY for her supplementary question.

First of all, to address the problem of air pollution in Hong Kong and Guangdong, I think the joint efforts of the Governments, enterprises and people of both places are required. Relying only on the Government of one side or relying on the efforts of the business sector alone is not enough for improving the air quality in the region.

Miss CHOY mentioned earlier that Hong Kong enterprises with production in the PRD Region are indeed a source of pollution in the region. But Hong Kong enterprises are not the only source of pollution, for there are other industries operating in the region. With regard to the targets under the Management Plan, as we said when we sought funding approval from the Legislative Council, this programme certainly cannot bring about across-the-board improvement to the emission levels of all the factories but as a starting point, these Hong Kong enterprises, being investors in the PRD Region, should duly play their part. I hope that with the \$93 million-worth technological support, the Hong Kong enterprises — especially the selected eight industries or thousands of enterprises — can grasp more effective technologies and enhance their input because they do have the responsibility to provide input for this purpose.

Moreover, I also hope that this programme can provide the Governments of both places with a better platform and forum for co-operation underpinned by a set of common standards and targets. So, we consider this a win-win situation. Certainly, this initiative aside, there are many other measures, including the series of measures proposed by the Guangdong Provincial Government in the Mid-term Review which I have just recounted. I think we are all working to improve regional air quality in this direction.

MISS CHOY SO-YUK (in Cantonese): *President, the Secretary did not give me an answer as to whether the Hong Kong Government, in view of these estimations, will do more to expedite the work to ameliorate the air pollution problem?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): Madam President, over the past six months, we have set out a series of measures since the policy address of the third Government was released, and in respect of air, we have actually carried out a lot of work. Hong Kong is itself a major source of pollution. For instance, the emissions from the two power companies account for 90% of total SO₂ emissions. In this regard, through the new Scheme of Control Agreements we have indeed implemented some new measures. As for the other sources of pollution, such as the various modes of transport in the urban area, fuel, and so on, we have also made a lot of effort.

But more importantly, Hong Kong and the PRD come under the same economic zone and the same air zone, and the implementation of many measures will indeed require the joint efforts of both sides. In this respect, the "2010 agreement" signed with Guangdong Province serves as a useful platform. With this platform and the Guangdong-Hong Kong co-operation mechanism, we can indeed introduce many new initiatives. For instance, over the past six months we have discussed with Guangdong Province some mutually proven experiences. Apart from reduction of industrial emissions, such as measures to reduce urban or vehicular emissions, our counterparts in Guangdong Province have conducted exchanges with our professional colleagues and concluded that some measures which have been implemented in Hong Kong and which have produced results can also be introduced to Guangdong Province for pilot implementation. In this respect, Enclosure 4 of the report on the Mid-term Review sets out the details.

PRESIDENT (in Cantonese): Miss CHOY's main question was quite long, as she spent two minutes 16 seconds on it. The Secretary's main reply was also very long, and he spent nine minutes 36 seconds on it. What I have said is just the time spent on the main question and the main reply, and together with the time spent on the supplementary question and the subsequent answer to it, a total of 16 minutes have been spent on the questions asked by Miss CHOY So-yuk and answers given by the Secretary for the Environment. I will exercise discretion to extend the time limit of this question by some four minutes, so that more Members can have the opportunity to ask a supplementary question.

MS EMILY LAU (in Cantonese): *President, the report on the Mid-term Review was released earlier this month and its contents are very shocking and disappointing to people who hope to see the return of the blue sky (including many members of the business sector). Yet, in the sixth paragraph of the main reply the Secretary said that while the emission inventory in 1997 was recalculated, there has been no change to the emission reduction targets. We are all very happy to see this, as there is no reason to change the targets to make up for the miscalculation.*

President, in the 11th paragraph of the main reply the Secretary also said that the emissions in the PRD Economic Zone were underestimated and one of the reasons for that was its rapid socio-economic developments which well exceeded the original estimates, but he added that Guangdong Province would implement additional measures.

President, my supplementary question is this: In its discussion with the Guangdong authorities, does the Administration understand that if there is continued socio-economic growth in Guangdong Province, and as only three years are left, it would still be impossible for Guangdong Province to achieve the targets even if it will further take additional measures? So, does the Secretary know what the Guangdong authorities will do to address this situation? Will they resort to implementing more additional measures when there is continuous growth? Moreover, will they report on their progress to the Legislative Council on a frequent and regular basis, in order to ensure that the targets can definitely be met three years later?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): The people and Governments of both sides are actually very concerned about the situation of air pollution in both places. I think I do not need to stress this point any further.

The difference between Guangdong Province and Hong Kong is that in Guangdong Province, whether in respect of its economic development (including industrial development) or social development, such as the growth of traffic in the urban area or as a result of urban development, the figures are higher than our previous estimates in 1997. This is obvious to all.

Fortunately, when we set the standard, we do not mean to set an absolute standard, but a percentage, in the hope that when compared to 1997, there will

be some degree of changes in the situation. We are still working towards this objective.

But apart from the figures, over the past six months, our discussion with the Guangdong Provincial Government has often focused on the additional control measures, which are new initiatives formulated outside the original portfolio for achieving the targets in 2010. In drawing up measures for implementation in Guangdong Province, they hope that the measures will be above the national standards. For instance, in some cities in the Province, such as Shenzhen or Guangzhou, the motor vehicle emission standard is "National III", and they hope to convince the whole country to develop towards "National IV". This is induced by the development in the Province and the consideration that it is unlikely to achieve full effectiveness if measures are implemented in one province only. So, I think we do have a common objective in the region.

I can tell Members that many of the additional measures that we have been discussing with Guangdong Province are practical measures, and we aim to identify ways to enhance the effectiveness of these initiatives. In this respect, not only should Guangdong Province take measures, we also have to take measures because according to the standards set for 2010, if we do not take additional control measures today, the air quality in Hong Kong will pose a considerable challenge to us. It is because of this reason that I have taken all the troubles to explain some of the measures that we have taken.

DR LUI MING-WAH (in Cantonese): *In the 12th paragraph of the main reply the Secretary clearly stated that there are now about 60 000 Hong Kong-owned factories in the PRD. May I ask the Secretary whether he has estimated how many of these 60 000 factories are highly polluting factories? Besides, as it is still necessary for these highly polluting plants to acquire some production equipment at their own expense even if they are provided with assistance by the Hong Kong Productivity Council, how many of them can afford the financial commitment hence required? What will be the ultimate benefits, according to the Government's projection? Can the benefits be quantified? Moreover, can the Government table an annual report to the Legislative Council in this connection?*

PRESIDENT (in Cantonese): What kind of report do you mean that they should table to the Legislative Council?

DR LUI MING-WAH (in Cantonese): *A report on the relevant development or progress.*

PRESIDENT (in Cantonese): A report on the factories only, or a comprehensive one? Because earlier on

DR LUI MING-WAH (in Cantonese): *About the factories only.*

PRESIDENT (in Cantonese): A report on the factories only, right?

DR LUI MING-WAH (in Cantonese): *Because the Hong Kong Productivity Council will provide assistance to these factories.*

PRESIDENT (in Cantonese): Alright.

SECRETARY FOR THE ENVIRONMENT (in Cantonese): Madam President, I thank Dr LUI Ming-wah for his supplementary question. Eight industries are selected under the programme and the details had already been examined in the previous papers and also in the course of the Finance Committee approving the funding request.

We consider these eight industries the more polluting industries. But compared with some heavy industries in the Mainland, such as power generation or the cement industry, the pollution caused by these eight industries is not considered serious. In spite of this, as Hong Kong enterprises are mainly engaged in production or processing trade in these light industries, in some cases they may be aware of the pollution that they have caused but in some other cases, pollutants may be emitted under circumstances unknown to them. For instance,

the paint and print industries will generate VOC and they might not be aware of this before.

The programme mainly serves to introduce technology, so that the factories will know that there are ways for them to do better. Apart from reducing pollution, it will enable these factories to achieve energy conservation and improve their production processes. So, this programme will provide certain incentives to encourage participation by the factories. Moreover, this programme will require the participants to share with other members of the industry their successful and mature technology, so as to benefit the same industries in the region, even though they may not be operated by Hong Kong enterprises.

On the point about benefits or effectiveness mentioned by Dr LUI, and the question asked by Ms Emily LAU earlier on, we would actually submit a report and give explanation on this major issue to the Panel on Environmental Affairs chaired by Ms Audrey EU on a half-year basis. We will continue to work in this direction and discuss this issue with Members. In fact, we will be tabling the relevant papers on Monday.

PRESIDENT (in Cantonese): This Council has spent more than 23 minutes on this question. We will now proceed to the fifth question.

Prices and Supply of Pork and Beef

5. **MR FRED LI** (in Cantonese): *President, it has been reported that on 15 January this year, the wholesale price of a small proportion of live pigs in Hong Kong surged by 70% to \$2,400 per 100 catties. In this regard, the Secretary for Food and Health and the Financial Secretary remarked one after another that the Government would monitor the situation closely to see whether there were any improper or even unlawful activities, and the Consumer Council would also look deeply into the situation. Moreover, Ng Fung Hong indicated that due to snowfall in a number of provinces and municipalities on the Mainland, no live cattle were supplied to Hong Kong on 17 January this year. Yet, some members of the trade have pointed out to me that the fact that no live cattle were supplied to Hong Kong was due to Ng Fung Hong's failure in*

competing with its counterparts on the Mainland. In this connection, will the Government inform this Council:

- (a) whether the investigation relating to the above surge in the wholesale price of live pigs has revealed that improper or unlawful activities were involved; if so, of the details; if not, the reasons for the surge in the wholesale price of live pigs;*
- (b) given that the wholesale price of live pigs has returned to the normal level a few days after 15 January this year, but the retail price remains on the high side, whether the Government has assessed if artificial "price-boosting" activities are involved; if the assessment outcome is in the affirmative, how the Government will prevent such activities; if the assessment outcome is in the negative, of the reasons for the retail price remaining high; and*
- (c) as members of the trade have come up with different reasons for the above suspension of live cattle supply to Hong Kong, whether the Government has conducted any investigation into this matter; if so, of the reasons for the suspension; and the measures taken by the Government to ensure a sufficient supply of live cattle to Hong Kong?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, there are three types of pork and beef supplied to Hong Kong, that is, live pigs and cattle, chilled and frozen pork and beef. Although there have been some fluctuations in the supply of live pigs or cattle recently, the overall supply remains generally stable. In fact, chilled and frozen pork and beef accounts for a major portion of pork and beef consumption in Hong Kong. While only 47% of the pork consumed in Hong Kong is from live pigs, fresh beef accounts for an even smaller market share — only 19% — of all beef consumed. When there is occasional unstable supply of live pigs or cattle due to unpredictable or unavoidable reasons, the market will adjust by bringing in more chilled and frozen meat to supplement the temporary shortage of fresh meat.

The major non-staple food in Hong Kong, including fresh and frozen meat, poultry, aquatic products, vegetables and poultry eggs, comes from various parts of the world. Apart from closely monitoring the supply from the

Mainland, the Government also keeps abreast of overseas situations, and maintains close liaison with the relevant government agencies and major food importers concerned. The Government will take appropriate actions when necessary to maintain stability in the overall supply of non-staple food.

Now I would like to respond to each of the question raised by the Honourable Fred LI:

- (a) The Government noted that there has recently been unusual fluctuation in the auction price for a small number of pigs despite a stable supply of live pigs. The Government is very concerned about any possible improper activities in the market. The Consumer Council is trying to understand the causes of the incident by studying a number of areas including: (i) every segment of the supply chain of live pigs; (ii) the auction mechanism for the wholesale of live pigs; (iii) business relationships between importers, wholesalers and retailers; and (iv) transparency of market information. The Government will offer assistance proactively in the study and continue to monitor developments closely.
- (b) The scope of the above study conducted by the Consumer Council also includes whether improper activities were involved in the auction mechanism for the wholesale of live pigs.

I would also like to take this opportunity to point out that immediately after unusual fluctuation was observed in the auction price of live pigs on 15 January, the Food and Health Bureau contacted the Ministry of Commerce (MoC) for a meeting to identify ways to improve the flow of market information and work out measures to secure a stable supply. The MoC responded swiftly and made arrangements for a meeting the following day. At the meeting held in the morning of 17 January, consensus was reached between both sides on new measures to be adopted. We made an announcement in the afternoon the same day on the new measures which came into immediate effect. The MoC and the relevant mainland authorities also instantly requested the three agents for supplying live pigs to Hong Kong to fully co-operate to enable the new measures to be implemented smoothly.

The new measures include suitable arrangements to be made by the MoC to maintain a sufficient and stable supply of pigs to Hong Kong at a level that can meet the needs of the general public. To enhance market transparency, the MoC would on a daily basis notify the Government of the Special Administrative Region of the quantity of live pigs to be supplied to Hong Kong the following day and we will then make this known to the public accordingly. This will enable the market players, including the buyers and retailers, to have a clear picture about the supply of live pigs, which in turn will help stabilize the wholesale price of live pigs. Starting from today, the Agriculture, Fisheries and Conservation Department (AFCD) will upload onto its website information provided by various major importers or wholesalers about the supply and reference wholesale prices of a variety of fresh food produce (including that of the live pigs) so as to provide useful data to both the trade and the public. All these measures will help ensure a stable supply of live pigs and enhance the transparency of the operation of the live pig market.

As to how the live pig agents sell their live pigs, this is a matter of business decisions. As long as the agents sell their pigs in an open and transparent manner, the Government has no intention to interfere. I must reiterate that the primary concern of the Government is to ensure a stable supply of live pigs to Hong Kong and proper operation of the live pig market. The price of pork should be determined by the market.

- (c) All live cattle consumed locally are imported from the Mainland. The number of live cattle imported into Hong Kong from the Mainland was around 41 000 in 2007. On average, it means some 110 cattle were imported each day, amounting to 19% of the beef consumption in Hong Kong. It is understood that the supply of live cattle from the Mainland is generally adequate with occasional unstable supply owing to two main reasons, one of which is the lower selling price of live cattle in Hong Kong resulting in a lack of incentive among the mainland farms to export cattle to Hong Kong. This problem can be addressed through a suitable adjustment in price. The second reason is that most of the live cattle imported into Hong Kong come from northern provinces such as Shandong and Inner Mongolia and livestock transportation can be affected by

adverse weather conditions or transportation problems, resulting in a delay in the supply of live cattle to Hong Kong.

The live cattle supply to Hong Kong was suspended on 17 January this year. We learnt from relevant mainland authorities and the live cattle supply agent that the suspension was due to continuous heavy snowfall and bad weather in many parts of the Mainland which crippled the transportation of livestock. Subsequently, the daily supply of live cattle has resumed to an average level of over 80 cattle recently.

To maintain a stable supply, the Food and Health Bureau will continue to monitor closely the supply of live cattle to Hong Kong from the Mainland, and maintain close liaison with the relevant government departments in the Mainland and the agent. Where necessary, the live cattle agent will be requested to take effective measures to minimize the occurrence of unstable supply due to transportation problem or the price gap between the Mainland and Hong Kong as far as possible.

MR FRED LI (in Cantonese): *In fact, may people have complained that the price of pork fluctuates like that of seafood. Sometimes it is expensive while sometimes it is cheap.*

My supplementary question is as follows. The buyer which bought live pigs at \$2,400 per 100 catties on that day was Shing Lee Hong, a subsidiary of Ng Fung Hong. Secretary, we are now talking about an open market. However, Ng Fung Hong has the largest quota and its buyer has also taken part in the auction of pigs at wholesale. Meanwhile, it can control the pens in Sheung Shui Slaughterhouse. Basically, even though a third party has been introduced, is this really an open market? In fact, is Ng Fung Hong still the biggest obstacle?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, Ng Fung Hong is still the largest supplier. According to our understanding, the MoC also wishes to open the market by means of a gradual introduction of competitors instead of opening up the market entirely in an abrupt manner. So, we can see that in the past seven or eight months, two new suppliers have been

introduced in the market. I believe this will enhance competition. Besides, the MoC has also increased different sources of live pig supply, by 31 in total. This will facilitate the purchase of pigs by these three suppliers.

Besides, owing to the inclement weather, transport problems occurred in some provinces, in particular, Guangdong Province and provinces outside Northern Guangdong. The MoC has therefore adopted a flexible approach by increasing the original quota of Guangdong Province so that other pig farmers in the Province can also supply pigs to Hong Kong, hence enabling a stable supply of live pigs to us over the past week. So, I think time should be allowed for the three suppliers to gear in. Moreover, it also takes time for them to iron out the development of their relationship.

MR WONG YUNG-KAN (in Cantonese): *President, as we all know, recently the weather in the Mainland has been extremely harsh and the snow storms can be said to be a major catastrophe. The transport of pork or other foodstuffs has been crippled, resulting in the soaring of prices currently.*

May I ask the Government what can be done in order to bring some good news to the public, including those concerning fresh pork and chilled pork, under the current circumstances? In answering my question last time, the Chief Executive said that a certain quantity of supply could be provided. Now his pledge has been honoured. But I have no idea about the stock of chilled and frozen pork. Can the Government provide such information to the people so that they can have a further understanding of the stock situation in order to avoid panics or artificial "price-boosting" by opportunists?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, as I said in the main reply, the AFCD has recently set up a website onto which information on the supply and reference wholesale prices of major food produce will be uploaded. Of course, it is difficult for us to know the stock of various foodstuffs in Hong Kong. But we can at least know the current wholesale prices and the amount of supply. Many foodstuffs are imported into Hong Kong on a daily basis and the supply will be maintained, particularly when foods are supplied to Hong Kong by sea, land and air unless serious obstruction is caused by problems in transport. So, we think this approach can ensure that Hong Kong people can make an informed choice.

Recently, the situation in the Mainland can be described as severe. We have to understand that live pigs and live cattle cannot be transported to Hong Kong under such circumstances. We have to understand this. A few days ago, I expressed our concern and condolence to the Central Government. In fact, many mainland authorities such as the Hong Kong and Macao Affairs Office, the MoC, the General Administration of Quality Supervision, Inspection and Quarantine and relevant departments of other provinces and municipalities have worked hand in hand to ensure a stable supply of food to Hong Kong. So, we should appreciate that they have done their best in this aspect.

However, in the meantime, our business sector has to maintain a stable operation so that the people will not be panic-stricken because of the incident. In my opinion, it is immoral to release some incorrect messages or misleading information concerning these prices so as to cause panic among Hong Kong people. We are closely monitoring this and hope that the business sector in Hong Kong will be more conscientious and have a stronger sense of social responsibility so that we can maintain a very stable business environment.

MR WONG YUNG-KAN (in Cantonese): *President, in the reply just now, the Secretary said that information will be released on the website of the AFCD. Will the authorities consider releasing the information through the government radio station at the same time? I know that this is not part of my supplementary question just now.*

PRESIDENT (in Cantonese): Given that, I will not ask the Secretary to answer the question because this is not a follow-up question.

DR JOSEPH LEE (in Cantonese): *Madam President, the Secretary just now mentioned the supply of live cattle and live pigs. I think the Government is duty-bound in this question. However, in answering Mr Fred LI's question in part (a) about whether there are any improper activities, the Secretary's reply is most interesting. He said that the Consumer Council is trying to understand the causes of the incident.*

My supplementary question is as follows. Why did the Government not investigate proactively whether there were any improper activities instead of

asking the Consumer Council to probe into or study the case before handling it by itself? Does the Government mean that the Consumer Council's handling of the case without its involvement is sufficient?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, as I just said, our utmost concern is the release of misleading information by the sector adversely affecting the consumers' interest. So, I think it is suitable and proper to refer the case to the Consumer Council for investigation. Other government departments will certainly offer co-operation if necessary.

MR JAMES TO (in Cantonese): *President, apart from the phenomenon involving Ng Fung Hong, has the Government noticed or become aware that the current so-called mechanism has led to any unusual activities or prices cannot be determined entirely by the market or the free price system? Is there any penetration by triads? Or is it related to systematic and monopolistic price-boosting activities?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, when studying the operation of a market, we will certainly look at it from different angles. According to my understanding, a series of efforts have been made since the problem occurred on 15 January. The supply in the past dozen of days has been stabilized and the price has also come down, apart from the fact that the price has risen due to the bad weather in the past two days. We have also expected that the prices of foodstuffs in general will slightly increase near the Chinese New Year and this is understandable.

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

MR JAMES TO (in Cantonese): *I asked whether it was related to the systematic monopolization by triads?*

PRESIDENT (in Cantonese): Secretary, do you have such information?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, I have no information to provide. However, as I said just now, we will look at a problem from different angles when conducting a study on it.

MS MARGARET NG (in Cantonese): *President, I would like to follow up the Secretary's reply to Mr Fred LI's question.*

Regarding the price of pork, everyone now says that it is like the "price of seafood". May I ask the Secretary whether the emergence of such a situation is due to the lack of a genuinely open market? Should a fair competition law be enacted as soon as possible in order to improve the situation?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, as I said just now, foods supplied to Hong Kong can be divided into different varieties. Concerning live chickens, live cattle, live pigs and other live poultry, the main source is the Mainland because other exporting regions have not been competitive enough. As planned economy rather than free economy is practised in the Mainland, different exporters or departments are responsible for the export of foods. The emergence of a fully open market in the whole chain of supply will take time and this will only be feasible if it can tie in with the development of the State policies.

So, we can see that we do not rely entirely on the supply of live cattle or live pigs for the supply of pork and beef in Hong Kong. Rather, a lot of pork or beef are imported in chilled or frozen forms from the Mainland as well as various parts of the world. So, in our opinion, price fluctuations will occur and the public will be affected in the short term in case of any supply problem. But a new equilibrium will be reached in the long run.

So, most importantly, in my opinion, we have to help the business sector by all means in finding different types of foods for supply to Hong Kong. Meanwhile, we have to tie in with the Mainland in order to ensure a sufficient supply of live poultry to Hong Kong. Recently, we have reached a consensus with the Mainland with regard to, for instance, the agreed amount of the annual

supply of live pigs, live cattle and live chickens to Hong Kong and the amount will meet our needs.

MS MARGARET NG (in Cantonese): *President, the Secretary has not answered part of my supplementary question. Does he think that the Government should introduce a fair competition law as early as possible in order to improve the situation?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, I know that other government departments are conducting a relevant study of this and have communicated with the Legislative Council. I believe we all hope that a consensus can be reached as early as possible.

MS MARGARET NG (in Cantonese): *The Secretary has not answered my supplementary question. My supplementary question is not only about the fair competition law but also whether such legislation can improve the situation where the price of pork fluctuates like that of seafood.*

PRESIDENT (in Cantonese): Secretary, you have to make an assessment on your own. If you think you have sufficient information, you may answer it.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, the purpose of enacting a fair competition law is to ensure a level playing field for the business sector. But we should understand that even though we can achieve that in Hong Kong, can we do so in the whole chain of supply? We should have a clear understanding about this. So, under the current circumstances, we hope that the study on the problem of pork can be continued. However, can this problem be fully addressed? I cannot make a judgment for the time being.

PRESIDENT (in Cantonese): This Council has spent more than 20 minutes on this question. We will now proceed to the last oral question.

Pneumococcal Diseases

6. **MS AUDREY EU** (in Cantonese): *President, it has been learnt that children aged below two and elderly people aged above 65 are highly susceptible to invasive pneumococcal diseases (PD). On average, about 20 people suffering from various serious complications caused by Streptococcus pneumoniae were taken to public hospitals each year between 2000 and 2004, and nine children aged below five even died of the diseases. In this connection, will the Government inform this Council:*

- (a) *as a medical research has pointed out that the inclusion of pneumococcal vaccines in the local childhood immunization programme (CIP) will bring about herd immunity, which can effectively reduce the risk of family members and other people who have not been vaccinated contracting PD, and the Department of Health (DH) is conducting, in collaboration with the Hospital Authority (HA) and the Li Ka Shing Faculty of Medicine of the University of Hong Kong, a study on the effectiveness of the vaccine in preventing elderly people from contracting such pneumonia, whether the study has considered the effect of herd immunity; if not, of the reasons for that;*
- (b) *since a local university was commissioned in early 2006 to carry out a study on the possibility of incorporating pneumococcal vaccines in the local CIP, when the study is expected to be completed and the Government's subsequent specific work plans; and*
- (c) *given that quite a number of international health care organizations are increasingly concerned about PD, for instance, the World Health Organization (WTO) released in March last year the global position paper suggesting that priority be accorded to including pneumococcal conjugate vaccines in national immunization programmes, whether the Government will include the vaccine in the local CIP to address the international community's expectation; if it will, when it will be implemented; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *Madam President, according to data from the findings of Streptococcus pneumoniae isolation*

conducted by laboratories in all public hospitals under the HA in Hong Kong between 2000 and 2004 on blood, cerebrospinal fluid and samples from other sterile body sites, average incidence rate of invasive PD among children aged below two and elderly people aged above 65 is 7.7 per 100 000 population per year. In the same period, a total of nine children aged below five were recorded to have died from serious complications caused by *Streptococcus pneumoniae*.

Currently, two pneumococcal vaccines are available on the market, namely the 7-valent polysaccharide-protein conjugate vaccine (PCV-7) and the 23-valent pneumococcal polysaccharide vaccine (23vPPV). PCV-7 is recommended for use by infants aged six weeks to children aged five years. 23vPPV is not suitable for use by children aged below two, and is generally recommended for older children and adults.

The DH is currently conducting two studies on pneumococcal vaccines. One is the study mentioned in part (a) of the question conducted in collaboration with the HA and the Li Ka Shing Faculty of Medicine of the University of Hong Kong, which evaluates the efficacy of 23vPPV on elderly people. As mentioned in part (b) of the question, the DH has commissioned a local university in early 2006 to conduct another study on the cost-effectiveness of incorporating PCV-7 into the local CIP.

I will now respond to each part of the question:

- (a) Overseas studies point out that the vaccination of children with PCV-7 will provide indirect protection to people who have not been vaccinated (for example the elderly), that is, the effect of herd immunity. The study being conducted by the DH in collaboration with the HA and the Li Ka Shing Faculty of Medicine of the University of Hong Kong focuses on the comparison of the incidence and mortality rates between elderly aged over 65 with chronic illness who have received 23vPPV vaccination and those who have not. Therefore, the effect of herd immunity brought about by children vaccinated with PCV-7 is not within the scope of the study.
- (b) The study on the cost-effectiveness of incorporating pneumococcal vaccines in the CIP is expected to complete in the first quarter of

this year, and the findings will be submitted to the Secretariat of the Research Fund for the Control of Infectious Diseases. The Scientific Committee on Vaccine Preventable Diseases (the Committee) under the Centre for Health Protection (CHP) of the DH will study the findings and make recommendations to the DH's CHP regarding the pneumococcal vaccines. The Government will make a decision having regard to the recommendations of the Committee and various factors.

- (c) We note the WHO position paper issued in March 2007 on pneumococcal vaccines. In view of the global situation of pneumococcal infections and having considered the safety and efficacy of PVC-7 for children, the WHO considers that countries where over 50 children die before the age of five per 1 000 live births should make the introduction of pneumococcal vaccine a high priority for their CIPs. According to the data of the DH, between 2000 and 2004, about 3.4 children died before the age of five per 1 000 live births in Hong Kong. Furthermore, the WHO considers that countries with more than 50 000 deaths annually among children aged under five should also make the introduction of pneumococcal vaccine a high priority for their CIPs. Between 2000 and 2004, the number of children died before the age of five in Hong Kong ranges from about 140 to 210 every year. During the same period, only one to four children aged under five in Hong Kong died from serious complications caused by *Streptococcus pneumoniae* every year.

In considering whether to include a new vaccine in the CIP, the DH needs to take into account a number of scientific factors, including epidemiology (such as incidence and mortality rates); disease burden; the safety, efficacy, side effects, cost-effectiveness and adequacy of supply of the vaccine, and so on. Furthermore, the acceptance of the vaccine by the public, the availability of other preventive measures and the administrative arrangements for vaccination are also key factors for consideration. The Government will take the above factors into account objectively in considering whether to include the pneumococcal vaccines in the local CIP.

MS AUDREY EU (in Cantonese): *President, since I gave birth to my eldest daughter 24 years ago, there has not been much change to the CIP. The Secretary confirmed in the main reply that between 2000 and 2004, a total of nine children in Hong Kong aged below five died from serious complications caused by Streptococcus pneumoniae. He then explained in part (c) of the main reply that in the same period, there were only — President, I stress only — about 3.4 children died before the age of five per 1 000 live births. But the Government is still studying the cost-effectiveness. President, I have this supplementary question for the Secretary. Did the nine children aged under five who died of this disease deserve to die? When Hong Kong recorded a surplus of \$100 billion, how cost-effectiveness will be measured? Are those who contracted the disease but did not die or those elderly who were infected in the chain effect taken into account when consideration is made of the cost-effectiveness?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, the mortality rate cited by the WHO is not the mortality rate of Streptococcus pneumoniae, but the overall mortality rate of children. As for the mortality rate of children in Hong Kong, it has generally been on the low side and most of them did not die from Streptococcus pneumoniae but other diseases, such as congenital diseases or other problems. Thus, in this regard, when we conduct an analysis, we have to analyse the incidence rate or death rate after receiving this vaccine and then make a decision.

Ms EU may have forgotten that last year we already revamped the entire immunization programme for infants in Hong Kong and obtained approval from the Legislative Council for additional funding to introduce different vaccines to it. In this regard, we have to keep a constant watch on the developments around the world, in particular the guidelines of the WHO. We also need to pay special attention to the local situation of infectious diseases. We cannot introduce a new vaccine to Hong Kong just because it is used in other countries. We have to look at our own health care standard, our incidence rate and the number of people who will truly be benefited from the vaccination. Nevertheless, vaccines also have side effects or may trigger complications. We thus also need to see how people take the vaccine. Take PCV-7 as an example, it has to be injected for four times. How will parents find this? Do they think that the vaccine will definitely take effect? All these have to be examined thoroughly.

MS AUDREY EU (in Cantonese): *The Secretary has not answered my supplementary question. First, I certainly have not forgotten about the revamp. I only said that there has not been much change to the immunization programme over the past 20-odd years. President, this is what I meant. However, President, my supplementary question is, as the Secretary stated in the main reply that nine children aged under five had died from serious complications caused by Streptococcus pneumoniae, I thus asked whether those nine children deserved to die. I did not mean all people, President, my question is*

PRESIDENT (in Cantonese): Which part of your supplementary question has not been answered?

MS AUDREY EU (in Cantonese): *..... how the cost-effectiveness is measured. The study should cover not only those who have died, but also those who have contracted the disease but did not die and those who have contracted the disease by herd infection. Has the Secretary included them in the study? Moreover, now that the Treasury is flooded by cash, how will the Secretary measure the cost-effectiveness?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, regarding cost-effectiveness, or more precisely, the social benefit, we certainly have scientific grounds to go by. I hope that when we submit the result to the Panel on Health Services, Ms EU can join the meetings for an understanding of the details.

Yet, even if there is a surplus, the Government has to use it where it is due. I know Members will discuss this issue later on, but if there is a vaccine for every disease to prevent a small population from contracting it, does the entire population need to receive that vaccine? I believe this is not a political consideration, but rather, a scientific and medical consideration. I hope the Honourable Member will appreciate that our consideration is not the money, but public health and the public interest.

MR LEUNG KWOK-HUNG (in Cantonese): *President, as the saying goes, "a sparkling pearl carries a price, but human is priceless", and "a person who is*

good at rescuing lives of others never gives up any person". The lives of the nine children should also be considered in evaluating the cost-effectiveness. The Secretary has spoken for so long, but I find his reply lacking in one thing. He only indicated that there are two considerations. One is that whether it may bring about a counter-productive effect, and the other is the issue of cost-effectiveness. May I further ask the Secretary whether they have estimated how much it will cost to do this? If it must be done, how much will it account for in their medical expenses?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, I have said just now that cost is not the key consideration. If we forecast that the annual birth rate is 60 000 newborns and each injection of vaccine now costs about \$500, the cost of vaccination for each newborn will be \$2,000, which will come to a total expenditure of about \$100 million. I do not think this a meaningful consideration, because the market of vaccines now is small, which renders the high price of vaccines. If the Government truly comes up with a policy to include the vaccine into the vaccination programme for newborns, it should be able to push down the price. As I have said just now, we do not purely consider the money, for the most important consideration is social benefit.

MR LEUNG KWOK-HUNG (in Cantonese): *President, may I ask the Secretary given that nine infants have died, if the mortality rate rises to 18 infants in future, I think it will cause a grave impact on the social-effectiveness.*

PRESIDENT (in Cantonese): I do not think this is part of your supplementary question just now. I suggest you press the "Request-to-speak" button and wait for another turn, and see if there is the opportunity for you to ask another supplementary question.

MR LEUNG KWOK-HUNG (in Cantonese): *He talked about cost-effectiveness.*

PRESIDENT (in Cantonese): You should have raised the part of your supplementary question just now which has not been answered by the Secretary.

MR LEUNG KWOK-HUNG (in Cantonese): *I will ask a follow-up. According to the Secretary, the expenditure on vaccines is \$100 million, and if the number of vaccination is large, the price will be lowered. Assuming that the expenditure can be lowered to \$50 million, may I ask whether it is cost-effective to save nine lives with \$50 million?*

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you should understand the provisions in the Rules of Procedure. Which part of your supplementary question has not been answered? The question you have asked just now is not a follow-up but another supplementary question.

DR FERNANDO CHEUNG (in Cantonese): *President, the Secretary indicated just now that the CIP has been revamped recently, but as far as I know, there has been little change to it over the years. May I ask the Secretary how the mechanism operates? Does it allow involvement of external experts and the public to enhance its transparency? Had a public consultation been conducted when new vaccines or changes were introduced to the CIP?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, I have said just now that the work is conducted by the Committee under the CHP of the DH, which certainly has experts from the DH, universities and the community. Moreover, before any decision on introducing new vaccines is made, we will make it a point to consult the sector.

DR FERNANDO CHEUNG (in Cantonese): *I asked just now about public consultation and involvement of the public.*

PRESIDENT (in Cantonese): Secretary, his question is on public consultation.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, as I have said just now, any decision on the vaccines is a scientific and medical decision.

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

MR LEE CHEUK-YAN (in Cantonese): *President, I heard the Secretary mention that cost is not the key consideration. I think this is an important undertaking. After all, lives are priceless, be they the lives of nine children or of the elderly In fact, this vaccine is unique in that it can bring about herd immunity. It is thus very cost-effective, provided that other groups of people can also be immuned.*

However, President, I find it strange that, as stated in part (b) of the main reply, he thinks that the Committee under the CHP of the DH should study the results. It boils down to cost-effectiveness. If the study itself is on cost-effectiveness and the Committee will also examine the cost-effectiveness, will this conflict with the Secretary's remark that cost-effectiveness is not the key consideration? Can the Secretary clarify what he meant by cost-effectiveness? Did he mean that other social factors, rather than the cost alone, will also be taken into account? Or did he mean something else? Can the Secretary explain this contradiction? I certainly hope that the Secretary will clarify that the Committee will not only consider the cost, but we are concerned because he said in the main reply that cost-effectiveness has to be considered.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Madam President, the study on the cost-effectiveness of the vaccine seeks to examine the amount of medical expense or fee that can be reduced after vaccination. It also relates to the incidence rate or the mortality rate in connection with the disease. This is certainly worth consideration and it is not as simple as purely considering the price of the vaccine. I hope Members will understand this.

Moreover, I also wish Members will understand that while we hope that all vaccines can lower the incidence rate after vaccination, according to experience and literature on infectious diseases around the world, the incidence rate will never be lowered to zero, but only to a certain rate. Recently, the vaccine has been introduced to the United States and British Columbia of Canada and their incidence rates have been lowered by about 60% to 70% only. Therefore, the prevention of any infectious disease cannot rely only on the vaccine, and other factors also need to be considered.

PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Introduction of Group Loss Relief and Loss Carry-back for Profits Tax

7. **MR JEFFREY LAM** (in Chinese): *President, quite a number of chambers of commerce and professional bodies have proposed introducing the arrangements of "group loss relief" and "loss carry-back" for corporate losses under the profits tax regime. The former allows losses of one or more companies to offset profits of other companies of the same group while the latter allows losses to offset profits made in previous years so that the company concerned can get a refund on tax paid. In this connection, will the Government inform this Council whether:*

- (a) *it had conducted any study on the introduction of the above two taxation arrangements in the past two years; if it has, of the results of the study;*
- (b) *it knows the countries which currently implement these two taxation arrangements, and the impact of such arrangements on their economy; and*
- (c) *it will reconsider introducing these two taxation arrangements; if it will not, of the other new taxation arrangements it will implement to improve the business environment and enhancing the competitiveness of Hong Kong?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in the absence of Secretary for Financial Services and the Treasury) (in Chinese):
President,

- (a) The Government has studied the proposal of introducing the arrangements of "group loss relief" and "loss carry-back", but considers that these two arrangements may result in significant loss of tax revenue. The revenue implication would be particularly acute during economic downturns. Besides, the two arrangements

could be abused easily for tax avoidance. Complicated legislative provisions would be necessary to define clearly the scope of the arrangements so as to guard against abuse. However, this would complicate our simple tax system, and substantial resources would also be required to scrutinize and investigate claims. Therefore, we consider that it is not desirable to introduce these two arrangements.

- (b) Countries implementing "group loss relief" include Australia, Japan, Malaysia, New Zealand, Singapore, the United Kingdom and the United States. Countries implementing "loss carry-back" include Korea, Singapore, the United Kingdom and the United States. Application of the arrangements varies among the above countries. We do not have information about the effect of the two arrangements on the economies of those countries that implement them.
- (c) For the abovementioned reasons, we do not consider it desirable to introduce the two arrangements. However, we will continue to listen to the views of the business and professional sectors in this respect. Hong Kong has relied on its low tax rate and a simple, transparent and fair tax system to attract investors. Regarding the loss set-off treatment in Hong Kong, we allow loss to be carried forward without time limit to offset profits in future years. This arrangement is more favourable than those of many other countries. To further improve the business environment and enhance the competitiveness of Hong Kong, the Chief Executive has proposed in the 2007 policy address that the corporate profits tax rate be reduced by one percentage point to 16.5%.

Childhood Immunization Programme

8. **MISS CHAN YUEN-HAN** (in Chinese): *President, according to the Hong Kong Childhood Immunization Programme (CIP) implemented by the Centre for Health Protection of the Department of Health (DH), newborn babies to children in Primary Six should be immunized with different types of vaccines against nine communicable diseases. In this connection, will the Government inform this Council:*

- (a) *of the criteria the authorities have based on for deciding to include in the CIP the vaccines against those nine communicable diseases and those for selecting new vaccines to be included in the CIP;*
- (b) *of the frequency of the reviews on the CIP conducted by the authorities, and whether they have conducted any further reviews on the CIP since the CIP's immunization recommendations were updated in February 2007;*
- (c) *if the authorities know whether, apart from pneumococcal vaccine, vaccines against other diseases had been successfully developed in other places in the past five years; if so, whether the authorities will include such new vaccines in the CIP; if they will not, of the reasons for that; and*
- (d) *whether the authorities have assessed the effectiveness of the CIP; if so, of the details (including how to assess the importance of the CIP's immunization recommendations on children's health)?*

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

- (a) In considering whether to include a new vaccine in the CIP, the DH needs to take into account a number of scientific factors including epidemiology, disease burden, as well as the safety, efficacy, side effects, cost-effectiveness, supply of the vaccine, and so on. The acceptance of the vaccine among the public, the availability of other preventive measures, and the administrative arrangements for vaccination are also important factors for consideration.
- (b) The Scientific Committee on Vaccine Preventable Diseases under the Centre for Health Protection of the DH will closely monitor the latest position of the World Health Organization (WHO) on immunization and vaccination, the scientific development and application of new vaccines as well as their formulations and cost-effectiveness, the changes in the global and local epidemiology of vaccine preventable diseases and the experiences of other health authorities. Based on these, the Scientific Committee will make recommendations to the DH on the CIP.

Currently, the DH's CIP is aimed at protecting children from nine childhood infectious diseases, namely, tuberculosis, poliomyelitis, hepatitis B, diphtheria, pertussis, tetanus, measles, mumps and rubella. The CIP was last updated in February 2007. At that time, having regard to the recommendations of the Scientific Committee on Vaccine Preventable Diseases, the DH decided to introduce a combined diphtheria, tetanus, acellular pertussis and inactivated poliovirus vaccine (DTaP-IPV) to replace the oral poliovirus vaccine (OPV) and whole-cell pertussis (wP) vaccine which were in use then. The Scientific Committee on Vaccine Preventable Diseases keeps the local CIP under constant review, taking into account the latest global developments.

- (c) In the past five years, apart from the pneumococcal vaccine, the rotavirus vaccine is another vaccine which has been developed and registered outside Hong Kong for use in the prevention of childhood infectious diseases. The Scientific Committee on Vaccine Preventable Diseases has set up a working group on the prevention of rotavirus infection, which will discuss the issues relating to the use of rotavirus vaccine and make recommendations to the Government.
- (d) In assessing the effectiveness of the CIP, the DH will take into account the epidemiology of the nine diseases included in the CIP, including the number of cases and trends, and whether there has been any major outbreak of these diseases. There is a noticeable drop in the number of reported cases of all the nine diseases after their inclusion in the CIP. Besides, there has not been any major outbreak of hepatitis B, pertussis, tetanus, measles, mumps or rubella in recent years in Hong Kong while there has been no new reported case of diphtheria and poliomyelitis since 1982 and 1995 respectively. The Western Pacific Region of the WHO, to which Hong Kong belongs, was also certified as a poliomyelitis-free region in 2000. The number of cases of severe tuberculosis (for example, military tuberculosis) has also decreased significantly. The DH has all along kept the immunization coverage rate at over 95% and will continue to keep the relevant diseases under surveillance.

Disposal of Old Television Sets upon Rollout of Digital Terrestrial Television Broadcasting

9. **MR DANIEL LAM** (in Chinese): *President, it has been reported that with the rollout of digital terrestrial television (DTT) broadcasting by local television broadcasters, members of the public plan to replace their existing analogue television sets in the coming two years. There have been comments expressing concerns that a large number of television sets will be disposed of and become electronic waste, causing environmental pollution problems. In this connection, will the Government inform this Council:*

- (a) *whether it has estimated the number of analogue television sets members of the public will dispose of in the coming two years;*
- (b) *whether it will draw up guidelines and monitoring measures in respect of the proper handling of discarded television sets by the electronic product recycling industry, so as to reduce the pollution caused by such electronic waste to the environment; if so, of the relevant details; and*
- (c) *given that the Government organizes territory-wide Waste Electrical and Electronic Equipment Recycling Days each year and donates the television sets collected to people in need in Hong Kong, whether the Government will consider donating some of the television sets collected to the people in need in places outside Hong Kong?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) The Government's policy is to introduce DTT broadcasting progressively. Following the launch of DTT on 31 December 2007, its coverage will be expanded in phases in the following five years. In the meantime, the four original free TV channels continue to be simulcast in both analogue and digital format. As such, existing television sets can continue to receive analogue broadcasting and, with the installation of suitable set-top boxes, can also receive DTT broadcasting, including the new digital channels. The public therefore do not need to replace their television sets immediately. The Government plans to terminate analogue

broadcasting in 2012, and the actual timing will depend on public response, as well as market and technological development.

According to the statistics of the Environmental Protection Department (EPD), over 80% of the waste electrical and electronic equipment (WEEE) (including television sets) are recovered and only about 20% would be disposed of at landfills. Likewise, local and overseas experiences show that the replacement of electrical and electronic equipment would usually be a gradual process. For example, the launch of a new Windows software in early 2007 and the introduction of liquid crystal display and plasma television sets a few years ago have not led to a massive replacement of computer equipment and television sets, nor has there been any noticeable increase in the landfill disposal of WEEE. Taking into account the above experiences and factors, we expect that the public will replace their old television sets gradually as necessary in the future.

- (b) Under the Waste Disposal Ordinance, operators of any disposal facilities for waste electronic products which are classified as chemical waste (including the discarded cathode ray tubes of television sets) are required to obtain a licence from the EPD. Applicants are required to submit an operational plan detailing the waste handling methods, the operation of the facilities, the experience of the management personnel and the pollution control and monitoring measures, and so on, for the EPD's consideration. Licensed chemical waste disposal facilities must strictly comply with the licence terms and conditions to ensure that their operation will not cause any pollution to the environment. The EPD will regularly inspect licensed disposal facilities. Non-compliance with the licence terms and conditions, or the disposal of chemical waste without a licence is an offence liable to a fine of \$200,000 and imprisonment for six months upon conviction. Moreover, the generation of dust, noise, effluent discharge and waste, if any, during the operation of the disposal facilities is subject to control under the Air Pollution Control Ordinance, Noise Control Ordinance, Water Pollution Control Ordinance and Waste Disposal Ordinance respectively. The operators of any disposal facilities must ensure that the operation of their workshops complies with the requirements of the above ordinances.

In addition, the EPD has issued guidelines on the appropriate measures to be undertaken by importers or exporters of used electrical and electronic equipment, including proper inspection and repairing of such products, maintenance of proper records for such inspection and repairing works, proper packaging of such products before their shipment, and so on. These will facilitate operator's compliance with the import and export control requirements under the Waste Disposal Ordinance.

- (c) The EPD has been promoting the recovery and recycling of WEEE. We have been engaging a social service organization to organize a Trial Recovery Programme for Electrical Appliances (the Programme) since January 2003. We have also been organizing an annual territory-wide WEEE Recycling Day since end 2005 to recover used computers and electrical appliances for donation to the needy or recycling. Used electrical appliances (including old television sets) of better condition collected through these activities will be repaired and donated to the needy in Hong Kong through the social service organization. The remaining appliances will be placed on charity sale with the proceeds ploughed back to the Programme to support its operation, or donated to the needy overseas through international charitable organizations. In 2007, some 6 300 used electrical appliances were donated or placed on charity sale through the above arrangements.

Role and Operation of Public Libraries

10. **MR JAMES TO** (in Chinese): *President, regarding the role and operation of Hong Kong Public Libraries (HKPL), will the Government inform this Council:*

- (a) *given that the Committee on Libraries completed in the middle of last year a report putting forth a number of recommendations on the development of HKPL, of the follow-up actions taken by the Government so far concerning those recommendations and their progress;*

- (b) *given that the Committee has put forth a number of recommendations (including strengthening HKPL's role as a cultural base for the community, supporting lifelong learning and bringing culture to the community), yet some residents in Kowloon have reflected to me that the activities organized by various public libraries in Kowloon are significantly fewer than those organized by the Hong Kong Central Library (HKCL), whether the Government has conducted any review in this regard;*
- (c) *of the current number of public libraries situated in the properties leased to the Leisure and Cultural Services Department (LCSD) by the Hong Kong Housing Authority, The Link Management Limited or other private owners;*
- (d) *of the number of organizations participating in the Community Libraries Partnership Scheme each year since the Scheme was launched by the LCSD in December 2005, and whether any organizations have withdrawn from the Scheme; if so, of the number of withdrawal each year and the reasons for withdrawal;*
- (e) *given that some organizations have reflected to me that the LCSD had not provided adequate support to participating organizations of the above Scheme, whether the Government has conducted any review in this respect and on the other arrangements of the Scheme; and*
- (f) *given that the Government has indicated that Wi-Fi facilities will be provided in public libraries and other government facilities, of the timetable for providing such facilities in public libraries and the progress of the works concerned?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The Government accepts in principle all the recommendations of the Committee on Libraries, and is progressively implementing and taking forward the recommendations. For instance, with regard to the recommended restructuring of its mission into one encompassing both the "local community service" and "cultural" dimensions, the

HKPL has been stepping up liaison with schools and local organizations in various districts through its branch libraries, as well as collaboration with local organizations to enhance library services and development through the scheme of involving District Councils (DCs) in the management of public libraries.

On the promotion of reading and literary arts, the HKPL endeavours to provide the best support with its existing resources for such activities and to incorporate the Committee's recommendations in this area at the planning stage of its programme of activities. The HKCL has been hosting large-scale and diversified cultural activities and talks, developing its reference and information collections and related services, and forging closer cultural ties and co-operation with public libraries outside the territory, including those in the Pearl River Delta Region, so as to distinguish itself as a metropolitan cultural centre.

- (b) As an integral part of the HKPL, extension activities are organized on a regular basis to serve the purposes of familiarizing the public with the public libraries, encouraging the use of library facilities and resources for lifelong learning, and incubating reading habits in the community. The various types of HKPL extension activities are broadly classified into two categories — district-based and territory-wide activities.

To meet the needs of residents in the districts, the HKPL organizes at the district libraries different kinds of activities, including storytelling for children, book displays and exhibitions, subject talks, workshops, library visits, user education sessions, and the like to induce reading interests, to nurture reading habits, and to encourage extensive reading. Suitable library activities are also tailored to support other events in the districts. In 2007, the libraries in the Kowloon region organized over 5 600 activities of various kinds to cater for the needs of readers therein.

Committed to serving all the people in Hong Kong, the HKCL provides general library services as well as specialized collections and services like Young Adult Library, Map Library, Arts Resource Centre, User Education Unit, and so on. Different sections of the

HKCL organize diversified activities throughout the year to promote their respective collections and services. In 2007, a total of over 1 700 activities were held in the HKCL.

In addition, the HKPL undertakes for the entire public library system the systematic planning and organization of activities targeted at territory-wide participation. Examples of such activities are talk series on culture, lifestyle, history, and IT knowledge; workshops; exhibitions; and territory-wide events for promotion of reading and literature, including literary awards and writing competitions, writing workshops, "Hong Kong Literature Festival", talks hosted by writers, and so on. This category of activities is usually staged in the HKCL venues with large seating capacity. Some may also take place in major, district, and small libraries in the districts, such as Chinese Medicine talks, meet-the-author sessions, storytelling sessions, IT education — computer workshops, IT talks, Chinese classics talks, literary writing workshops, Chinese poems and *ci* talks, and so on.

Extension activities are planned and arranged in accordance with the established objectives and development directions of the public libraries, with consideration being given to the needs and interests of the people. A review of the overall arrangements of library extension activities is carried out yearly while, for the purposes of future improvement and planning of activity content, individual post-activity evaluations are conducted to examine the effectiveness and attendance of the respective activities, and the comments or opinions of participants collected through questionnaires or other channels.

- (c) The LCSD operates a library network of 66 static libraries and 10 mobile libraries. Among the 66 static libraries, 11 are situated in the leased properties of the Hong Kong Housing Authority, five in the leased properties of The Link Management Limited, one in the leased property of the Hong Kong Housing Society and three in private buildings. Details are at Annex 1. The remaining 46 libraries are located at government buildings.

- (d) One community library was set up in 2005 after the scheme kicked off in December the same year. Another 23 followed in 2006 and 30 in 2007. Two of these libraries withdrew from the partnership scheme in early 2007 due to unsatisfactory response from members of the organizations concerned.
- (e) As shown from the figures in (d), the number of newly set up community libraries increases every year. In addition to offering block loans of library materials, librarians of public libraries provide participating organizations with professional advice on the selection of books and the establishment and operation of a community library. The LCSD will continue to encourage more local organizations to set up community libraries.

Since the introduction of a pilot scheme to involve the DCs in the co-management of district facilities last year, new elements have been added to the forms of collaboration for community libraries. In Sai Kung and Tuen Mun, for example, suitable organizations interested in participating in the partnership scheme were granted additional resources by the respective DCs to subsidize the purchase of bookshelves, books, and library computer software; payment for delivery of books, and so on. This contributes towards a more effective implementation of the partnership scheme.

With the full implementation of the DC co-management scheme in all the 18 districts, every DC is allowed to develop, in accordance with the district characteristics, more community libraries that better meet the needs of residents. The LCSD will enhance its liaison and collaboration with local organizations to jointly bring library services to every corner of the community and to promote reading extensively and intensively.

- (f) The Office of the Government Chief Information Officer plans to install Wi-Fi facilities at the 66 static public libraries across the territory for providing public wireless access to the Internet. The project commenced in January 2008, and the first batch of 20 public libraries is scheduled to launch the service in late March 2008. Details are at Annex 2.

Annex 1

Libraries situated in the leased properties of the Hong Kong Housing Authority

- 1 Yiu Tung Public Library
- 2 Pok Fu Lam Public Library
- 3 Lok Fu Public Library
- 4 Fu Shan Public Library
- 5 Lung Hing Public Library
- 6 Pak Tin Public Library
- 7 Sau Mau Ping Public Library
- 8 Lek Yuen Public Library
- 9 Butterfly Estate Public Library
- 10 Tai O Public Library
- 11 Lam Tin Public Library

Libraries situated in the leased properties of The Link Management Limited

- 1 Tsz Wan Shan Public Library
- 2 Shek Wai Kok Public Library
- 3 Tin Shui Wai North Public Library
- 4 Tung Chung Public Library
- 5 Tai Hing Public Library

Library situated in the leased property of the Hong Kong Housing Society

- 1 Sha Tau Kok Public Library

Libraries situated in the leased properties in private buildings

- 1 San Po Kong Public Library
- 2 Tin Shui Wai Public Library
- 3 Tsim Sha Tsui Public Library

Annex 2

Schedule for Launching Wi-Fi facilities at Public Libraries

The first batch of 20 public libraries listed below is to launch the service in late March 2008:

1. Hong Kong Central Library
2. City Hall Public Library
3. Kowloon Public Library

4. Tsuen Wan Public Library
5. Tuen Mun Public Library
6. Cheung Chau Public Library
7. Ma On Shan Public Library
8. Sai Kung Public Library
9. San Po Kong Public Library
10. Sheung Shui Public Library
11. Tai Po Public Library
12. Tsing Yi Public Library
13. Ap Lei Chau Public Library
14. Hung Hom Public Library
15. Lam Tin Public Library
16. Pak Tin Public Library
17. Tin Shui Wai North Public Library
18. Tsim Sha Tsui Public Library
19. Tung Chung Public Library
20. Yiu Tung Public Library

The second batch of 44 public libraries listed below is to launch the service in late June 2008:

1. Aberdeen Public Library
2. Chai Wan Public Library
3. Fa Yuen Street Public Library
4. Fanling Public Library
5. Lai Chi Kok Public Library
6. Lockhart Road Public Library
7. Ngau Chi Wan Public Library
8. Ngau Tau Kok Public Library
9. North Kwai Chung Public Library
10. North Point Public Library
11. Po On Road Public Library
12. Shek Tong Tsui Public Library
13. Shui Wo Street Public Library
14. South Kwai Chung Public Library
15. Tai Hing Public Library
16. Tin Shui Wai Public Library
17. To Kwa Wan Public Library
18. Tseung Kwan O Public Library
19. Yau Ma Tei Public Library

20. Yuen Long Public Library
21. Butterfly Estate Public Library
22. Electric Road Public Library
23. Fu Shan Public Library
24. Kowloon City Public Library
25. Lek Yuen Public Library
26. Lei Yue Mun Public Library
27. Lok Fu Public Library
28. Lung Hing Public Library
29. Mui Wo Public Library
30. North Lamma Public Library
31. Peng Chau Public Library
32. Pok Fu Lam Public Library
33. Sau Mau Ping Public Library
34. Sha Tau Kok Public Library
35. Shek Wai Kok Public Library
36. Shun Lee Estate Public Library
37. Smithfield Public Library
38. South Lamma Public Library
39. Stanley Public Library
40. Tai Kok Tsui Public Library
41. Tai O Public Library
42. Tsz Wan Shan Public Library
43. Un Chau Street Public Library
44. Wong Nai Chung Public Library

The third batch (the remaining two) of public libraries listed below is to launch the service in late 2008 upon completion of renovation works:

1. Quarry Bay Public Library
2. Sha Tin Public Library

Assistance Provided for Local Residents who are Illiterate in Chinese (and English)

11. **MR LEUNG YIU-CHUNG** (in Chinese): *President, regarding the provision of public services, vocational training opportunities and language courses to local residents who are totally illiterate in Chinese or in both Chinese and English, will the Government inform this Council:*

- (a) *apart from the initiatives mentioned by the Secretary for Constitutional and Mainland Affairs in his response to the debate on a Member's motion at the Council meeting on 11 July 2007, whether the Government had provided other assistance to the above persons in the past three years, so that they would not be denied access to public services due to language barrier; if it had, please list by government departments details of the relevant assistance provided to the above two categories of persons respectively, the expenditure involved and the number of beneficiaries each year, as well as the means through which the persons concerned obtained such assistance; if no other assistance had been provided; of the reasons for that;*
- (b) *whether it will, by making reference to the practices in other places, establish central translation and interpretation services, which are to be provided by the Government, to assist the above persons in using the various public services; if it will, of the relevant details and the estimated expenditure involved; if not, the reasons for that;*
- (c) *whether it has, in the light of the Hong Kong Qualifications Framework and relevant quality assurance mechanism, provided suitable vocational training courses for the above persons; if it has, of the details; if not, the reasons for that; and*
- (d) *whether it has provided various courses and related tuition fee remission schemes for local residents who are not students and are totally illiterate in Chinese, so as to assist them in learning Chinese to meet the needs in their daily life; if it has, of the details?*

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

- (a) Chinese and English are the official languages of Hong Kong. It is government policy that, in the delivery of public services, all government information and written material for dissemination to the public are made available in both English and Chinese. Letters from members of the public should be responded to, as far as possible, in the official language used in the in-coming

correspondence. All front-line staff are required to answer enquiries or provide assistance in either English or Chinese depending on the language used by the client.

In the provision of major public services, government departments will, as far as practicable, provide support or interpretation services to those who are unable to use Chinese or English, having regard to the needs of the individual concerned. Specifically:

- As regards education, the Education Bureau has taken concrete measures to enhance its services to non-Chinese speaking (NCS) students. Apart from the provision of additional funding and on-site support services to the selected "designated schools", action is in hand to develop a supplementary curriculum guide on the teaching of Chinese to NCS students and a tertiary institution has been commissioned to run training programmes for Chinese Language teachers. It has also commissioned a tertiary institution to run a Chinese Learning Support Centre to provide after school support for those NCS students who start late in learning Chinese. The four-week Summer Bridging Programme offered to ethnic minority Primary One entrants has been extended to cover NCS students proceeding to Primary Two, Primary Three and Primary Four. Information packages, produced in Chinese and English, as well as major ethnic minority languages, are also provided to NCS parents to inform them of the local education system and educational support services for NCS students. Meanwhile, the Education Bureau has also made available information notes on school places allocation systems in major ethnic minority languages and provided interpretation in English and major ethnic minority languages when conducting briefings. For education at the tertiary level, the Education Bureau has reached consensus with the University Grants Committee-funded tertiary institutions that under specific circumstances they would consider alternative qualifications in Chinese for NCS students. Relevant details are expected to be finalized in the near future;

- In respect of social and support services, Integrated Children and Youth Services Centres in the various districts provide language courses, social and recreational activities as well as volunteer services to the youths in need. By taking part in these programmes, the youths not only have the opportunity to exchange and integrate with people with a different background, but also to enhance their communication skills and understanding of their local communities;
- As regards vocational training, the Employees Retraining Board is running dedicated programmes in English for NCS students. Teaching assistants will be deployed to act as the interpreter for the class as and when needed. Special arrangements are also made for trainees to answer test papers in English;
- For employment services, a range of free employment services are provided by the Labour Department (LD) to job seekers. Through its network of 12 Job Centres, Telephone Employment Service Centre and the bilingual Interactive Employment Service Website, the LD provides comprehensive employment counselling services to those looking for jobs. Job seekers may make use of the user-friendly vacancy search terminals at the Job Centres to browse through information on the latest job vacancies. The information is shown in English as well as in traditional and simplified Chinese. To facilitate the ethnic minorities using its employment services, the LD has translated a leaflet entitled "Easy-to-use Employment Services of the Labour Department" into Tagalog, Indonesian, Thai, Urdu, Hindi and Nepali. Other than exceptional cases (such as where the information concerned cannot be translated into English), all key information on job vacancies (for example, type of vacancy, working hours, pay and place of work) are shown in both English and Chinese. For ethnic minority job seekers who wish to know more about a particular vacancy or who need further assistance, they may approach the staff of the Job Centres or the Telephone Employment Service Centre direct

for information. Employment briefings are also organized at the Job Centres for ethnic minorities on regular basis;

- As regard health care services, the Hospital Authority (HA) has endeavored to make available free interpretation services for patients who do not know Chinese and English. All public hospitals and clinics under the HA maintain a register of part-time interpreters who can be called upon by telephone to provide service as and when needed. Patients with medical appointments may also approach the hospitals and clinics in advance for the arrangement of appropriate interpretation services.

Apart from the above support services, various government departments also provide assistance to those who are unable to use Chinese or both Chinese and English, having regard to the nature of service and the need of individuals concerned. The Government treats all members of the public equally and tailors its services to meet the needs of individual clients. We, therefore, do not maintain separate statistics on the number of local residents who are illiterate in Chinese or in both Chinese and English and who benefited from the service or on the expenditure involved.

- (b) Currently, government departments already provide interpretation service to clients, having regard to operational needs and the circumstances of the individuals. Whether a central translation and interpretation service should be established will depend on actual operational needs and the cost-effectiveness of such service. We will consider ways to improve and enhance existing interpretation services. No detailed information is available at this stage.
- (c) The Government is promoting a Qualification Framework (QF) to provide a platform for lifelong learning and to allow learners to progress along a clear pathway. Programmes and courses will be recognized under the QF if they are quality assured by the accreditation authorities. Training providers may develop on their own the appropriate training programmes and choose the medium of instruction having regard to the needs of their clients.

Since the 2006-2007 academic year, the Vocational Training Council (VTC) has been running and subsidizing vocational education training programmes, with English as the principal medium of instruction, which target at local residents who are illiterate in Chinese. To meet the needs of those who do not use Chinese or English, the VTC is considering the feasibility of organizing special classes with interpretation assistance, so as to facilitate their training and taking of skill tests.

- (d) The Government subsidizes various non-government organizations to run language courses for those who are illiterate in Chinese. For instance, the Constitutional and Mainland Affairs Bureau sponsors the International Social Service Hong Kong Branch, Caritas Hong Kong and Christian Action to organize Cantonese and English languages courses for ethnic minorities. It also funds two community development teams, one in Yau Tsim Mong and the other in Yuen Long, to promote community integration and cohesion through the provision of language classes and other services to ethnic minorities. The Constitutional and Mainland Affairs Bureau also provides funding to the Pakistani Community Support Team and the Nepalese Community Support Team, established by relevant ethnic minorities groups, to provide services including language courses and appropriate support to their ethnic communities members. In addition, various cross-cultural exchange and integrated learning programmes are organized by the Government to help NCS youths to integrate into the community through Cantonese classes and mentorship programmes. These programmes are sponsored by the Government. Participants may join these programmes free of charge or be required only to pay a small application fee.

Contract Renewal for Hospital Authority's Doctors

12. **DR KWOK KA-KI** (in Chinese): *President, it has been reported that starting from 1 October 2007, the Hospital Authority (HA) offers a nine-year employment contract to doctors undergoing specialist training. Yet, some doctors working in the HA's general out-patient clinics (GOPCs) told me that they were recently offered a one-year renewal contract only (and the total*

duration of their renewed and previous contracts was still under nine years), and the heavy workload also affected their training opportunities. In this connection, will the Government inform this Council:

- (a) of a breakdown of the number of doctors working in GOPCs at present by their employment status (that is, civil servants, permanent staff, contract staff, and so on);*
- (b) since July 2003, of the respective annual numbers of GOPC doctors recruited and those who were not offered contract renewal, as well as the reasons thereof;*
- (c) of the reasons for not offering a nine-year employment contract to doctors working in GOPCs and whether the HA has considered the effect of this measure on the morale of the staff concerned;*
- (d) of the current minimum, average and maximum numbers of patients attended by GOPC doctors in each four-hour session and whether the HA has assessed if the workload of these doctors has affected their training opportunities; and*
- (e) when the HA assigns work to GOPC doctors, how many hours per week it grants to those doctors undergoing specialist training in family medicine for receiving the relevant training, and whether the HA gives the other GOPC doctors time or subsidy for participating in continuing medical education activities; if so, of the details?*

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

- (a) Currently, doctors working in GOPCs under the HA can be divided into two categories: one comprising doctors employed by GOPCs and the other comprising family medicine trainees under specialist training. A breakdown of the number of these doctors by their employment status is set out at Annex 1.
- (b) The numbers of GOPC doctors on contract terms recruited annually by the HA and those who did not renew contracts since July 2003 are set out at Annex 2. In general, the reasons for not renewing

contracts included that the HA decided not to renew contracts based on the consideration of service needs and the performance of the doctors, or doctors resigned during their employment period or declined the contract renewal offer according to their own will.

- (c) For doctors working in GOPCs on contract terms not under any specialist training, their contract periods are normally set at not more than three years subject to service needs. Upon contract completion, the HA will consider arrangements for renewal of their contracts in the light of their performance and service needs. For family medicine trainees working in GOPCs, they were employed on two two-year contracts in the past. To cope with the specialist training requirements, the HA has introduced a new "nine-year training contract" at the end of 2007 to ensure that doctors under specialist training have sufficient time to complete their training. For family medicine trainees employed since the end of 2007, they are offered a nine-year employment contract upon appointment. Under the contract, they are required to meet the specified performance requirements within the contract period and pass the intermediate examination within six years.

This new mechanism is also applicable to those family medicine trainees who joined the HA before the end of 2007 and are still serving in the HA. These doctors will be offered a new contract if they meet the specified performance requirements and pass the intermediate examination as required. The total contract period of the new and existing contracts will add up to nine years. The HA is now making arrangement for these doctors to change to the new contract terms in batches.

- (d) According to the figures in December 2007, overall speaking, the number of consultations provided by GOPC doctors in each of the consultation sessions (four hours each) ranged from 26 to 44, with 37 on average. In general, for family medicine trainees working in GOPCs, duties are assigned to them based on the service and operational needs and the training requirements. The present work arrangement is not only in compliance with the training requirements of the Hong Kong College of Family Physicians but can also meet the overall service needs of GOPCs.

- (e) Family medicine trainees working in GOPCs are arranged to receive training of not less than three hours per week from qualified family medicine specialist doctors in GOPCs. Besides, according to the rules laid down by the Hong Kong College of Family Physicians, family medicine trainees under the HA have to attend one session (about three hours) of seminars on basic family medicine each week.

The HA always encourages serving GOPC doctors to participate in training programmes on family medicine or primary health care, including family medicine specialist training and diploma or master degree programmes on family medicine. The relevant department will provide necessary co-ordination in the light of the service operation and manpower arrangement. Besides, the HA also encourages all serving doctors to take continuous learning activities organized by the HA or other institutions on a voluntary basis.

Annex 1

Breakdown of number of doctors working in GOPCs
by their employment status

<i>Rank</i>	<i>Employed by the Government</i>	<i>Employed by the HA</i>			<i>Total</i>
		<i>Full-time permanent</i>	<i>Full-time contract</i>	<i>Part-time</i>	
Consultant doctors	1	4	0	0	5
Associate consultant doctors/ Senior doctors	26	14	1	2	43
Doctors	71	48	266	23	408
Total	98	66	267	25	456

Remarks:

- (1) Doctors employed by the Government are under the Department of Health. They are all civil servants.
- (2) Full-time contract staff include family medicine trainees under specialist training.

Numbers of GOPC doctors recruited annually by the HA and those who did not renew contracts since July 2003

<i>Year</i>	<i>Number of doctors recruited</i>	<i>Number of doctors who did not renew their contracts</i>
2003	10	3
2004	21	7
2005	53	19
2006	28	12
2007	56	8
Total	168	49

Remarks:

The figures above do not include family medicine trainees working in GOPCs.

Support for Hong Kong Students Studying on the Mainland

13. **DR DAVID LI:** *President, will the Government inform this Council:*

- (a) *whether it knows the number of Hong Kong students currently studying on the Mainland on a full-time or part-time basis, and among them, the number of those who had received scholarships, grants or loan-guarantees from public or private sources; and*
- (b) *whether the Hong Kong Special Administrative Region (SAR) government offices on the Mainland provide counselling or advisory services or any other support to Hong Kong students studying on the Mainland; if so, of the number of students receiving such forms of support provided by the above offices last year?*

SECRETARY FOR EDUCATION: President,

- (a) The Administration does not maintain records of the number of Hong Kong students currently studying in the Mainland on a

full-time or part-time basis. Nevertheless, according to the 2006 Population By-census conducted by the Census and Statistics Department, there were about 22 900 Hong Kong residents studying full-time courses in the Mainland, and about 18 700 of them were Hong Kong permanent residents. Among the Hong Kong permanent residents, about 9 600 of them were aged 16 or above, mostly studying post-secondary courses; the remaining 9 100 were aged below 16, mostly studying courses at secondary level or below. We do not have statistics or maintain records of the number of Hong Kong residents studying part-time courses in the Mainland.

The scholarships, grants or loan schemes funded by the Administration are only offered to students pursuing local courses. The Student Financial Assistance Agency (SFAA) also provides administrative support to certain privately-funded student financial assistance schemes. According to the SFAA's records, currently no student receiving such assistance is studying in the Mainland.

- (b) The SAR government offices in the Mainland endeavour to maintain contact with Hong Kong students studying in the Mainland through regular liaison and other activities, informing them of the latest development and information of Hong Kong, for instance the conduct of civil service recruitment exercises. In addition, individual mainland offices had received general enquiries regarding plans for pursuing courses in specific institutions, and had provided the enquirers with contact information of the relevant institutions to facilitate their direct approach to such institutions. We do not maintain statistics in respect of the above services.

Hong Kong residents in the Mainland, including Hong Kong students studying in the Mainland, may contact the SAR government offices in the Mainland if assistance is required in the event of difficulties. The relevant offices will endeavour to render possible assistance having regard to the specific circumstances of individual cases.

Separate Collection of Waste at Public Housing Estates

14. **MS EMILY LAU** (in Chinese): *President, since 2005, the Housing Department (HD) has implemented the Programme on Source Separation of Domestic Waste (the Programme) by placing sets of three waste separation bins in all public housing estates (PHEs) to facilitate the separate disposal of waste paper, plastic bottles and aluminium cans by residents. However, some residents have pointed out that the waste separation bins are not placed at each floor of the housing blocks in some PHEs, hence lowering the rate of separate recovery of domestic waste and the effectiveness of the Programme. In this connection, will the Government inform this Council:*

- (a) *of the percentage of PHEs in which waste separation bins are placed at each floor of their housing blocks among all the PHEs;*
- (b) *of the current rate of separate recovery of domestic waste in PHEs and the effectiveness of the Programme; and*
- (c) *whether it will place waste separation bins at each floor of the housing blocks in all PHEs; if so, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): *President, since 2005, the HD has implemented the Programme in public rental housing (PRH) estates. Under the Programme, waste separation and recovery facilities or services are provided on all floors of PRH blocks to facilitate tenants to separate waste at source and increase the types of recyclables to be recovered. The HD has, in consultation with the Estate Management Advisory Committees and taking into account the specific circumstances and management needs of individual PRH estates, devised waste separation and recovery arrangements that are most effective and convenient to the tenants, including providing waste separation bins, setting up waste separation areas, installing wall-mounted recycling racks, using refuse bins with compartments for different types of wastes, and arranging for the collection of specified types of waste on specified days of the week or specified times of the day. The Programme has achieved remarkable success since its introduction. The waste recovery volume in PRH estates has been on the rise while the refuse load has been decreasing.*

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

- (a) Since the introduction of the Programme, 90 PRH estates have joined, accounting for nearly 60% of the total number of PRH estates in the territory. Among them, 52 PRH estates have waste separation bins on every floor, accounting for about 60% of the participating estates.
- (b) The Programme has achieved notable success since its introduction in 2005. The domestic waste recovery volume and the refuse load in the past three years are as follows:

		2005-2006	2006-2007	<i>The first half of 2007-2008 (as at September 2007)</i>
Monthly average waste recovery volume	Waste paper	845.11 tonnes	1 085.43 tonnes (up 28.44%)	1 244.42 tonnes (up 14.65%)
	Aluminium cans	10.72 tonnes	22.31 tonnes (up 108.12%)	23.23 tonnes (up 4.12%)
	Plastic bottles	16.65 tonnes	41.94 tonnes (up 151.89%)	61.08 tonnes (up 45.64%)
Refuse load (daily average per person)		0.7373 kg	0.7355 kg (down 0.24%)	0.7179 kg (down 2.39%)

- (c) Every year, 30 more PRH estates will join the Programme. It is expected that the Programme will be extended to cover all PRH estates in the territory by 2012, when every floor in every PRH estate will be provided with waste separation and recovery facilities or services. During the implementation of the Programme, the HD will continue to take into account the actual circumstances and management needs of individual PRH estates as well as the tenants' views, in order to devise suitable recovery arrangements and provide suitable waste recovery facilities, including the provision of recovery bins on all floors. The HD will review the effectiveness of the Programme regularly.

Tendering for Development of a New Cruise Terminal

15. **MR SIN CHUNG-KAI** (in Chinese): *President, the Government is conducting an open tender for the development of a new cruise terminal at Kai Tak. In the assessment of the bids, 70% weighting will be given to the quality aspects and 30% to the premium aspects. Moreover, the Government has also invited several persons as independent advisers to advise the Tender Assessment Panel on specific areas. In this connection, will the Government inform this Council:*

- (a) *given that the Stores and Procurement Regulations adopted by the Government stipulate that where the quality is of paramount importance for tendered services or product contracts, the weightings for technical score and price score should be 30% to 40% and 60% to 70% respectively, of the reasons for the quality weighting in the aforesaid tender being as high as 70% and deviating significantly from the weightings set down by the Regulations; as well as the other tenders, since 1997, in which similar practice has been adopted; and*
- (b) *whether there have been, since 1997, other tenders with individuals being invited to act as independent advisers to advise the relevant Tender Assessment Panels; if so, of the details; if not, the reasons for the aforesaid tender deviating from the standing practice?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): *President, my reply to the two-part question raised by the Honorable SIN Chung-kai is as follows:*

- (a) The Government invited open tender for the development of the new cruise terminal at Kai Tak on 9 November 2007. The Government will adopt a marking scheme where 70% weighting will be given to the quality score and 30% to the price score for tender assessment.

While the Government's Stores and Procurement Regulations suggest that relative weightings for technical/quality and price scores should normally be 30% to 40% for technical score, as against a weighting of 60% to 70% for price score, they also allow

for a higher technical/quality weighting if there is sufficient justification from the proposing department.

The Government aims to develop Hong Kong into a leading regional cruise hub through the development of a world-class cruise terminal with state-of-the-art facilities which are user-friendly and capable of providing efficient and quality services. Our objective is not only to maximize land revenue, but also to develop a cruise terminal which is on a par with world-class standard and can provide high-quality services. The current marking scheme gives sufficient consideration to both the quality aspects and price aspect.

Since announcement of the new cruise terminal project in October 2006, the Tourism Commission has been actively engaging relevant stakeholders, including key players in the regional and international cruise market, the local tourism industry, concerned trade bodies and professional organizations, to seek their views on the development parameters of the new cruise terminal. During the engagement process, the proposed weightings for quality and price scores were agreeable.

From 1997 till now, similar weightings as in the current tender for the development of the new cruise terminal have been adopted in other projects, including tenders for the development of the Former Marine Police Headquarters in Tsim Sha Tsui, the site in the South of Ma Wan Island, supply of hardware and software to the Pathology Services of the Department of Health for the implementation of a Laboratory Information System, and supply and implementation of the Electronic Service Delivery system for the Government.

- (b) The Tender Assessment Panel for the new cruise terminal, chaired by the Commissioner for Tourism and comprising representatives of the relevant government bureaux and departments, would be underpinned by independent cruise and engineering experts appointed by the Government. They will advise the Panel on cruise terminal operation and engineering matters respectively. The Independent Commission Against Corruption will participate in the assessment process as an observer. Independent advisers have

also been invited to advise the Panel on specific aspects. They are the Honourable Jeffrey LAM, Chairman of the Legislative Council Panel on Economic Development and Deputy Leader of the Legislative Council delegation which visited overseas cruise terminal facilities in 2007, and Mr Anthony LAU, Executive Director of the Hong Kong Tourism Board. They will advise the Panel on the tourism and marketing aspects of the tender submissions. We have also invited the Hong Kong Institute of Architects and Hong Kong Institution of Engineers to each nominate a member to advise the Panel on the architectural and engineering aspects respectively. These advisers are appointed on an *ad personam* basis, and are not representatives of any organization or sector so as to maintain their independent status.

We consider that the current arrangement can both ensure the integrity and impartiality of the tender assessment process and take into account views of different sectors.

During our market engagement, respondents also supported the above arrangement.

When we invited open tender for the development of the Former Marine Police Headquarters in Tsim Sha Tsui in 2003, non-scoring members were appointed to offer advice to the Tender Assessment Panel.

Control on Sale of Unregistered Drugs

16. **MR LAU KONG-WAH** (in Chinese): *President, regarding the sale of weight-loss drugs containing unregistered drug ingredients by slimming service providers and the prescription of such drugs by medical practitioners, will the Government inform this Council whether:*

- (a) *over the past two years, the relevant authorities had deployed staff to carry out regular inspections of all Chinese and Western medicine clinics to check if they were in possession of unregistered drugs; and of the number of cases of unregistered drugs being found during the*

inspections, the types of drugs involved, and how such cases were handled;

- (b) it has assessed if the situation of slimming service providers selling and medical practitioners prescribing weight-loss drugs containing unregistered drug ingredients is serious at present;*
- (c) measures have been put in place to enhance consumers' awareness of the hazards of weight-loss drugs; and*
- (d) it has considered stepping up regulation of clinics operating within the outlets of slimming service providers?*

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

- (a) We have all along been very concerned about the threats posed by unregistered drugs to public health. Therefore, the Department of Health (DH) conducts regular inspections at suspicious sites or premises and, acting on intelligence, carry out inspections at Chinese and Western medicine clinics.

Over the past two years, the DH inspected a total of 35 Western medicine clinics and 10 Chinese medicine clinics. Among them, one Western medicine clinic and seven Chinese medicine clinics were found to be in possession of unregistered drugs and suspected to have contravened the provisions against possession or sale of unregistered drugs under the Pharmacy and Poisons Ordinance.

The DH will consult the Department of Justice on such cases as to whether prosecution will be instituted. To date, the Western medicine practitioner involved in the case mentioned above was convicted and fined \$7,000 by the Court. The unregistered drugs involved in the case were tetracycline and chloramphenicol. Besides, two Chinese medicine practitioners were also convicted and fined \$2,500 and \$4,000 respectively. The unregistered drugs involved in the cases included dexamethasoni, lignocaine, glyburide, phenformin, diclofenac, phenergan, aminophylline and carbetapentane.

Under the established procedure, the DH will forward a list of Western medicine practitioners and Chinese medicine practitioners convicted by the Court to the Medical Council of Hong Kong (HKMC) and the Chinese Medicine Council of Hong Kong for follow up under the Medical Registration Ordinance and the Chinese Medicine Ordinance respectively.

- (b) Although there is no clear evidence at this stage showing the use of unregistered drugs by medical practitioners in their prescription of weight-loss drugs during their consultation at slimming service providers or during their private practice, the DH will continue to closely monitor the issue.
- (c) To safeguard public health, the DH has always advised members of the public to achieve and maintain a suitable body weight through balanced diet and adequate exercise, and explained to them that an excessive loss of body weight may cause problems such as malnutrition, osteoporosis and reduction in immunity. In any case, they should understand the effects and adverse reaction of the drugs.

Whenever the DH finds any slimming products, which have not been registered as pharmaceutical products, to have been adulterated with Western drug ingredients, the DH will institute prosecutions or issue written warnings, make public announcements about the problematic products, and remind the public about their adverse reaction. In addition, the DH will continue to work with the Consumer Council on the publicity front so as to raise public awareness about slimming products and enable consumers to make informed choices.

On the other hand, medical practitioners have to uphold their professional conduct and maintain a high level of ethical standards by explaining to patients the adverse reaction of weight-loss drugs. The HKMC's Professional Code and Conduct for the Guidance of Registered Medical Practitioners stipulates that a doctor shall always bear in mind the obligation of preserving human life. When providing medical care which might have the effect of weakening the physical and mental condition of the patient, a doctor shall act

only in the patient's interest. The Professional Code also regulates doctors' practice of prescribing and dispensing drugs.

- (d) The regulatory regime for medical practitioners in Hong Kong focuses on regulating the medical practitioners themselves rather than the premises where they practise. As such, when opening clinics, medical practitioners only need to obtain business registration certificates and are not subject to other specific regulations. The HKMC is empowered by the Medical Registration Ordinance to register medical practitioners, conduct licensing examinations and exercise disciplinary functions. Medical practitioners bear professional responsibility for the services they provide to their patients regardless of whether the clinics are owned by the medical practitioners themselves or by other people who are not health care personnel. To protect public interest, the HKMC may take disciplinary actions against non-compliant medical practitioners.

Besides, the DH will continue its efforts in organizing talks for medical practitioners to explain to them the requirements of the Pharmacy and Poisons Ordinance and Dangerous Drugs Ordinance, such as the requirements on drug storage and record keeping. In particular, medical practitioners are reminded that they should only prescribe and dispense registered drugs.

Plan to Improve Homes of Elderly People in Relatively Poor Communities

17. **MR FREDERICK FUNG** (in Chinese): *President, in his policy address delivered in October last year, the Chief Executive said that the Government would earmark funding of \$200 million in the next five years for implementing a plan to improve the homes of the elderly who live in relatively poor communities. In this connection, will the Government inform this Council:*

- (a) *of the details of the aforesaid plan, including its implementation date, eligibility for application, the improvement works and districts covered, the funding mechanism, the estimated number of beneficiaries and the anticipated effectiveness of the plan, whether*

its targets are confined to tenants or owner-occupiers, and whether it will only apply to certain types of buildings (such as private buildings, public housing estates or other types of subsidized housing);

- (b) whether it has assessed how the aforesaid plan can arouse the community to care for the elderly in need, and whether the Government will encourage the business sector to fulfil their social responsibilities by providing support for these elderly people on various fronts;*
- (c) how the aforesaid plan will complement the existing policy on care for the elderly; and*
- (d) given that in reply to my question on 13 December 2006, the Government said that in general there should be market demand for reverse mortgage products in a society with an ageing population, and the aforesaid plan can improve the conditions of the properties owned by the elderly, whether the Government will reconsider launching reverse mortgage schemes, so that elderly owner-occupiers can obtain cash income by mortgaging their properties?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President,

- (a) Some elderly people who lack family support are living in dilapidated homes which affect their quality of life and domestic safety. To enhance the support to needy elders, the 2007-2008 policy address has earmarked a one-off funding of \$200 million to help improve their homes in the next five years.

The initiative aims to help elderly households in need implement minor home renovation works or acquire durable household items. However, it will not cover the maintenance or renovation expenses for those parts of the buildings which are not inside the residence units of the elderly households. We expect that over 40 000 elderly households will benefit from the initiative. The Labour and

Welfare Bureau and the Social Welfare Department are working out the implementation details of the initiative, and will brief the Panel on Welfare Services of the Legislative Council in due course.

- (b) We hope that this initiative will encourage more members of the public and business organizations to show care and support to the needy elders using various resources (for example, charity funds and sponsorship from the business sector) and through various means.
- (c) "Ageing in the community" is one of the underlying principles of the Government's elderly policy. This initiative will improve the home environment and safety of needy elders and support them to age at home.
- (d) As stated in the Administration's reply to the question from the Honourable Frederick FUNG on 13 December 2006, while there should be market demand in general for reverse mortgage products in a society with an ageing population, a commercially viable reverse mortgage product is unlikely to be attractive to elderly people in Hong Kong. It is because residential properties owned by elderly people who may be interested in reverse mortgage are generally very old, with relatively low market value. In addition, the expected average life expectancy of Hong Kong people is now 80 years. Assuming an elder joins a reverse mortgage scheme at the age of 60, the reverse mortgage term is rather long and will provide only limited monthly payments for him/her.

The aforementioned initiative to improve the home environment of elderly people will only cover the expenses on the renovation works and durable household items inside the residence units of the elders in need. It will not have significant impact on the asset value of the premises and the relevant reverse mortgage arrangement.

Eradicate Inflow of Substandard and Poisonous Mainland Products into Hong Kong

18. **MR DANIEL LAM** (in Chinese): *President, with the Chinese New Year drawing near, many people of Hong Kong will go shopping in Shenzhen in preparation for the festival. Nevertheless, it has been reported that in order to make quick money, some unscrupulous merchants on the Mainland produced some substandard and even poisonous products (such as counterfeit mobile phones, water-injected mutton and poisonous dried seafood) for sale on the market. Such products will be detrimental to the health of the people of Hong Kong if they are brought into Hong Kong. In this connection, will the Government inform this Council:*

- (a) *whether it will, during the run-up to the Chinese New Year, discuss further strengthening the relevant notification mechanisms between the Mainland and Hong Kong with the relevant mainland authorities, and request the relevant authorities in Shenzhen to take special measures to step up inspection of the merchandise for sale in the shopping hot spots in Shenzhen frequented by the people of Hong Kong and, at the same time, timely reflect to the Shenzhen authorities complaints from the people of Hong Kong about the above merchandise; and*
- (b) *as prices of products are now surging, whether the Government will deploy additional manpower to patrol the city of Hong Kong, so as to eradicate the inflow into the local market of the above products, which lure customers with low prices?*

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

- (a) The Government is always concerned about the safety of consumer goods and food sold on the market. In relation to food, as the Mainland is the major source of supplies for Hong Kong, we have established a channel of communication with the relevant mainland authorities (including the General Administration of Quality Supervision, Inspection and Quarantine, the Guangdong Entry-Exit Inspection and Quarantine Bureau and the Shenzhen Entry-Exit

Inspection and Quarantine Bureau), so that when any food safety problems arise, both sides can exchange information promptly. This ensures that appropriate measures can be taken as quickly as possible to tackle the incidents.

As for general consumer goods, the Customs and Excise Department (C&ED) constantly collects safety reports and information from local and overseas sources, maintains liaison and exchanges information with overseas enforcement agencies and consumer protection organizations to facilitate enforcement actions. We would explore the feasibility of establishing a notification system with the relevant mainland authorities.

- (b) In relation to festive food for the Lunar New Year, the Centre for Food Safety has recently collected over 660 samples on the market for chemical and microbiological tests. The overall passing rate is 98%. For those that fail the tests, we have taken follow-up actions, including issuing warning letters to the shops involved, tracing the source of supply, and notifying the mainland authorities of the details of the samples.

As regards other general consumer goods, the C&ED would also conduct spot checks on retail outlets under the Consumer Goods Safety Ordinance (Cap. 456) from time to time and purchase samples for safety tests, so that appropriate measures can be taken in a timely manner to prevent the sale of unsafe goods on the market.

Governance of Statutory Bodies

19. **MR JAMES TO** (in Chinese): *President, regarding the governance of statutory bodies, will the Government inform this Council of:*

- (a) *the respective statutory bodies:*
- (i) *which are not monitored by The Ombudsman because The Ombudsman Ordinance (Cap. 397) (TOO) is not applicable to them, and the reasons why the Ordinance does not apply to them;*

- (ii) *which are not subject to the Prevention of Bribery Ordinance (Cap. 201) (POBO) because the Ordinance is not applicable to them, and the reasons why the Ordinance does not apply to them;*
 - (iii) *which have or have not established audit committees, and the criteria for determining whether it is necessary to establish audit committees; or*
 - (iv) *with incumbent non-official members who have served in the same post in the bodies concerned for more than six years; and*
- (b) *the details of the cases in which the attendance rates of official representatives at the meetings of statutory bodies in the past three years were lower than 50% (including the names of the statutory bodies concerned, the post titles of the official representatives and their attendance rates)?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, my reply to the various parts of the questions is set out below:

- (a) (i) Section 7(1)(a) of TOO provides that The Ombudsman may investigate any action taken by or on behalf of an organization set out in Part I of Schedule 1 in the exercise of its administrative functions. Part I of Schedule 1 comprises 18 public/statutory bodies, in addition to government departments/agencies. These bodies have been added to Part I of Schedule 1 mainly because they perform major functions which have been hitherto performed by the Government, such as the Hospital Authority, or provided essential service to, and thus have a significant impact on the community, such as the Airport Authority. In addition, section 7(1)(b) of the TOO empowers The Ombudsman to investigate any action taken by or on behalf of an organization set out in Part II of Schedule 1 in the exercise of its administrative functions in relation to the Code on Access to Information published by the Government. Part II lists five other organizations

including the Hong Kong Police Force and the Independent Commission Against Corruption. If a statutory body is not found in either Part I or Part II of Schedule 1, it will not be subject to The Ombudsman's jurisdiction.

(ii) Sections 4, 5, 6 and 7 of the POBO specifically deal with bribery acts involving a "public body", such as bribery for procuring contracts or withdrawal of tenders. The term "public body" is defined under section 2 of the POBO to mean:

- (1) the Government;
- (2) the Executive Council;
- (3) the Legislative Council;
- (4) any District Council;
- (5) any board, commission, committee or other body, whether paid or unpaid, appointed by or on behalf of the Chief Executive or the Chief Executive in Council; and
- (6) any board, commission, committee or other body specified in Schedule 1 of the POBO, such as the Hong Kong Housing Authority, Hospital Authority and Airport Authority.

Section 9 of the POBO generally deals with bribery acts involving an agent (that is, any person employed by or acting for another) in private sector as well as public sector.

Where a statutory body falls within the definition of "public body", any bribery act involving the statutory body may be caught under sections 4, 5, 6, 7 and 9 of the POBO, depending on the relevant circumstances of the case. Otherwise, the bribery act may still be subject to section 9 of the POBO.

- (iii) In considering whether to establish a dedicated audit committee, statutory bodies will take into account various factors including their nature and functions, scale of operation, the availability of other more effective means to perform the audit function, such as the engagement of an external auditor or tasking other committees of the statutory bodies to assume the audit function, and so on. Based on the information provided by bureaux/departments, there are 24 statutory bodies which have established a dedicated audit committee to perform the audit function (a list is at Annex 1).
- (iv) As at 1 January 2008, there are 137 post-holders in 32 statutory bodies with government appointed non-official members who have served in the same post of the bodies concerned for more than six years. Details are set out at Annex 2.
- (b) Details of the cases in which the attendance rates of official representatives at the meetings of statutory bodies during the past three years were lower than 50% are set out at Annex 3.

Annex 1

Statutory bodies which have established audit committees

<i>Name of Body</i>
Airport Authority
Board of Directors of the Hong Kong Science and Technology Parks Corporation
Consumer Council
Hong Kong Productivity Council
Hong Kong Tourism Board
Ocean Park Corporation Board
Board of the Urban Renewal Authority
Council of City University of Hong Kong
Council of Lingnan University
Council of The Chinese University of Hong Kong
Council of the Hong Kong Baptist University
Council of The Hong Kong Institute of Education

<i>Name of Body</i>
Council of The Hong Kong Polytechnic University
Council of The Hong Kong University of Science and Technology
Council of the University of Hong Kong
Education Scholarships Fund Committee
Hong Kong Examinations and Assessment Authority
Council of the Hong Kong Institute of Certified Public Accountants
Mandatory Provident Fund Schemes Authority
Securities and Futures Commission
Managing Board of the Kowloon-Canton Railway Corporation
Council of the Queen Elizabeth Foundation for the Mentally Handicapped
Employees Retraining Board
Hospital Authority

Annex 2

Statutory bodies with government appointed non-official members who have served in the same post in the bodies concerned for more than six years (as at 1 January 2008)

<i>Name of Body</i>	<i>Number of post-holders served in the same post for more than six years</i>
Board of Directors of the Hong Kong Science and Technology Parks Corporation	1
Airport Authority	1
Municipal Services Appeals Board	14
Banking Advisory Committee	1
Exchange Fund Advisory Committee	2
Advisory Committee on Travel Agents	2
Hong Kong Tourism Board	1
Travel Industry Compensation Fund Management Board	1
Appeal Board Panel (Town Planning)	3
Appeal Tribunal Panel (Buildings)	41
Board of the Urban Renewal Authority	3
Surveyors Registration Board	1
Council of City University of Hong Kong	1
Council of Lingnan University	4

<i>Name of Body</i>	<i>Number of post-holders served in the same post for more than six years</i>
Board of Inland Revenue	1
Board of Review (Inland Revenue Ordinance)	20
District Council, Eastern	2
District Council, Islands	1
District Council, Kowloon City	1
District Council, Kwai Tsing	2
District Council, Kwun Tong	2
District Council, Sha Tin	1
District Council, Sham Shui Po	2
District Council, Tai Po	1
District Council, Tsuen Wan	1
District Council, Tuen Mun	2
District Council, Yuen Long	1
Po Leung Kuk Advisory Board	6
Tung Wah Group of Hospitals Advisory Board	4
Hong Kong Housing Authority	4
Council on Human Reproductive Technology	7
Hospital Authority	3
Total:	137

Annex 3

Details of the cases in which the attendance rates of official representatives
at the meetings of statutory bodies during the past three years
were lower than 50%

<i>Name of Body</i>	<i>Post Title of Government Official (or their representative)</i>	<i>1 January 2005 to 31 December 2007</i>		
		<i>Attendance</i>		
		<i>Number of meetings</i>	<i>Number of meetings attended</i>	<i>Attendance Rate %</i>
Country and Marine Parks Board	Director of Lands [Assistant Director of Lands (Estate Management) as alternate Member]	8	3	37.5

<i>Name of Body</i>	<i>Post Title of Government Official (or their representative)</i>	<i>1 January 2005 to 31 December 2007</i>		
		<i>Attendance</i>		
		<i>Number of meetings</i>	<i>Number of meetings attended</i>	<i>Attendance Rate %</i>
Country and Marine Parks Board	Director of Marine [Assistant Director of Marine (Port Control) as alternate Member]	8	1	12.5
Midwives Council of Hong Kong	Principal Medical and Health Officer	12	4	33.3
Radiation Board	Assistant Director General of Trade and Industry (Mainland)	3	0	0
Council on Human Reproductive Technology	Assistant Director of Home Affairs (1) (Remarks: As the agenda items for the meetings in the past three years were not directly related to the Home Affairs Department (HAD), the Department's representative did not attend the meetings. The HAD is actively considering the need to have representation in this Council.	11	0	0
Tung Wah Group of Hospitals Advisory Board	Secretary for Food and Health (the former Secretary for Health, Welfare and Food) (with effect from 1 July 2007)	4	1	25

Promotion of Gender Equality

20. **MS EMILY LAU** (in Chinese): *President, regarding the promotion of gender equality, will the executive authorities inform this Council:*

- (a) *whether, before submitting any policy proposals or funding proposals or introducing any bills to this Council, they will apply the Gender Mainstreaming Checklist (the Checklist) to assess if the gender perspectives have been incorporated in the relevant policies and measures; if so, when such a practice will be implemented; if not, the reasons for that;*
- (b) *whether they will set up a fund to assist grass-roots women in developing their potentials; if so, of the details; if not, the reasons for that;*
- (c) *as the authorities already attained, in December 2005, the work target of at least 25% of the members of statutory and advisory bodies being of either gender, whether the authorities will further raise the percentage to 30% or 40%; if so, of the details; if not, the reasons for that; and*
- (d) *as the findings of The Hong Kong Institute of Chartered Secretaries have revealed that in 2004-2005, only 6% of the independent non-executive directors on the boards of listed companies in Hong Kong were female; whether the authorities will take measures to raise the percentage; if so, of the details; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President,

- (a) Since 2002, the Administration has, with the assistance of the Women's Commission (WoC), applied the Checklist to 24 policy or programme areas. The Checklist is an analytical tool developed by the WoC to assist government officials in incorporating, in a more systematic way, the gender perspectives into the policy formulation and programme development processes so that women and men will have equitable access to, and benefit from, society's resources and opportunities. Apart from adopting the Checklist, officers of many bureaux and departments have also applied the gender mainstreaming concept in the course of their daily work, taking into account the needs and perspectives of both genders.

The Administration will continue to introduce the use of the Checklist and apply the gender mainstreaming concept to more policy areas on an incremental basis. At present, we have no plan to make it a requirement that all policy proposals, funding proposals or bills must first apply the Checklist before introduction into the Legislative Council. We consider that in order to more effectively implement gender mainstreaming, the key is to promote the awareness and understanding of the importance of gender mainstreaming among officers responsible for formulating and implementing policies, so that they can apply the concept in their daily work. To this end, efforts are made at different levels to enhance gender awareness and understanding among relevant officers, including:

- (i) since 2001, the Census and Statistics Department has compiled an annual statistical publication "Women and Men in Hong Kong — Key Statistics" to provide objective data on the situations and needs of both genders in various aspects;
- (ii) in 2003, the Administration has, on the advice and with the assistance of the WoC, set up a "Gender Focal Point Network". The Network, comprising representatives from all bureaux and departments, seeks to enhance the awareness and understanding of gender-related issues within the Administration and to facilitate the promotion of gender mainstreaming and the use of the Checklist by the respective bureaux/departments of its members;
- (iii) we have provided gender-related training to civil servants of different ranks in order to enhance their understanding of and sensitivity to gender-related issues, and to equip them with the knowledge and relevant skills in applying gender mainstreaming in their work; and
- (iv) we have briefed the Principal Officials and the Heads of Departments on the implementation of gender mainstreaming within the Administration. We have also co-organized a seminar with the WoC for all Members of the Legislative

Council and their assistants with a view to enhancing their understanding of gender mainstreaming.

We will continue to adopt the above strategies to help civil servants of different ranks to have a better understanding of gender issues, change their mindset and equip them with the necessary skills so that they can apply the gender mainstreaming concept to their work in a proactive and proper manner.

- (b) At present, there are many funding sources in the community through which non-governmental organizations, including women's groups, may apply for resources to fund their programmes, including those aimed at facilitating the development of grass-roots women. For example, the Government set up the Community Investment and Inclusion Fund in 2002 to promote development of social capital, and the Partnership Fund for the Disadvantaged in 2005 to promote the development of a tripartite partnership among the Government, the business community and the welfare sector to help the disadvantaged. Other funding resources include the Community Chest, Lotteries Fund, Sir Robert Ho Tung Charitable Fund, Jockey Club Charities Trust, and so on. Among the projects previously supported by these funds, many were organized by women's groups to promote women's development. We therefore do not see a need to set up a separate fund specifically for the development of grass-roots women.
- (c) To enhance the participation of women in the advisory and statutory bodies (ASBs), the Administration promulgated in January 2004 a working target of at least 25% for each gender (the 25% gender benchmark) for the purpose of appointments to ASBs. The 25% gender benchmark target was achieved in December 2005. As at October 2007, 26.5% of the appointed non-officials on ASBs (1 386 out of 5 230 post-holders) were women.

Since we have just achieved the 25% gender benchmark, we do not have any plan to raise it further at this stage. The appointing authorities would, as a matter of principle, make appointments to ASBs on the basis of the merit of the individual concerned, taking into account the candidate's ability, expertise, experience, integrity

and commitment to public service, with due regard to the functions and nature of business of the ASB concerned and any relevant statutory requirements. We shall consolidate our achievement and continue to encourage the appointing authorities to take proactive measures to identify and cultivate women who are willing and able to contribute to the work of ASBs.

- (d) Based on their individual requirements, listed companies will appoint to their boards people whom they consider to best meet their business needs. The Administration has no plan to impose a gender ratio on the appointment of independent non-executive directors to the boards of the listed companies.

BILLS

First Reading of Bills

PRESIDENT (in Cantonese): Bills: First Reading.

PNEUMOCONIOSIS (COMPENSATION) (AMENDMENT) BILL 2008

CLERK (in Cantonese): Pneumoconiosis (Compensation) (Amendment) 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): Bills: Second Reading.

PNEUMOCONIOSIS (COMPENSATION) (AMENDMENT) BILL 2008

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I move the Second Reading of the Pneumoconiosis (Compensation) (Amendment) Bill 2008 (the Bill).

The main object of the Bill is to extend the coverage of the Pneumoconiosis (Compensation) Ordinance (PCO) to make malignant mesothelioma compensable under the PCO.

Malignant mesothelioma is a rare cancerous form of tumour which is difficult to diagnose and poorly responsive to therapy. Once diagnosed, cases of malignant mesothelioma often rapidly turn fatal. Enormous medical researches have revealed that the development of malignant mesothelioma has a strong association with occupational exposure to asbestos, which supports the proposal of requiring employers to provide compensation to persons suffering from mesothelioma. On the other hand, as there is at present no medical evidence to substantiate a causal relationship between exposure to asbestos and benign mesothelioma, it is inappropriate to make benign mesothelioma a compensable disease under the PCO at this stage.

At present, malignant mesothelioma is not a prescribed occupational disease under the Employees' Compensation Ordinance. On the other hand, the current PCO only provides for compensation to pneumoconiosis patients or their family members in respect of incapacity or death resulting from the disease. Under the PCO, pneumoconiosis is defined as fibrosis of the lungs due to exposure to asbestos or silica dust. Notwithstanding that malignant mesothelioma is also caused by inhalation of asbestos dust, the patients are not entitled to compensation under the current PCO unless they suffer from fibrosis of the lungs at the same time.

Malignant mesothelioma and pneumoconiosis share a common cause, that is, inhalation of asbestos dust. Both diseases share three common characteristics as follows: (a) both diseases are progressive in nature; (b) both diseases have a long latent period and it is not possible to precisely identify the period of employment causing the diseases for the purpose of claiming compensation from individual employers; and (c) both diseases cause permanent and irreversible damages and suffering to the patients. Therefore, we propose to amend the PCO in order to provide the same compensation and benefits to malignant mesothelioma sufferers and pneumoconiotics, and the compensation to both diseases will be met by the Pneumoconiosis Compensation Fund financed by a levy on the construction and quarrying industries.

If malignant mesothelioma is made a compensable disease under the PCO, the additional compensation payout is estimated to be about \$7 million per

annum. This can readily be absorbed by the current financial resources available to the Pneumoconiosis Compensation Fund. Thus, no adjustment in the rate of levy charged on the construction and quarrying industries is required.

The Bill also proposes to subject malignant mesothelioma sufferers to the same eligibility criteria for application for compensation and provide them with the same benefits as the pneumoconiosis sufferers under the PCO. Besides, the Bill proposes to empower the Pneumoconiosis Medical Board to assess whether the claimants are suffering from malignant mesothelioma and the degree of incapacity, and to determine the cause of death of the sufferers in fatal cases. As the coverage of the PCO will be extended to include malignant mesothelioma, we also propose to amend the title of the PCO accordingly.

We have consulted the Pneumoconiosis Compensation Fund Board and the Labour Advisory Board (LAB) on the proposal. The proposal has received the unanimous support of the two Boards. The LAB highlighted in particular the need to implement the proposal by way of legislation as soon as possible so that the benefits for the malignant mesothelioma sufferers can be improved. Besides, members of the Legislative Council Panel on Manpower were generally supportive of the proposal.

Madam President, as malignant mesothelioma is a very serious disease faced by the sufferers and their family members, the amendment exercise should brook no delay. I urge Members to pass the Bill early.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Pneumoconiosis (Compensation) (Amendment) 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.

Resumption of Second Reading Debate on Bills

PRESIDENT (in Cantonese): We now resume the Second Reading debate on the Civil Justice (Miscellaneous Amendments) Bill 2007.

CIVIL JUSTICE (MISCELLANEOUS AMENDMENTS) BILL 2007**Resumption of debate on Second Reading which was moved on 25 April 2007**

PRESIDENT (in Cantonese): Ms Margaret NG, Chairman of the Bills Committee on the above Bill, will now address the Council on the Committee's Report.

MS MARGARET NG: Madam President, I speak on the report in my capacity as the Chairman of the Bills Committee on Civil Justice (Miscellaneous Amendments) Bill 2007. The purpose of the Bill is to implement some of the recommendations made in the Final Report published by the Chief Justice's Working Party on Civil Justice Reform (the Working Party) in 2004, and several other related recommendations. The objectives of the Working Party are to streamline and improve the civil procedures, facilitate early settlement by parties, cut out unnecessary steps and discourage unnecessary applications.

First, I would like to say a few words about the representation at the Bills Committee meetings. At the outset, the Administration's team comprised representatives from the Administration Wing of the Chief Secretary for Administration's Office, the Judiciary Administration, and the Law Drafting Division of the Department of Justice. Members are of the view that the Judiciary Administration is not in a position to answer the Bills Committee's questions on the aspects of the Bill which concern policy and legal practice. Moreover, although the Administration is in charge of the Bill, the "true sponsor" of the Bill is the Judiciary. Members have considered whether it would be possible for representatives of the Judiciary to attend meetings of the Bills Committee and members are mindful that any arrangement made should not have the effect of compromising judicial independence. The Legal Adviser of the Legislative Council has advised the Bills Committee that he is not aware of any rule which would prohibit the Bills Committee to invite Judges to attend its meetings or any protocol which would make Judges unable to come to the

Legislative Council. In approaching the matter of inviting Judges to attend its meetings, the Bills Committee should consider consulting the Chief Justice in order that a mutually acceptable arrangement is found. Such an arrangement may include an understanding that anything that may relate to judicial aspects of Judges' functions would be outside the scope of discussion at these meetings.

The Judiciary's position is that the appearance of Judges before a Legislative Council committee would undermine its independence from the executive authorities and the legislature and would politicize the Judiciary. The Judiciary Administration should continue, on behalf of the Judiciary and as authorized by the Chief Justice, to assist the Bills Committee in its scrutiny of the Bill.

The Bills Committee has noted that when the bill to implement the recommendations of Lord Woolf on the civil justice reform was introduced in England and Wales, a Minister in the Lord Chancellor's Department, who was also a Member of the Parliament and a lawyer, was responsible for piloting the bill through the legislative process. As the Chief Secretary for Administration is in charge of the Bill, the Bills Committee has requested the Administration to consider how best to provide expertise on legal practice to assist the work of the Committee. After consideration, the Administration has made arrangements for a Senior Assistant Law Officer of Civil Law of the Department of Justice to attend meetings of the Bills Committee with effect from October 2007.

Madam President, as Chairman of the Bills Committee, my duty is to assure that members have the assistance they require without in any way affecting judicial independence. I would like to record my thanks to the Administration for their co-operation and support.

Madam President, I now report the main deliberations made by the Bills Committee.

Vexatious litigants

One of the proposals in the Bill is to allow a vexatious litigant order to be made on application of an "affected person". An "affected person" is a person who is or has been a party to vexatious proceedings instituted by a vexatious party, or who has directly suffered adverse consequences resulting from such proceedings. At present, applications to restrict a vexatious litigant from

issuing fresh proceedings except with the leave of the Court, can only be made by the Secretary for Justice under very narrow circumstances.

Members have expressed concern whether the definition of an "affected person" is so wide that would open a floodgate of applications for vexatious litigant orders and whether a leave requirement should be introduced as a safeguard to prevent unmeritorious applications. In the light of the research findings on legislation on vexatious proceedings in four overseas common law jurisdictions provided by the Administration's team and after discussion, the Bills Committee agrees to accept the proposed definition. Members also consider that the definition is sufficiently narrow to filter out unmeritorious applications, and the addition of a leave requirement would be at variance with one of the objectives of the Working Party to reduce unnecessary interlocutory applications as far as possible.

Members have questioned why the threshold for granting leave for a vexatious litigant to institute or continue proceedings is proposed to be raised from "*prima facie* grounds" to "reasonable grounds". They have been advised that the proposed amendment is modelled on the Supreme Court Act 1981 in England and Wales and is in line with the objective of the Bill to screen out vexatious litigation, thereby enabling fairer distribution of the Court's resources for genuine disputes.

Discovery

Currently, the Court's jurisdiction to order potential parties to make pre-action disclosure is limited to personal injuries and fatal accident claims. The Bill proposes that the jurisdiction of the Court should be extended to cover all types of cases, and disclosure should relate to documents which are "directly relevant" to an issue in the anticipated proceedings.

A major concern of the Bills Committee is the impact of the new stricter test of "direct relevance" on personal injuries claims as it would restrict the claimants' right of access to "background" or "train of inquiry" documents, without which they do not know whether they have a valid claim. The Administration's team has advised that although all applications for pre-action disclosure will have to satisfy the new test of "direct relevance", it is considered that potential claimants in personal injuries claims will be able to obtain the same

documents as they can obtain under the existing provision as applied in practice by the Court.

In response to the request of the Bills Committee, the Administration's team has specifically sought the comments of two legal professional bodies on the proposed amendment. The legal professional bodies have confirmed their support for the proposal and do not consider that the "direct relevance" test for pre-action disclosure will restrict potential personal injuries claimants' right of access to "train of inquiry" documents. In addition, they consider that there is no reason why personal injuries claimants should enjoy greater rights of discovery than other claimants.

Wasted costs

Currently, the Court may make wasted costs orders against solicitors. The Bill proposes to empower the Court to make wasted costs order against both barristers and solicitors. As similar amendments have been proposed to the Costs in Criminal Cases Ordinance vide the Statute Law (Miscellaneous Provisions) Bill 2007, the Administration considers that there should be consistency in this regard for both civil and criminal cases.

The Bills Committee has requested the Administration to consider the legal profession's suggestion that public funds be made available to recompense a legal practitioner's costs in successfully defending a wasted costs order which is initiated on the Court's own motion. The Administration does not find the suggestion justifiable because the Bill has specifically provided that "the interest that there be fearless advocacy under the adversarial system of justice" should be one of the circumstances which the Court should consider when it determines whether or not to make a wasted costs order. In addition, the proposed wasted costs provisions are modelled on those in England and Wales which do not provide for such an arrangement. The Administration has advised that the rules will be amended to make clear that wasted costs orders should be subject to an unqualified right of appeal to the Court of Appeal.

Costs against a non-party

The Bill seeks to empower the Court to make a costs order against a person who is not a party to the relevant proceedings. Members have expressed concern whether the proposal is a radical departure from the current practice,

and has enquired about the criteria for awarding costs against non-parties and whether there are safeguards to protect their interests.

The Administration's team has explained that there are well established principles at common law governing the Court in exercising its discretion to order costs against non-parties. To safeguard the interests of non-parties, the rules will be amended to provide that where the Court is considering whether to make such an order, the non-party must join the proceedings for the purposes of costs, and be given an opportunity to attend a hearing at which the Court should consider the matter further.

The Administration will move a number of Committee Stage amendments, some of which are to address the concerns raised by the Bills Committee. The Bills Committee supports the proposed amendments and the resumption of the Second Reading of the Bill.

Madam President, after passage of the Bill, amendments to three sets of subsidiary legislation will be introduced. In view of the relatively large number and complexity of the proposed amendments, and on the recommendation of the Bills Committee, Members have already agreed to set up a subcommittee under the House Committee immediately to study the draft subsidiary legislation should the Bill be enacted. The subcommittee will commence work shortly.

Madam President, I would like to make a few remarks in my personal capacity.

The Civil Justice (Miscellaneous Amendments) Bill, which is expected to be passed later today, is perhaps the only non-controversial step in the controversial civil justice procedure reform. The Woolf reform which took place in England some years before had been most controversial. So it was, is and will be for Hong Kong as well. While amendments to primary legislation enabling certain kinds of reform to take place are relatively few and simple, the subsequent changes to the High Court Rules of Procedure which implements the policy constituting the reform will be extensive, complex and will bring drastic changes to civil litigation. The two professional bodies, the Hong Kong Bar Association (the Bar) and The Law Society of Hong Kong (The Law Society), have indicated their support for the amendments, but there is deep disquiet among many practitioners that the new procedure will not improve the present situation while creating new confusion or even injustice. In a meeting of the Bills

Committee held in June last year, some practitioners and affected parties urged us to look at the draft amended High Court Rules together with the Bill. We have done so to some extent. The bulk of the amended Rules will have to be scrutinized later.

I will leave the details to a later stage, when we examine the subsidiary legislation. But certain matters should be raised at this point.

The first and most fundamental issue is the aim of the reform. Reform is contemplated because it is felt that civil litigation is becoming too complicated, too long-drawn out and too costly. This affects access to justice: Litigation has become unaffordable to the ordinary citizen. Too much of the Court's time, which is a public resource, is wasted on dealing with procedural side issues instead of determining the real issue of the dispute. Things seem to have got out of hand due to our adversarial system. The rising trend of litigants in person has sharpened the problems with our complex procedure. There is no disagreement on any of this, particularly on the need for reform.

The second issue is what reform should be introduced: A whole-sale reform of replacing the existing civil procedure with a new one as England has done? Or piecemeal amendments to the present Rules? The final recommendation is, in my opinion, somewhere between the two. The approach adopted is basically this: While the adversarial system is retained, the Judge will have greater powers through more vigorous "case management". Correspondingly, the parties will be subjected to greater restraint or "intervention" in the conduct of their case. The purpose of case management is to force the parties to come to the point earlier, to maximize their common ground and narrow down to the real issues, and to avoid going to trial by encouraging them to settle. The main weapons of the Judge are cost orders and not allowing the litigants to go ahead if certain requirements are not fulfilled.

There is great controversy and concern on this issue. If I may speak frankly without speaking disrespectfully, practitioners are concerned about whether case management by Judges will be better than case management by the conscientious legal representatives of the parties. That would depend on the experience and quality of the Judge in charge of the case. They are concerned that too vigorous control at an early stage when the relevant facts and legal issues are still unexplored will result in stifling litigation or injustice. An experienced

practitioner who represents his client conscientiously may be better than an inexperienced Judge.

Some of the concern surfaced in the discussion of this Bill, for example, members are concerned that the requirement of the Court's leave — or permission — before a party can appeal an interlocutory order. Members' concern is that the threshold may be too high, and meritorious appeals may be denied a chance of being heard.

The third issue is whether the effects aimed at will be achieved. On saving costs, so far the news from England is not encouraging: There is no evidence that civil litigation is less expensive under the new Civil Procedure Rules. In one respect, it has become more expensive because of "front loading". That is, the requirements under the new Rules at the beginning stages of an action are higher, and therefore more costly to meet. It is said that the aim is to divert people from litigation, so that those who had good causes to litigate will find the new procedure more efficient. This does not seem to have brought much comfort to practitioners. The ordinary citizen may be forgiven if they are shocked to be told it will be more expensive to start with. He will be likely to find less, not greater access to justice.

It is also a matter for concern that greater judicial intervention plus an increase in litigants in person may put represented party actually at greater disadvantage, because the unrepresented party may think, rightly or wrongly, that he will be looked after by the Judge. In the long run, the Court will be even more overwhelmed by cases which get out of hand or a strong sense of grievance by unrepresented litigants, however misguided their sense of grievance may be.

The Bar expressed concern specifically about being ordered to pay wasted costs unjustifiably. Though a barrister may succeed to show at the end of the day that it is unjustified, he will have to bear the not inconsiderable legal costs for defending himself. The public is not likely to be sufficiently sympathetic to allocate public funding for defending the defenders. This is understandable but the concern is real. We can only wait and see how Judges will exercise this jurisdiction.

Obviously, the Government and the Judiciary are aware that turning the public away from unfruitful litigation is not enough by itself. Great energy has

been expended recently also on promoting mediation as a method of alternative dispute resolution. This is the fourth issue. I am all for developing mediation to give the public an additional option which is frequently the better option both in terms of costs and result. But it is universally recognized by those who know the subject professionally, though insufficiently realized by the general public, that mediation works only for the right case and under certain conditions — for example, genuine willingness of both parties to at least try, and a professional mediator. Mediation is not an alternative to a just and accessible system of legal procedure.

Madam President, it is vital to the rule of law that judicial procedure is efficacious. Because if the Courts are unable to do justice, then the people will resort to self-help, that is, taking the law into their hands. The Courts may be a last resort, but must not be made irrelevant to most people. In this connection, the question of enforcement of judgements in civil cases should not be avoided. Submissions have been made by The Law Society to the Panel on Administration of Justice and Legal Services pointing out the inadequacies of existing methods under the law and the High Court Rules. They deserve to be addressed, if not in the present exercise, then as soon as possible.

With these remarks, Madam President, I support the Second Reading of the Bill.

MR LI KWOK-YING (in Cantonese): President, on behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) I speak on the Second Reading of the Civil Justice (Miscellaneous Amendments) Bill 2007.

President, the judicial system of Hong Kong is rooted in common law and it emphasizes procedural stringency and the adversarial nature of litigation. This is the essence of such a system. However, we can also see that, with the development of the times, certain existing procedures cannot meet the needs of the reality and they have become rigid and cumbersome, thus on the contrary, causing an impediment to justice. People with lawful claims feel aggrieved and certain procedural requirements are subject to easy abuse or incurring huge legal costs. This undermines the opportunity of the public in seeking substantive justice from the Courts. Such problems have caused frequent concern in the community and if they are not ameliorated by carrying out reforms and if they

are allowed to accumulate, public confidence in the judicial system will be eroded at the end of the day.

As we review the history of common law, a set of principles under what is called equity law has been developed. This allows the Courts to provide redress to the aggrieved beyond the stringent limitations of the law. In recent years, other common law jurisdictions are actively seeking to reform their judicial procedures to ensure that justice can be truly and effectively done. This shows that no judicial system and procedure is immune to change. It must advance with the times, be in tune with the changes in society and meet the actual needs. Hence, the DAB supports the reform proposed in the Final Report of the Civil Justice Reform which attempts to imbue greater flexibility to civil justice while maintaining the merits of common law. Details of the proposed reform include streamlining the civil procedures, giving greater case management powers to the Courts, preventing the manipulation of procedures and encouraging settlement between parties. Hence judicial resources can be used in a more rational manner and patrons of the Courts can have value-for-money services, thereby enabling better protection of the lawful interests of the people.

President, a main part of the contents of the Bill is to allow the Court to order disclosure of documents from parties to the litigation before the commencement of civil proceedings. In addition, after the commencement of proceedings, the Court can also order the disclosure of documents by non-parties. This arrangement facilitates the pre-action assessment of the claims and prospects of winning the case in question, thereby facilitating settlement. We therefore support the relevant amendment.

Under the new arrangement, the test for pre-action disclosure of documents is that the documents in question should be "directly relevant" to an issue arising or likely to arise out of a claim in the anticipated proceedings. Currently, the Court may order a disclosure of documents in cases involving claims arising from personal injuries and deaths. The test for order of disclosure in the abovementioned cases is laxer in wording than the test of "direct relevance". Therefore, although the new and stricter test would benefit litigants in other types of cases, it would be a cause of concern regarding its impact on personal injuries claimants. According to the views of professional bodies in law, even if the new test of "direct relevance" is applied, the kind of documents which should be disclosed in personal injuries actions can satisfy the test.

Therefore, if the test of "direct relevance" is used in all types of cases, it can enable the adoption of a unified requirement while no actual impact is caused on the rights currently enjoyed by personal injury claimants.

In addition, the Bill also imposes some procedural restraints on appeals by providing that an interlocutory appeal can only be brought with leave of the Court of First Instance or the Court of Appeal. Leave to appeal would only be granted if the Court is satisfied that the appeal has reasonable prospects of success or beneficial to the attainment of justice. The Bill also provides that refusal of leave by the Court of Appeal is final. The aim of this amendment is to give greater initiative to the Courts in case management and reduce the number of unmeritorious interlocutory appeals, thereby streamlining the procedures. Considered against the goals to be achieved, the restrictions of the Bill are proper and reasonable. They will not affect interlocutory appeals which have a decisive impact on any substantive rights and they are able to meet the constitutional requirements prescribed in the Basic Law. Hence we will support the amendment concerned.

President, the issue of costs is another key issue in the Bill. The Bill provides that the Court can make a costs order against a person who is not a party to the relevant proceedings. A new rule is also introduced whereby the Court will allow the non-party concerned to attend a hearing and defend his case when the Court considers making a costs order against that person. Such an arrangement is in our opinion reasonable, for it can catch a self-interested party who funds the litigant and incites legal action, hence a deterrent effect can be achieved in cases of exercising undue influence on litigations. Consequently, there can be more effective utilization of court resources.

Moreover, the Bill also confers on the Courts greater powers to issue a wasted costs order against barristers and solicitors in cases where the barristers or solicitors are held responsible for any costs improperly incurred or wasted as a result of an improper or unreasonable act or any undue delay or other misconduct. The Court may order the barristers or solicitors concerned to pay such costs. We consider that in discharging their duties and uphold justice, legal professionals must be allowed to fearlessly advocate for a client's case. Hence it is only in extreme cases that a wasted costs order be made against legal professionals. For this reason, we agree with the Bill in providing that there should be fearless advocacy when the Court determines whether or not a wasted costs order is to be made. Some professional bodies in law further recommend

that public funds be made available to recompense a legal representative's costs in successfully defending a wasted costs order which is initiated on the Court's own motion. However, we have reservations about this suggestion at the present stage because after making reference to other similar jurisdictions, we found that there are no stipulations on the use of public funds to recompense a legal representative's costs. As there are implications in the use of public funds, we consider it desirable to wait until the provisions in the Bill have been implemented and after an assessment is made of the actual impact on the legal profession to arrive at a sound conclusion.

President, with respect to the issue of vexatious proceedings, the Bill provides that a vexatious litigant order can be made on application of an "affected person". I believe many members of the public and even some Honourable colleagues of this Council may have personal experience of vexatious proceedings. As affected persons, they may have to spend time and money to deal with some procedural matters and these cannot be ignored merely because the ground for instituting such proceedings is trivial. This does cause vexations to the affected persons. Hence if the Court is given greater powers to handle such litigations and raise the threshold in granting leave to a vexatious litigant to institute or continue with proceedings, this may reduce the chances of the wastage of court resources and nuisance caused to the affected persons.

As abundant precedents have been accumulated in local or overseas case law, the Courts have solid reference to what is meant by "vexatious legal proceedings", "habitually and persistently" instituting such proceedings and what is meant by "affected persons". In addition, there is also a mechanism under the existing system in which the vexatious litigant can appeal against a court order. In sum, we consider that the amendment has struck a proper balance between the protection of the right of the public in seeking justice from the Court and limiting frivolous and trivial litigations.

Besides, under the existing civil litigation procedures, if the parties to the dispute cannot agree on the amount of costs even though the substantive dispute has been resolved, it is necessary to institute litigation again for the whole dispute in order just to resolve the question of costs in court. The Bill proposes an amendment in this respect and allows the parties to apply for such costs to be taxed by the Court, instead of having to institute litigation afresh on the substantive dispute. The arrangement can encourage the parties to the dispute to reach a settlement in areas where settlement is possible and should that fail,

unnecessary procedures and expenses can be reduced. Moreover, the Administration proposes Committee stage amendments to make clearer provisions for the powers of the Courts in "costs-only proceedings" and to better reflect the legislative intent. Therefore, we also support the amendments in this part.

President, overall, the civil justice reform that this Bill seeks to implement has taken reference from the experience of other common law jurisdictions and the reform to be launched is gradual and orderly, as well as detailed, sound and practicable. This enables civil justice in Hong Kong to keep abreast with the times. Therefore, the DAB supports the Second Reading of the Bill. 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 will invite the Chief Secretary for Administration to speak in reply.

CHIEF SECRETARY FOR ADMINISTRATION: Madam President, the Civil Justice (Miscellaneous Amendments) Bill 2007 seeks to improve the civil procedures in the High Court, District Court and the Lands Tribunal. The Bill contains amendments to six Ordinances which were proposed by a Steering Committee appointed by the Chief Justice to oversee the implementation of the Civil Justice Reform. The objectives are to streamline and improve procedures, encourage and facilitate settlement, and enable judicial resources to be better utilized.

Since the introduction of the Bill into this Council on 25 April 2007, the Bills Committee has held nine meetings to examine the various provisions. I am most grateful to the Chairman of the Bills Committee, the Honourable Margaret NG, and members of the Bills Committee, for their hard work and helpful contributions.

At the Committee stage, I will move amendments to a number of provisions in the Bill. The Bills Committee has examined these proposed

amendments in draft and is agreeable to them. The majority of the proposed amendments are of a technical and consequential nature. Some are proposed in response to the Bills Committee's valuable suggestions and comments. I would like to outline briefly two sets of the proposed amendments which are of a more substantive nature.

Part 12 - Proposed leave requirement for Lands Tribunal appeals

At present, any party may appeal against a determination or order of the Lands Tribunal on the ground that such determination or order is erroneous in point of law. Such appeals are heard by the Court of Appeal. There is no need for parties to apply for leave. In a decision made in mid-2007, the Court of Appeal suggested that a leave requirement should be introduced for appeals from the Lands Tribunal, so that only appeals involving questions of law would be dealt with at the substantive hearing. The Steering Committee appointed by the Chief Justice has suggested that the opportunity be taken to implement this suggestion through amendments to the present Bill. With the Bills Committee supporting the Court of Appeal's suggestion, I will propose, at the Committee stage, adding new clauses to Part 12 for the purpose.

New Part 10A - Rules as to costs and interest

The main objectives of the Civil Justice Reform are to facilitate early settlement, eliminate redundant steps, and minimize unnecessary applications. In line with these objectives, the Steering Committee has suggested that suitable amendments to the relevant subsidiary legislation be made in order to give certain powers to Taxing Masters in relation to costs and interest in taxation proceedings. Before such amendments can be made, appropriate provisions should be added in the relevant primary legislation. For this, I will move amendments to add a new Part 10A to the Bill to empower the High Court Rules Committee and the District Court Rules Committee to pursue such amendments to subsidiary legislation.

Subcommittee to study draft subsidiary legislation

As we have set out in the Legislative Council Brief on the Bill, to complement the provisions in the Bill, the Steering Committee will propose amendments to various sets of court rules. I am glad to note that in view of the relatively large number and the complexity of the proposed amendments, the

House Committee of the Legislative Council has already set up a Subcommittee so that consideration of the draft amendments may commence early. The Administration and the Judiciary both look forward to co-operating closely with the Subcommittee as we have done with the Bills Committee.

Madam President, passage of the Bill today will be an important step in the road to introducing crucial reforms to our civil justice system.

With these remarks, and subject to the proposed Committee stage amendments, I commend the Bill to Honourable Members.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the Civil Service (Miscellaneous Amendments) Bill 2007 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Civil Service (Miscellaneous Amendments) Bill 2007.

Council went into Committee.

Committee Stage

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

CIVIL JUSTICE (MISCELLANEOUS AMENDMENTS) BILL 2007

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Civil Justice (Miscellaneous Amendments) Bill 2007.

CLERK (in Cantonese): Clauses 1, 2, 4, 6 to 9, 11 to 20, 22, 23, 24, 26 to 32 and 35 to 38.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clauses 3, 5, 10, 21, 25, 33 and 34.

CHIEF SECRETARY FOR ADMINISTRATION: Madam Chairman, I move that clauses 3, 5, 10, 21, 25, 33 and 34 be amended, as set out in the paper circulated to Members. I will briefly explain the reasons for these amendments.

Taking into account the Bills Committee's comments, we propose amending clauses 3 and 5 to better reflect the policy intent that the reference in the two clauses to costs in a costs order awarded in costs-only proceedings refers to the costs of and incidental to the costs-only proceedings, but not the costs of and incidental to the substantive dispute.

Proposed amendments to clause 10 seek to make it clear that the proposed amendments are to empower the Court of First Instance to grant interim relief in aid of court proceedings outside Hong Kong, instead of arbitral proceedings which are already dealt with in another clause in the Bill.

The Bills Committee has expressed concern that one of the proposed grounds for granting leave to appeal under clauses 21 and 25, that is some other "compelling reason" why the appeal should be heard, would import too high a threshold for obtaining leave to appeal. Having considered the views of the Bills Committee, we propose amending this reference to some other "reason in the interests of justice" why the appeal should be heard.

The proposed amendments to clauses 33 and 34 seek to add new sections to the Lands Tribunal Ordinance, to provide for interest on claims for debt and damages and interest on judgements for consistency with their relevant provisions in the High Court Ordinance and the District Court Ordinance.

The above amendments are technical in nature and have the support of the Bills Committee. Thank you, Madam Chairman.

Proposed amendments

Clause 3 (see Annex I)

Clause 5 (see Annex I)

Clause 10 (see Annex I)

Clause 21 (see Annex I)

Clause 25 (see Annex I)

Clause 33 (see Annex I)

Clause 34 (see Annex I)

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

(No Member indicated a wish to speak)

CHAIRMAN (in Cantonese): I now put the question to you and that is: That the amendments moved by the Chief Secretary for Administration be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Clauses 3, 5, 10, 21, 25, 33 and 34 as amended.

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): New clause 15A	Powers of the Court before commencement of action
New clause 16A	Provisions supplementary to sections 41 and 42
New clause 16B	Application to Government of sections 41 to 44
New clause 17A	Application to Government of sections 47A to 47D
New heading before new clause 28A	PART 10A RULES OF COURT High Court Ordinance
New clause 28A	Section added
New heading before new clause 28B	District Court Ordinance
New clause 28B	Section added
New clause 32A	Decisions of Tribunal final
New clause 32B	Sections added.

CHIEF SECRETARY FOR ADMINISTRATION: Madam Chairman, I move that the new clauses and the new headings read out just now be read the Second time.

The proposed new clauses 15A, 16A, 16B and 17A introduce consequential amendments to the relevant sections of the High Court Ordinance and the District Court Ordinance, following the amendments in part 6 of the Bill which extends pre-action discovery from personal injuries and death claims at present to all civil claims.

The proposed new clauses 28A and 28B amend the High Court Ordinance and the District Court Ordinance respectively to empower the High Court Rules Committee and the District Court Rules Committee to make rules as to costs and interest. Specifically, the new clauses provide that the relevant Rules Committee may make rules to empower the Registrars of the two Courts to disallow costs to be taxed, disallow interest and impose interest sanctions in taxation proceedings, in circumstances as may be specified in the rules.

Part 12 of the Bill contains amendments to the Lands Tribunal Ordinance. At present, any party may appeal against the determination or order of the Lands Tribunal to the Court of Appeal on the ground that such determination or order is erroneous in point of law. There is no need to apply for leave. In commenting on a case in July 2007, the Court of Appeal suggested that a leave requirement be introduced for appeals from the Lands Tribunal, so that only appeals involving questions of law would be dealt with at the substantive hearing.

Having regard to the Court of Appeal's comments, and in order to achieve consistency with the grounds for granting leave for appeal to the Court of Appeal, as proposed in part 8 of the Bill, I propose adding new clauses 32A and 32B to part 12 of the Bill to introduce a leave requirement for interlocutory and final appeals from the Lands Tribunal to the Court of Appeal.

Thank you, Madam Chairman.

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the new clauses and new headings read out just now be read the Second time.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): New clauses 15A, 16A, 16B, 17A, 28A, 28B, 32A and 32B, and the new headings before new clauses 28A and 28B.

CHIEF SECRETARY FOR ADMINISTRATION: Madam Chairman, I move that the new clauses and the new headings read out just now be added to the Bill.

Proposed additions

New clause 15A (see Annex I)

New clause 16A (see Annex I)

New clause 16B (see Annex I)

New clause 17A (see Annex I)

New heading before new clause 28A (see Annex I)

New clause 28A (see Annex I)

New heading before new clause 28B (see Annex I)

New clause 28B (see Annex I)

New clause 32A (see Annex I)

New clause 32B (see Annex I)

CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the new clauses and new headings read out just now be added to the Bill.

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

(Members raised their hands)

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

(No hands raised)

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

CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bills

PRESIDENT (in Cantonese): Bill: Third Reading.

CIVIL JUSTICE (MISCELLANEOUS AMENDMENTS) BILL 2007

CHIEF SECRETARY FOR ADMINISTRATION: President, the

Civil Justice (Miscellaneous Amendments) Bill 2007

has passed through Committee with amendments. I move that this Bill be read the Third time and do pass.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Civil Justice (Miscellaneous Amendments) Bill 2007 be read the Third time and do pass.

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Civil Justice (Miscellaneous Amendments) Bill 2007.

MOTIONS

PRESIDENT (in Cantonese): Motion. Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Tsing Sha Control Area (Tolls, Fees and Charges) Regulation.

I now call upon the Secretary for Transport and Housing to speak and move her motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

First of all, I wish to express my gratitude to the work of the Subcommittee chaired by the Honourable Miriam LAU in examining the Tsing Sha Control Area (Tolls, Fees and Charges) Regulation (the Regulation).

After consulting the Legislative Council Panel on Transport last year, earlier on we introduced into the Legislative Council the Regulation, which prescribes the level of tolls of the Tsing Sha Control Area (TSCA). Our original proposal was to adopt a differential toll regime of \$12, which is similar to the toll levels and regime of one of the major alternative routes to the TSCA, that is, the Tate's Cairn Tunnel. In determining this toll regime, we took into account a number of relevant factors, such as the strategic location of the TSCA, diversion effect on other roads, the "user pays" principle, public affordability and acceptability, the relationship between toll levels and the payback period, and so on.

Nevertheless, we note that over the past month, there was a series of price hikes in essential goods and services, and in the transport field, there has also been increasing public concern about rising transportation cost. In light of that, we consider that within the control of the Administration, we should alleviate the pressure of transportation cost on the public. Therefore, I would now like to move a motion to reduce our originally proposed toll regime for the TSCA, that is, a differential toll of \$12 for private cars with corresponding levels for other vehicles types, to a flat toll of \$8 for all vehicle types. This proposal has made reference to the toll regime of another major alternative route to the TSCA, that is, the Lion Rock Tunnel. The revised toll level would attract more vehicles to use the TSCA.

I need to point out that under the original differential toll regime of \$12, it is estimated that after the commissioning of the TSCA, it will take 56 years to

achieve the Administration's target return on Average Net Fixed Assets of 8.4% for the provision of utilities, and the relevant payback period is estimated to be 34 years. Under the proposed revised flat toll regime of \$8, the target return will be achieved in 80 years' time after the commissioning, and the relevant payback period is estimated to be 53 years.

The proposed revised toll level is detailed in the motion I submitted earlier.

Madam President, I so submit. Thank you.

**The Secretary for Transport and Housing moved the following motion:
(Translation)**

"RESOLVED that the Tsing Sha Control Area (Tolls, Fees and Charges) Regulation, published in the Gazette as Legal Notice No. 237 of 2007 and laid on the table of the Legislative Council on 9 January 2008, be amended –

- (a) in section 4(3), in the English text, by repealing "of him" and substituting "on him";
- (b) by repealing Schedule 1 and substituting –

"SCHEDULE 1		[s. 3]
TOLLS		
Category	Description of vehicles	Toll or description of tolls payable
1.	(a) Motor cycle	\$8
	(b) Motor tricycle	\$8
2.	(a) Private car	\$8
	(b) Electrically powered passenger vehicle	\$8
	(c) Taxi	\$8

3.	(a)	Public light bus	\$8
	(b)	Private light bus	\$8
4.	(a)	Light goods vehicle	\$8
	(b)	Special purpose vehicle of a permitted gross vehicle weight not exceeding 5.5 t	\$8
5.	(a)	Medium goods vehicle	\$8
	(b)	Special purpose vehicle (other than articulated vehicle) of a permitted gross vehicle weight exceeding 5.5 t but not exceeding 24 t	\$8
6.	(a)	Heavy goods vehicle	\$8
	(b)	Special purpose vehicle (other than articulated vehicle) of a permitted gross vehicle weight exceeding 24 t	\$8
7.	(a)	Public bus (single-decked)	\$8
	(b)	Private bus (single-decked)	\$8
8.	(a)	Public bus (double-decked)	\$8
	(b)	Private bus (double-decked)	\$8
9.		Articulated vehicle	\$8
10.		Vehicle towing another vehicle	\$16
11.		Vehicle (other than articulated vehicle) towing a trailer	\$16". "

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

MS MIRIAM LAU (in Cantonese): Madam President, Route 8 is a strategic road linking Sha Tin and North Lantau. The section of Route 8 linking Tsing Yi and north Lantau came into operation in 1997. The remaining section between Tsing Yi and Sha Tin is under construction. The section between Sha Tin and Cheung Sha Wan is scheduled for opening in March 2008, followed by the Nam Wan Tunnel and viaducts at Tsing Yi in late 2008 and the Stonecutters Bridge in mid-2009. For effective and efficient traffic control and incident management, the section of Route 8 between Tsing Yi and Sha Tin will form one single control area — the Tsing Sha Control Area (TSCA). The management, operation and maintenance of the TSCA will be outsourced to an operator through open tender, similar to the arrangement for the Tsing Ma Control Area. The ownership of the TSCA will remain with the Government as in the case of the Tsing Ma Control Area.

The object of the Tsing Sha Control Area (Tolls, Fees and Charges) Regulation (the Regulation) is to prescribe and provide for the payment of tolls, surcharge, fees and charges relating to the TSCA.

At its meeting on 4 January 2008, the House Committee agreed to form a subcommittee to study the Regulation. The Subcommittee held a meeting with the Administration to discuss the related matters.

The Subcommittee noted that the section of the TSCA between Sha Tin and Cheung Sha Wan would be tolled. The authorities advised that in determining the relevant toll levels, consideration had been given to a basket of factors, including the "user pays" principle, the strategic location of the TSCA and tolls of alternative routes, public acceptability and affordability, as well as the transport objectives, including estimated traffic flow. The original proposal was to set a toll of \$12 for taxis and private cars with corresponding levels for other types of vehicles.

During the course of scrutiny, some members pointed out that the proposed tolls for the TSCA were indeed too high when compared to its major alternative routes. Currently, flat tolls of \$8 and \$5 are imposed in the Lion Rock Tunnel and the Shing Mun Tunnels respectively. Setting the tolls for the

TSCA on a par with that of the Lion Rock Tunnel can help achieve its traffic diversion function, thereby alleviating the traffic congestion at the Lion Rock Tunnel and relieving the pressure for fare increase by franchised bus operators.

After the meeting, the authorities proposed to lower the tolls for the TSCA to a flat rate of \$8 in view of the public concern about the upward trend in the cost of living, including transportation cost, and the expectation of the community for the Government to try its best to contain the increase of various fees where affordable.

The Subcommittee noted the amendment proposed by the authorities.

I made the foregoing comments in my capacity as Chairman of the Subcommittee to report on its deliberation. Now I would like to raise a few points about the Regulation and the amendment in my personal capacity.

I welcome the Government's initiative to lower the tolls for the TSCA to a flat rate of \$8. A few weeks ago, this Council held a debate over the pressure of inflation, particularly in transportation costs, on the public. We hoped that the Government could propose measures to alleviate the impact of inflation and arrest the rate of price increase. Besides, I will move a motion on "Sharing the fruits of economic growth by all the people" later today demanding that the Government should return wealth to the people and take additional measures to alleviate the burden of the public when the Treasury is "flooded" with cash. By lowering the tolls for the TSCA, the Government has, to a certain extent, answered Members' aspirations in this regard. However, I would like to point out that, according to the Government's established policy of cost recovery, the toll levels originally proposed by the Government are in fact not too high because such toll levels are comparable to those of the Tate's Cairn Tunnel. Given such toll levels, the Government's target return will be achieved in 56 years' time after commissioning, and the payback period is 34 years. With the lowered tolls, the target return will only be achieved in 80 years' time after commissioning, and the relevant payback period has to be extended to 53 years. Nevertheless, I still support the Government's initiative to lower the tolls because I consider that the primary responsibility of the Government is to protect the interest of the public instead of gaining a return.

On the transport front, the Government's major responsibility is to ensure smooth traffic flow through bridge repairs and road construction, while toll

collection is only secondary. In the past, this Council has repeatedly debated on tunnel tolls such as those for the Cross-Harbour Tunnel, Aberdeen Tunnel and the Tsing Ma Control Area. Members' views in this regard are very clear. I hope that, in the days to come, when the Government implements the established policy of cost recovery on roads, it can accord priority to considerations of transport needs, such as whether the roads concerned can be diverted, how the best diversion function can be achieved, the affordability of the public and the transport industry, and so on, over that of the return for the Government.

Thank you, Madam President.

MR ANDREW CHENG (in Cantonese): Madam President, first of all, I welcome the Government's initiative to standardize the tolls for the TSCA at a flat rate of \$8 under the Tsing Sha Control Area (Tolls, Fees and Charges) Regulation (the Regulation). It is because at the only meeting held, we spent plenty of time discussing this issue. According to what the Honourable colleague and the Secretary have just pointed out, that is, a flat toll of \$8 is imposed in the Lion Rock Tunnel (LRT), we are concerned that if a new trunk road is constructed and the tolls charged will indeed be higher compared to those of the LRT, Route 8 will turn out to be another Western Harbour Crossing (WHC) in future. In other words, it will become a white elephant as a result of the costs, and it will have little effect in solving the traffic congestion problem at the LRT.

At the meeting of the Subcommittee, the Government put forward justifications such as return rates to state its disagreement with our concern about the knock-on effect of price increases. Therefore, I very much welcome the Government heeding the view of the Subcommittee. As a member of the Subcommittee, I have advised the Government that if it will not propose any amendment, I will do so. The toll being proposed by the Government is \$8. At the Subcommittee meeting, I also proposed to set the toll at \$8, Madam President, because the toll of the LRT has all along been \$8. Nevertheless, now that this issue has become a subject of debate or discussion, I hope that the Secretary can listen to more views on how to alleviate the traffic congestion problem of various trunk roads and tunnels at different geographical locations. It is because both the function and operation of the Tate's Cairn Tunnel, the LRT and the trunk roads at the future TSCA are in fact very similar to those of the other harbour crossings such as the Eastern Harbour Crossing (EHC), the WHC

and the Cross-Harbour Tunnel (CHT). I hope the Government can understand that in order to solve the traffic congestion problem of trunk roads which are perfectly located and patronized so readily by passengers or drivers as those of the LRT or the CHT, the tolls may have to be set at levels higher than those of the tunnels and trunk roads which are not really so popular. Therefore, Madam President, I have considered that although the toll set by the Government is at a flat rate of \$8, if it was reduced to \$7 or \$6, more vehicles would be attracted to the TSCA. However, as I have proposed to impose a flat toll at the meeting of the Subcommittee, I do not intend to and will not propose any amendment.

Nevertheless, I hope that the Secretary can adopt this idea for other tunnels with traffic congestion problems as well as such white elephants as the WHC. Regarding the Regulation in question, the Government's strongest argument has all along been the need to relieve the pressure of toll increase or that it does not want to take the lead in increasing charges. However, it has not expounded on how the traffic congestion problem at the LRT, which I have just mentioned, can be solved. With the existing congested situation at the LRT, the average daily traffic throughput has reached 91 000 vehicles, which has greatly exceeded the design capacity. Therefore, the Government should adopt the policy of road construction, bridge repairs and tunnel construction to enable drivers to make use of new trunk roads, thereby easing the pressure at congested tunnels or roads such as Tai Po Road.

The current approach can definitely achieve such a purpose. Madam President, I certainly understand that setting the toll at a flat rate of \$8 can surely achieve some effect. But I also hope that the Government can review the traffic flow after the commissioning. It is because some drivers have told me that if the tolls of both of the trunk roads are standardized at \$8, people who are used to taking the LRT will find that it takes longer to drive to the urban area and Kowloon West via Route 8. After considering the fuel costs, they may choose to patronize the LRT. Should this unfortunately turn out to be the case, I hope that the Government can take on board this suggestion early in future and lower the flat rate to the more attractive level of \$7 or \$6. I hope that the Government can adopt this idea and address such problems with an open mind.

Madam President, I hope that the Government can take prompt initiatives in response to the burden of society and wastage of resources caused by the excessively high tolls and congestion problems of various harbour crossings such as the EHC and the WHC, as in the case of this Regulation. Having said that, I

certainly understand that these are the bad effects of the construction of trunk roads and the adoption of the BOT mode ("Build-Operate-Transfer") by the Government in the past. I believe the Government has already learned a lesson from the construction of this trunk road, and I hope that there will no longer be very serious traffic congestion at various trunk roads and tunnels in Hong Kong, and that more roads can achieve the effect of relieving traffic congestion in future.

Madam President, I so submit.

MR CHEUNG HOK-MING (in Cantonese): Madam President, when things are getting more and more expensive and the price of goods and services are soaring, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) welcomes and supports the authorities' initiative to amend the tolls for the TSCA and replace the originally proposed differential toll regime of \$12 with a flat rate of \$8 for all vehicle types. This is in line with the proposal intended to be put forward by the DAB, that is, the mode of charging and tolls for the TSCA (the section between Sha Tin and Cheung Sha Wan) can be modelled on the nearby Lion Rock Tunnel (LRT).

The purpose of constructing the section of Route 8 between Sha Tin and Cheung Sha Wan is to cope with the increasing traffic flow at the LRT, the Tate's Cairn Tunnel and the Shing Mun Tunnels. The original proposed tolls of between \$12 and \$30 have been reduced to a flat rate of \$8, and the average rate of reduction is over 50%. I believe such rate of reduction will be able to attract more drivers to patronize the new road and relieve the Kowloon-bound traffic congestion at the LRT. What is more, the flat toll will be able to attract more large vehicles to patronize the TSCA and better achieve the objective of traffic diversion.

Although such rate of reduction has caused the original estimated payback period of 53 years to be extended to 80 years, the lowered tolls and the mode of charging a flat rate can effectively divert the traffic and reduce exhaust emission attributable to traffic congestion, and also enhance the air quality in the district. The Government's decision to lower the tolls can be considered a contribution to environmental protection. Besides, it will only take 17 minutes to drive from Sha Tin to Tsim Sha Tsui after the commissioning of the TSCA (the section between Sha Tin and Cheung Sha Wan), as compared with 37 minutes for taking

the old route of the LRT. It enables drivers and the public to save half the time. The fact that the distance is shortened considerably can also help reduce the fuel cost of vehicles.

Although the relevant amendment will lead to an extension of the payback period, it can reduce traffic congestion, air pollution and fuel consumption as a result of the reduced driving distance. This will help alleviate the hardship of the public, improve the environment of the community and bring about economic benefits to the society as a whole. As this is an all-win solution, the DAB supports the amendment by the authorities. I so submit. Thank you, Madam President.

MR WONG KWOK-HING (in Cantonese): President, I appreciate and support the Government in initiating a reduction of the toll for the TSCA to a level comparable to that of the Lion Rock Tunnel and the Shing Mun Tunnels. I will not repeat the arguments just put forward by Honourable colleagues, but I would like to add some other views on the amendment initiated by the Government to lower the tolls. I think at least the following implications of the Government's amendment are noteworthy. I also hope that the Government can keep up with such good practice of being concerned about the public sentiments and caring for people's livelihood.

First, the Government initiated a reduction of the toll from the original level of \$12 to \$8. It also said that it can put forward some arguments for not revising the toll. As the Secretary has said, in setting the toll at \$12, a host of factors had been considered, that is, before setting the toll at the level of \$12, she had taken all factors into account. The Secretary has every reason to uphold her original position without making any change. However, I notice the Secretary said in her speech that this amendment had been made as a result of the concern about or consideration of the situation of the economy in the past month or so. It shows that the Secretary has made such an amendment after considering a host of factors and the circumstances during this past month. I hope that Members can take note of this change. It would be a benevolent measure if the Government could always keep abreast of the times and pay attention to public opinions and sentiments in making policies. I consider this commendable. I think the Secretary has done a good deed. This is the first implication I would like to point out. Therefore, whenever the Government insists on its ideas and says that such ideas are absolutely right while the other opinions cannot be

considered at all, there is in fact still some room for conciliation. This is the first point.

President, the second implication is that the Government has initiated the reduction of the tolls, and as a result, the situation has changed from the Government taking the lead in increasing charges to it taking the lead in reducing charges. I consider this a good deed. The Secretary has made a very good decision. I hope that other bureaux can follow her example. I think that when the Government merits commendation, we should commend it and should even do so with vigour. I suppose if the tolls set for the TSCA are different from those proposed in the Government's present amendment, it will be incompatible with the forthcoming Budget to be released by the Financial Secretary. With the Government hoarding a hundred billion dollars, the Financial Secretary may have to consider various ways of reducing the burden of the public. Hence, if the Government had proposed to raise the toll for the TSCA before the release of the Budget by the Financial Secretary, there would have been a serious lack of co-ordination. The Government's current initiative is thus an attempt to respond to the changing circumstances and adjust its rigid position in a timely manner. This is commendable.

Finally, I would like to point out, as the Secretary sees it and we have mentioned it plenty of times that the tolls of the Eastern Harbour Crossing (EHC) and the Western Harbour Crossing (WHC) have indeed caused a great impact on the livelihood of the people while failing to effect traffic diversion. These two tunnels are very good ones, but they cannot achieve the effect of alleviating the traffic congestion at the Cross-Harbour Tunnel. This is a tumor, which is cancerous. I hope that the Secretary can endeavour to advocate the initiative and idea demonstrated by the authorities today and adopt new thinking in considering how the problem of the EHC and the WHC can be solved. I very much hope that the Secretary and the relevant departments can address the issue expeditiously without further delay.

With these remarks, I support the Government's amendment. Thank you, President.

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

(No Member indicated a wish to speak)

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

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I am very grateful to Members for their views and support for our motion. I would like to respond briefly.

The original proposal of adopting a differential toll regime of \$12 will also attract a certain amount of vehicle flow to this new road network of the Tsing Sha Control Area. However, as I mentioned earlier, we have considered a host of factors, including the geographical location, traffic diversion function, the "user pays" principle, and particularly the affordability and acceptability of the public as well as the payback period, and so on. In making this amendment, we have considered the relative weight of such factors. As I have mentioned just now, we are mindful of the public concern about the upward trend of prices, especially in transportation cost, in recent months. Therefore, we think we should do whatever we can on our own initiative.

Besides, there are views that a further reduction of tolls would be more helpful. This depends on the overall effect in traffic diversion. We believe that there may not be any significant effect if the tolls are further reduced. However, I would like to point out that solving the traffic congestion problems does not necessarily call for the construction of new roads. After all, Hong Kong is a small place with a huge population. This problem should be addressed in the context of a package of other measures, such as traffic management initiatives, the charging of reasonable tolls for tunnel and road networks, and the "user pays" principle is also involved. We should also make more effort in encouraging the public to use mass carriers.

Some Members have raised the question of whether the problem of the Eastern Harbour Crossing (EHC) and the Cross-Harbour Tunnel (CHT) could be tackled as soon as possible. This question has been discussed in great detail in this Council. I have also mentioned that we maintain an open mind on various proposals and would like to examine them. On the other hand, however, we have to respect the contractual spirit of the existing franchises. At the same time, any new concepts and new plans proposed will also have to achieve the traffic diversion function and be acceptable to the public. That is why we will examine different options in detail.

Madam President, I so submit. Thank you.

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

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Road Traffic (Driving Licences) (Amendment) Regulation 2008.

I now call upon Ms Miriam LAU to speak and move her motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MS MIRIAM LAU (in Cantonese): Madam President, at the House Committee meeting on 18 January 2008, Members agreed to form a Subcommittee to study the Road Traffic (Driving Licences) (Amendment) Regulation 2008 tabled before the Legislative Council on 18 January 2008.

To give the Subcommittee more time for deliberation, I now move a motion in my capacity as Chairman of the House Committee to extend the scrutiny period for the foregoing Regulation to 5 March 2008.

Madam President, the details of the motion are set out on the Agenda. I urge Members to support the motion.

Ms Miriam LAU moved the following motion:

"RESOLVED that in relation to the Road Traffic (Driving Licences) (Amendment) Regulation 2008, published in the Gazette as Legal Notice No. 3 of 2008 and laid on the table of the Legislative Council on 16 January 2008, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 5 March 2008."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU be passed.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

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

First motion: Optimizing the use of the Hong Kong-Shenzhen Western Corridor.

I now call upon Mr Jeffrey LAM to speak and move his motion.

OPTIMIZING THE USE OF THE HONG KONG-SHENZHEN WESTERN CORRIDOR

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

Madam President, I still recall that President HU Jintao officiated at the inauguration of the Shenzhen Bay Port, that is, the Hong Kong-Shenzhen Western Corridor (HK-SWC), during the celebration of the 10th anniversary of Hong Kong's reunification last year. It was widely hoped that the much-anticipated commissioning of the HK-SWC could ease traffic congestion at Lok Ma Chau, Man Kam To and Sha Tau Kok, and provide faster and more convenient access to the Mainland. I also made a special effort in switching the cross-boundary permit of my private car one allowing my car to cross the boundary via the HK-SWC. Now that six months have passed, the utilization of the HK-SWC is only 15% of the original estimate. Furthermore, the connecting roads are far from satisfactory. As a result, vehicles using the HK-SWC are often required to make detours. There is nothing we can do but keep on waiting.

The construction of the HK-SWC was intended to uphold the principle of "West in, West out" so that vehicles can travel faster and more conveniently from Hong Kong to such places as Guangzhou, Foshan and Western Guangdong in order to tie in with the developments of the various new economic circles in the vicinity.

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

In July last year, the HK-SWC recorded a daily average of around 1 300 vehicle trips immediately after its commissioning and saw its vehicular flow gradually increasing by more than two-fold to 4 400 vehicle trips a day last month. However, the traffic flow in these several months represents only 15% of the Government's projected daily flow of 29 800 vehicle trips, not to mention reaching the maximum daily capacity of 80 000 vehicle trips. In other words, the utilization of the HK-SWC is extremely low, and there is a very big discrepancy with the original projection.

Let us examine the utilization of three other land crossings last month. The Lok Ma Chau/Huanggang crossing, with the heaviest vehicular traffic, had nearly 30 000 vehicle trips, only 6% less compared to the corresponding period of last year. The number of vehicle trips at the Sha Tau Kok crossing was 2 200, representing a slight drop of a mere 7.8%. The number of vehicle trips at the Sha Tau Kok crossing was close to 6 300, representing a more obvious fall of 18%. Not only has the vehicular flow of these three crossings not dropped substantially, but the time taken by drivers to line up to cross the boundary is also similar when compared to the past. This illustrates that the HK-SWC, after its commissioning, has apparently failed to serve the purpose of easing congestion at other crossings and achieve the function of traffic diversion.

Why is the HK-SWC unable to attract drivers? Many drivers having used the HK-SWC and I concur that the ancillary facilities of the port and the connecting road network are inadequate.

First of all, if we drive northward, we will have to pass through the Yueliangwan Avenue after leaving the Shenzhen port. However, the Avenue, being the trunk road leading to Shekou terminal, was often congested before the commissioning of the HK-SWC and packed with container trucks going to the terminal for clearance. Worse still, the vehicular flow from the HK-SWC has now further aggravated the traffic congestion at the Yueliangwan Avenue.

When we finally left the Yueliangwan Avenue, we still had to pass through a number of intersections and winding roads, as well as making detours. We have to drive past a number of bottlenecks and made a lot of effort before we could reach such roads as the Shenzhen-Guangzhou Superhighway before heading for the downtown area.

By "a lot of effort", I mean that the driver must demonstrate great patience in enduring traffic congestion. Moreover, he should have excellent vision and memory because there are no clear road signs along the way. In addition, he should demonstrate strong powers of concentration and memorize his direction, or he would lose his direction and eventually have no idea of whether to turn right or left. Yet, it would not be easy to turn around, too. Even "CJ 7"¹ can do nothing to help.

I recall it was hoped during the early planning of the HK-SWC that the freight industry would be attracted to use the HK-SWC. However, goods vehicles account for only one third of the HK-SWC's daily vehicular flow of 4 400 vehicle trips. Some people in the industry complain that the lack of back-up offices at the HK-SWC has caused drivers great inconvenience because, should there be any problems with their clearance documents, they would have nowhere and no one to turn to for assistance and be left in a limbo.

Owing to the difficulty in estimating the journey time of using the HK-SWC, many people, including Hong Kong businessmen making business trips to the Mainland, people going northward for fun and drivers of the freight industry, admit that they are a bit scared after using the HK-SWC. As time is money, many people are reluctant to use the HK-SWC.

In his reply to my oral question raised last week, the Secretary mentioned that the Shenzhen authorities had implemented some traffic management measures by installing additional traffic signs, designating goods vehicle-only lanes at the Yueliangwan Avenue, and so on. In addition, the Guangdong Provincial Government has indicated that it will expedite the construction works of the Guangshen Yanjiang Expressway with a view to commissioning the entire expressway by end 2010. By then, vehicles can access the urban areas in a more direct and faster manner without passing through the Yueliangwan Avenue. Furthermore, the Shenzhen side is actively preparing for the construction of a temporary office building in the Shenzhen port area to allow freight companies to set up 20 to 30 offices for providing support in customs declaration and clearance of goods in future.

It is my earnest hope that the Secretary can actively convey our views to the Shenzhen side that more traffic improvement measures be introduced

¹ "CJ 7" is the title of a movie, also known as Chang Jiang Qi Hao, directed by Stephen Chow

expeditiously with a view to segregating the HK-SWC vehicles from other vehicles within the region, more road signs be installed and the construction of the Guangshen Yanjiang Expressway be expedited to attract more drivers to use the HK-SWC.

I believe the Secretary has also heard that the inspections conducted at the Shenzhen Bay Port (SBP) are very stringent. Very often, the boots and seat mats of private vehicles, and even the carry-on baggage of passengers, have to be opened for inspection one by one. And goods vehicle are also subject to thorough inspection inside out. Deputy President, I understand that the purpose of inspection, as a risk management measure, is to ensure safety. However, if what I said just now is spread far and wide to many people, the SBP will be affected negatively. Hence, I hope the Secretary can clarify these rumours — if they are truly rumours — or convey the message to the Shenzhen side to enable us to use the SBP with peace of mind.

As regards the ancillary roads in Hong Kong, I believe Members are well aware of the hope of expediting the construction of an eastbound connecting road to connect with Route 3 so that vehicles travelling to Hong Kong via the HK-SWC will not have to make detours and, instead, they can access the urban areas faster via Route 3. This option can serve multiple purposes, for more vehicles will use Route 3 in future. By then, the Government will no longer need to rack its brain to consider ways to increase the vehicular flow of Route 3. At the same time, the pressure on Route 3 to raise tolls can also be reduced.

In addition to providing proper ancillary facilities and road networks, I believe the authorities can attract more vehicles through the licensing procedures, too. At present, both the Guangdong and Hong Kong Governments allow private vehicles holding cross-boundary vehicular permits for using Lok Ma Chau, Man Kam To or Sha Tau Kok to use the HK-SWC on a trial basis. Furthermore, the trial period has been extended from three months from the date of the commissioning of the HK-SWC by six months to end of March. Under a switching system, private vehicle owners can give up using their old crossings in favour of the HK-SWC instead.

Given that the HK-SWC has the highest capacity of all land crossings, the restrictions on the use of the HK-SWC by private vehicles should be totally relaxed to allow private vehicles to, in the light of their own destinations, use the

HK-SWC flexibly. In other words, the switching system can be modified so that a holder of a vehicular permit can, in addition to other crossings, make use of the HK-SWC as well. At present, private vehicles account for half of the vehicular flow of the HK-SWC. I believe a positive and boosting effect can be produced following the total relaxation of the restrictions, and more private vehicles will make use of the HK-SWC.

At present, goods vehicles serving cross-boundary freight companies are exempted by the Guangdong and Hong Kong Governments from the requirement of obtaining in advance an additional endorsement to use the HK-SWC from the relevant authorities in Guangdong Province so as to allow most goods vehicles to use the HK-SWC. However, the freight industry, which might still have some misunderstanding or no knowledge of the relevant arrangement, still believes that either an endorsement has to be obtained in advance or an existing permit has to be surrendered. For this reason, I hope the authorities concerned can enhance publicity to drive home the message that the industry can use the HK-SWC so long as it possesses a permit.

The coming Lunar New Year is the first Lunar New Year following the commissioning of the HK-SWC. In the past, most tour groups would present for immigration clearance at Lok Ma Chau. As a result, the control point was overburdened. With the commissioning of the HK-SWC this year, and the subsequent substantial increase in the combined capacity of all control points, I hope the authorities can co-ordinate with the tourism industry in advance with a view to diverting tourist coaches to different control points and distribute the quota among the coaches flexibly so as to prevent one control point from being packed with people and another from being too quiet. Only in doing so can we put things to good use and achieve smooth traffic.

Deputy President, I so submit.

Mr Jeffrey LAM moved the following motion: (Translation)

"That, given the persistently very big discrepancy between the traffic flow of the Hong Kong-Shenzhen Western Corridor (i.e. the Shenzhen Bay Port and the Shenzhen Bay Bridge) and the projected figures since its commissioning on 1 July last year, this Council urges the Government to expeditiously discuss with the Mainland authorities to improve the ancillary facilities in the vicinity of the port area, expedite the

construction of the Guangshen Yanjiang Expressway and explore incentives on various fronts to attract more cross-boundary vehicles to use the Corridor; at the same time, totally relax the restrictions on the use of cross-boundary vehicular permits to allow vehicles with Lok Ma Chau, Sha Tau Kok or Man Kam To cross-boundary vehicular permits to use the Corridor, with a view to optimizing the use of the port, achieving the function of diverting traffic flows and alleviating the traffic congestion at other control points."

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

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

I now call upon Mr CHEUNG Hok-ming to speak first, to be followed by Mr Andrew CHENG; but no amendments are to be moved at this stage.

MR CHEUNG HOK-MING (in Cantonese): Deputy President, while I was drafting this speech recently, I came across an article captioned "Which one of the six Shenzhen-Hong Kong ports is the most convenient?" on the Internet. In the article, the Shenzhen Bay Port (SBP) was mentioned and described in this manner, and I quote: "Improved customs clearance efficiency is made possible by modernized customs clearance facilities and the implementation of co-location of clearance despite the heavier passenger flow on weekends or festive occasions, compared to the low passenger flow on weekdays, the passenger flow is far from reaching saturation. While it might be a good idea to travel to Hong Kong via this port to avoid crowding during the New Year, ancillary facilities are not comprehensive here. Furthermore, there are inadequate public transport connections and signboards, as well as user-friendly services kiosks, and it is difficult to get a taxi." (end of quote)

Deputy President, the merits and demerits of the Hong Kong-Shenzhen Western Corridor (HK-SWC) are briefly summed up here in this article.

I believe Members will still remember that the Government justified its spending of huge amounts of money to construct the HK-SWC by saying that a new corridor had to be developed to ease existing congestion at various control points, and divert the traffic flows at the Lok Ma Chau Control Point in particular. However, the vehicular flow at the HK-SWC has been extremely light since its commissioning half a year ago. Its average daily flow of 4 400 vehicle trips is even lower than one sixth of the original estimate of 29 800 vehicle trips. Given its failure of reaching its minimum utilization, not to mention its failure to achieve the function of diverting traffic, the HK-SWC can be described as a waste of resources.

Actually, it was not the first time the SAR Government built a port or co-operated with the Shenzhen authorities. And yet, such a major mistake in estimation has occurred. This reflects a lack of communication between the governments of the two places in port design as well as poor ability on the part of the SAR Government to cope with contingencies. Despite having full knowledge of the inadequacy of the ancillary facilities of the port, the Government has not only failed to make an instant revision to its estimate of the vehicular flow, it has also failed to come up with contingency measures to stimulate the utilization.

However, it is not the time to pursue responsibility. The relevant authorities should come up with ways expeditiously to attract more motorists to use the HK-SWC to prevent this \$3 billion infrastructure project from becoming a "white elephant".

Mr Jeffrey LAM's original motion has already made a number of specific proposals. I have made an amendment merely in the hope of further complementing the proposed measures with a view to providing more reference for the relevant authorities.

First of all, I propose to, as a direct way to raise the utilization of the HK-SWC, provide more bus routes to attract more travellers to use the HK-SWC. At present, there are only three bus routes running to the HK-SWC via Yuen Long and Tuen Mun. The only public light bus route is serving Tin Shui Wai only, completely ignoring those residents living outside New Territories West. Hence, the Transport Department should provide more bus routes serving different regions, such as New Territories South, and even Hong Kong Island, with a view to opening up more new passenger sources.

At present, only a few scattered bus routes are provided at the SBP to serve travellers having crossed the boundary. Furthermore, the bus frequency is so low that the needs of travellers from all directions can simply not be met. Therefore, the SAR Government should discuss with the Shenzhen authorities on the provision of more long-haul and short-haul bus routes. In this regard, the authorities concerned might as well draw reference from the practice of the Huanggang Control Point. The existence of a dozen large, medium-sized buses and long-haul bus routes at the Huanggang Control Point allows travellers to connect to various regions in a very fast and convenient manner after crossing the boundary. In particular, as most of the travellers carry with them large luggage, the provision of user-friendly and convenient connecting vehicles is extremely important to them. We can see that mainland and Hong Kong travellers still persist in using the Lok Ma Chau Control Point, though it is extremely congested. Therefore, the authorities concerned should model on the transport facilities provided at the Huanggang Control Point to provide more cross-boundary buses and inbound bus routes to attract travellers to use the SBP. Only in doing so can the function of diverting traffic flows be achieved.

Transport facilities aside, the authorities should also give consideration to the existing ancillary facilities provided at the SBP, such as restaurants, shopping arcades, money changers, and even the development of some entertainment facilities, such that travellers can take some rest after crossing the boundary and a congregation point be provided. Actually, one of the objectives of building the HK-SWC is to further develop the cross-boundary logistics industry and facilitate the entry of cross-boundary container trucks from the Mainland into Hong Kong. The provision of resting and assembly points is indeed very important to these truck drivers. This explains why the Secretary for Transport and Housing reported last week that the Mainland was preparing for the construction of a temporary office building to allow freight companies to set up offices for providing support in customs declaration and clearance of goods. We support this move and hope that the authorities concerned can shorten the trial period and expeditiously construct a permanent office building to facilitate freight companies in planning long-term development.

As regards infrastructure projects, the authorities should expedite the works on the Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link, which are connected to the HK-SWC. This road section, as the most direct link between New Territories West and Lantau, can connect with the HK-SWC, the port back-up area of Northwest New Territories, the River Trade Terminal in

Tuen Mun, the proposed EcoPark, the airport, the proposed Logistics Park on Lantau, the Hong Kong-Zhuhai-Macao Bridge, the development project on north Lantau, and the new container terminal probably to be built on Lantau, and so on. This road section, upon commissioning, can therefore greatly reduce the journey time between Northwest New Territories and Lantau.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has all along been demanding that the Government expeditiously construct the Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link because we think that this strategic road can not only alleviate the traffic problem of Tuen Mun, but also provide cross-boundary vehicles with direct access from the HK-SWC to the airport, thereby further promoting the development of the local logistics industry. However, it is planned that the survey and preliminary design study will not be commenced until May this year, and the Link will not be completed until 2016. Deputy President, eight years are indeed an exceeding long period. The authorities concerned should seize the opportunity and expedite the construction works to, first, enable the HK-SWC to achieve its function expeditiously and, second, expedite the promotion of the development of the logistics industry.

Lastly, Deputy President, I would like to raise here the easily ignored issue of cross-boundary students. The emergence of cross-boundary students is attributed, on the one hand, to the fact that the children of some mainlanders and Hong Kong people, though they are still living on the Mainland after marriage, choose to study in Hong Kong because they enjoy the right of abode in Hong Kong and, on the other hand, to the fact that a number of schools enrol students on the Mainland for survival due to the decision of the Education Department to adopt an indiscriminate approach to scrap schools with insufficient intake.

Members must not underestimate these students. Despite the fact that there were only 4 000-odd such students in the previous school year, their number has exceeded 6 000 this school year. It is estimated that, with more and more mainlanders coming to Hong Kong to give birth and the increasingly close social links between Hong Kong and Shenzhen, the number of cross-boundary students will grow in the future. Therefore, it is imperative for the Government to provide for future contingencies by making proper preparations for a large number of cross-boundary students in the future. The provision of safe and convenient facilities for these students and the opening up of the SBP to allow

more school buses to enter the SBP to pick up these young students to go to and back from school can serve the dual purpose of assuring the safety of the students and ensuring the stable utilization of the SBP.

Deputy President, with several days to go before the Lunar New Year, I believe many Hong Kong people will return to the Mainland to spend the New Year. By then, hundreds of thousands of travellers will cross the boundary via various control points. According to our understanding, a travel agent in Hong Kong has decided to change its strategy this year by arranging all its mainland tour groups to cross the boundary via the HK-SWC in the light of its low passenger throughput, speed and convenience. In our opinion, the Administration should also follow the *modus operandi* of business enterprises to introduce changes at the right time and conduct a fresh review of the ancillary facilities of Shenzhen and Hong Kong with a view to utilizing resources fully.

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

MR ANDREW CHENG (in Cantonese): Deputy President, the discussions on the Hong Kong-Shenzhen Western Corridor (HK-SWC) in this Council over the past couple of years were focused mainly on whether the HK-SWC, upon its commissioning, would cause congestion problems. Now that the Shenzhen Bay Port (SBP) has operated for six months, its daily vehicular throughput is only 4 500 vehicle trips, less than 20% of the original estimate. According to the initial estimate, 10 000 container trucks will use the SBP following its commissioning. However, according to the statistics in December, only 1 500 vehicle trips were recorded.

The unsatisfactory vehicular throughput at the SBP has believably disappointed a lot of people. However, as pointed out by some container truck drivers, the facilities at the HK-SWC, such as restaurants, are inadequate. Moreover, there is a considerable distance between Shekou and the urban areas of Shenzhen, the existing control points, such as those at Lok Ma Chau and Man Kam To, are sometimes still smooth, and drivers in general are accustomed to using old roads. In the absence of incentives to use new roads, the vehicular throughput at the SBP is therefore far below the anticipated volume. Furthermore, as pointed out by the Government in its reply to an oral question raised by Mr Jeffrey LAM last week, the port area has yet been able to provide

space for freight companies to set up offices for providing support in customs declaration and clearance of goods.

I note that the Government has adopted measures to improve utilization by container trucks by such means as exempting container truck drivers from the requirement of applying to the relevant mainland authorities for an additional endorsement for using the SBP and preparing to construct an office building in the Shenzhen port area for use by the freight industry. Certainly, we hope the relevant measures can be implemented expeditiously to facilitate the freight industry.

Deputy President, next I would like to focus on the content of my amendment. It is proposed in the original motion that the Government should relax the restrictions on the use of cross-boundary vehicular permits to allow vehicles with Lok Ma Chau, Sha Tau Kok or Man Kam To cross-boundary vehicular permits to use the Corridor. I am aware that a cross-boundary permit quota system is currently imposed on private vehicles in order to limit the burden imposed by cross-boundary vehicles on various control points. In principle, the Democratic Party does not oppose the relaxation of the restrictions, only that we are concerned about the implementation details. For instance, do the two Governments allow drivers with SBP crossing permits to use other control points as well? Will the relaxation of the permit arrangement lead to a drastic increase in vehicular throughput at the SBP? We consider that these issues must be studied in detail before the proposal can be implemented.

Although the vehicular throughput at the Hong Kong-Shenzhen Western Corridor (HK-SWC) is currently less than satisfactory, the Democratic Party still believes that the Government cannot overlook the pressure imposed by the HK-SWC on New Territories West. Should the existing toll of Route 3 remain unchanged, it is anticipated that drivers using the HK-SWC will continue to use Tuen Mun Road as the trunk road for travelling to and from the urban areas. Despite the toll concession offered by the tunnel company to goods vehicles, I believe goods vehicle drivers will still not opt for the tolled Route 3 to connect with the HK-SWC unless necessary. Should the toll be reverted to its normal level, I believe more vehicles will switch to Tuen Mun Road and make it even more congested.

According to the Government, the spare capacity of Route 3 and Tuen Mun Road is capable of coping with the transport needs after the commissioning

of the HK-SWC and before 2016. However, this is based on the Government's assumption that, upon the completion of the Tuen Mun eastbound connecting road, drivers would be willing to use Route 3 to connect with the HK-SWC. However, given the exorbitant tunnel toll, I believe the Government's assumption is far too optimistic.

The solving of the traffic volume of tunnels is indeed a long-standing problem, and it has been repeatedly discussed in this Council. The most direct way to increase the utilization of Route 3 is to lower the Tai Lam Tunnel toll. There are two ways to achieve this: First, the Government funds a buying out of the Tai Lam Tunnel; and second, to extend the franchise period of the tunnel company. With the availability of more alternative roads, I believe drivers would be more willing to use the HK-SWC to cross the boundary. These issues, together with the issue discussed earlier regarding the Lion Rock Tunnel and the issues discussed in the past regarding the Cross Harbour Tunnel and the West Kowloon Cross Harbour Tunnel, actually involve a consistent policy, for it is hoped that the Government can act in a more open-minded and resolute manner to resolve the toll issues associated with different routes and make use of franchise to resolve issues concerning utilization and traffic volume.

Deputy President, we support the proposals raised in Mr CHEUNG Hok-ming's amendment, such as providing more cross-boundary coaches and franchised buses and allowing cross-boundary school buses to access the port area, and so on. We also hope that the Government can expeditiously implement more measures to prevent the \$3.1 billion HK-SWC from becoming a "white elephant" project.

With these remarks, Deputy President, I propose my amendment.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, since its commissioning on 1 July last year, the Shenzhen Bay Port (SBP) and the Shenzhen Bay Bridge, formerly known as the Hong Kong-Shenzhen Western Corridor, have been operating smoothly. In December 2007, the average daily two-way vehicular flow at the SBP was around 4 400 vehicle trips. Though the figure was still lower than the estimate, it was higher when compared with the figure recorded when the SBP was commissioned in July last year. At the same time, the decrease in the volume of

vehicular flow at Lok Ma Chau, Man Kam To and Sha Tau Kok gives an initial indication of the diversion effect of the SBP.

Some members of the freight industry have reflected to us that there is still room for improvement in the connecting traffic network and ancillary facilities in the vicinity of the Shenzhen port area. We have already conveyed their views to the relevant authorities of the Shenzhen Municipality in the hope that some improvement measures can be considered in the light of the situation and need. It is understood that the Shenzhen side is actively preparing to construct a temporary office building in the Shenzhen port area to allow freight companies to set up offices for providing support in customs declaration and clearance of goods. The Shenzhen side has also made some effort in implementing some traffic management measures to improve the traffic conditions in the vicinity of the SBP, thereby attracting cross-boundary vehicles to use the new control point. Furthermore, the Guangdong Provincial Government has indicated that it will expedite the construction works of the Guangshen Yanjiang Expressway with a view to commissioning the entire expressway by end 2010.

Deputy President, I hope to listen to the views of Honourable Members first. After Members have expressed their views, I will give another consolidated response. Thank you, Deputy President.

MR ANDREW LEUNG (in Cantonese): Deputy President, the Hong Kong-Shenzhen Western Corridor (HK-SWC) commissioned on 1 July last year is the largest land boundary crossing in the Mainland. It is also the first control point where the co-location arrangement is implemented for customs and immigration clearance in China and Hong Kong. Members will agree that the HK-SWC is a major road network for further economic integration between Shenzhen and Hong Kong. However, it has been more than six months since its commissioning but both the passenger and vehicular flows of the HK-SWC have fallen short of expectations.

At end-November last year, I led a delegation of the Sub-group on cross-boundary passenger and cargo flow under the Greater Pearl River Delta Business Council to the Shenzhen Bay Port (SBP) at the HK-SWC, with the objective of looking into the reasons for the low utilization of the control point. We found that to private car owners, unless they are departing from such districts as Sham Tseng or Tuen Mun, using the new control point will mean that they

have to make more detours than using the Lok Ma Chau and Huanggang control points. But as mentioned by the Government in the Bills Committee last year, the control point will mainly cater for cargo transportation and so, the Government did not envisage a high usage by private cars. But since the commissioning of the HK-SWC, we have not seen a majority of goods vehicles "obediently" shifting to the HK-SWC and as a result, the wishful thinking of the Government has been shattered. I have made some calculation. A journey from the HK-SWC to the Kwai Chung Container Terminal takes only half an hour, and there are many car-parks for container trucks in Tin Shui Wai and Lau Fau Shan. So, theoretically, given the ever-rising fuel price, these "business vehicles" should regard the HK-SWC as a "golden path". But what happens in reality is just the opposite.

As a number of Members mentioned earlier on, a major factor deterring "business vehicles" from using the HK-SWC is the arrangement for cargo declaration. Given that the control point is managed as a closed area and the clearance area is located inside the closed area, it is therefore impossible for freight companies to set up offices in the vicinity of the port. Certainly, it was mentioned earlier that temporary offices will be set up to provide support to cross-boundary trucks in cargo declaration and clearance, but the formalities required for entry by the relevant personnel into the clearance area to assist in cargo declaration are unclear. Therefore, if the truck driver has to remain in the clearance area for a long time, and in the absence of specific ancillary measures, the truck driver may not even have the chance to take his meal.

Moreover, trucks departing from the port are often caught in traffic congestion and this is a huge waste of time. Customs and immigration clearance is another problem, and the "co-location" arrangement cannot benefit cargo transportation. Stringent random inspections at the new control point have turned drivers and cargo owners away to other control points with which they are more familiar and where inspections are conducted more expediently.

To attract more people to use the HK-SWC, the port authorities must review the operation of the port and the inspection procedures. Particularly, efforts should be expeditiously made to further streamline the specific formalities required for the entry of cargo owners or the relevant personnel into the clearance area to assist drivers in cargo declaration and clearance and also promote the new arrangements in the relevant trades and industries.

As for the problem of traffic congestion on road links connecting the port, I hope that the Government can reflect the problem to the Shenzhen side and examine whether, in the event of congestion, traffic can be expeditiously diverted through the improvement of road signage on the feeder roads and setting up a road surveillance system and also the feasibility of providing the latest traffic information through a broadcasting system or transmission of short messages. Certainly, it is also necessary to study ways to expedite the development of a new network of feeder roads, especially expressways connecting the Shenzhen Airport, in order to more effectively divert traffic towards the port.

The Federation of Hong Kong Industries and I hope that the Hong Kong and Guangdong Governments can actively consider allowing all vehicles with a cross-boundary vehicle licence plate, be they goods vehicles or private cars, to cross the boundary via the SBP. I hope that the Shenzhen and Hong Kong Governments can foster communication and co-operation with each other and look into ways to attract more people, and in order to facilitate cross-boundary road traffic and usage, the facilities at the control point should be further improved by, among other things, providing long-haul stations, introducing long-haul passenger service, providing more space for setting up loading/unloading points for taxis and private cars, providing public transport interchange areas and increasing the types and routes of public transport connecting with the port.

As for how studies can be conducted on the utilization of the HK-SWC in the long term and from a macroscopic perspective, I think we should make reference to the practices adopted in Europe and the United States. Deputy President, I think many Hong Kong people, like me, have driven in foreign countries while taking DIY tours. In Europe, you can drive to France via railway or ferry, and then from the East of France to Switzerland and then to Italy or other countries. As long as your car is covered by insurance and licensed, it is unnecessary to apply for a permit or a licence to drive in the two places. In the United States, one can also drive to Canada for leisure or business. I have never heard that Paris is concerned about congestion caused by vehicles coming from other countries. Nor have I heard that Berlin is concerned about congestion caused by vehicles from France. All I know is that only London levies a "congestion charge" and an "entry charge" to ease traffic congestion. Even in foreign countries, a person can drive to other countries. Under the "one country" principle, why are we not allowed to drive to and from the two places and are required to apply for a licence or register in order to drive

across the boundary and hence be put in a straitjacket by the rigidity of "two systems"?

Certainly, this proposal may not be able to be implemented in a short time, but is its implementation feasible in two years, five years or even 10 years? The Government should embark on studying these initiatives. It cannot just sit idly and do nothing all the time. Under "one country, two systems", this is very important.

Finally, I hope that the Secretary can consider a bold suggestion from me and that is, conducting studies shortly on the feasibility of issuing temporary permits to enable car owners in Hong Kong and Shenzhen to cross the boundary freely via the SBP.

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

MR WONG KWOK-HING (in Cantonese): Deputy President, the Hong Kong-Shenzhen Western Corridor (HK-SWC) located at the Deep Bay and connecting with Northwest New Territories and Shekou in Shenzhen was officially commissioned on 1 July last year which coincided with the 10th anniversary of the reunification of Hong Kong with the Motherland. It has been more than six months since then.

But over the past six months or so, the HK-SWC has not been fully optimized. Nor has it played the role expected of it. Not only has it failed to attract patronage by vehicles, it has also failed to achieve traffic diversion for Lo Wu and Huanggang. Therefore, it is indeed necessary for the Administration to expeditiously conduct a review, in order to improve the usage of various cross-boundary control points. To improve the usage of the SBP, apart from allowing entry by vehicles into the SBP, the Government should also expeditiously implement various ancillary transport measures, in order to address the weird phenomenon that some control points have a low usage while some others are so crowded that customs and immigration clearance is difficult.

In this connection, I would like to focus on the strong demands of residents in Southwest New Territories and Tung Chung for cross-boundary coach service. On this issue, as early as before the commissioning of the HK-SWC, many residents already expressed their strong wish for cross-boundary coach

service because they are, after all, very near to the Mainland. But unfortunately, in spite of their proximity to the Mainland, the Mainland is nevertheless not readily accessible to them. I have conducted a random sample survey and interviewed residents of Southwest New Territories to collect their views. A total of some 400 questionnaires were received. After collecting the questionnaires, I made some basic interpretation of the statistics and conducted an analysis accordingly. From the findings of the survey we noticed the following situation and trends of Hong Kong-Shenzhen ancillary transport facilities, and we consider improvement necessary.

According to our findings, over 50% of the residents in Southwest New Territories considered that if they have to visit their hometown or go to the Mainland for work or business, they have to interchange to another mode of public transport for three times or more before they arrive in the Mainland. This shows to a certain extent that the existing cross-boundary ancillary transport facilities are far from expedient and convenient. It is especially difficult for residents who often travel to and from the Mainland for business or those going to the Mainland with bulky baggage. Over half of the residents in Southwest New Territories, quite surprisingly, prefer to cross the boundary via the Lo Wu Control Point, while over 40% choose to go to the Mainland by train. Why do they shun the control point on the other side?

In principle, to residents living in Southwest New Territories, the Lo Wu Control Point and the railway are geographically farther away, but why would they less often choose the Lok Ma Chau Control Point which is nearer to them? The main reason is that there is no expedient cross-boundary coach service for them. Now, in Southwest New Territories, loading/unloading points are provided for cross-boundary coaches only in Tsuen Wan and the Airport. Moreover, the survey also found that over 70% of the residents in Southwest New Territories consider it necessary to enhance the service of cross-boundary coaches and provide more loading/unloading points for cross-boundary coaches. This view is particularly shared by residents in Tung Chung, Tsing Yi and Kwai Chung.

Deputy President, there are close to several hundred thousand people living in Tsing Yi and Kwai Chung. These several hundred thousand people are precisely caught in the situation where customs and immigration clearance is difficult, as I have just described. When they go to the Mainland, they often have to interchange for several times. It would be even more inconvenient for

those travelling with elderly persons and children and carrying baggage with them. The situation of residents in Tung Chung is all the more pitiable.

Why can the Government not do a good job of the provision of ancillary facilities for them to cross the boundary via the HK-SWC more conveniently and expediently? In the middle of last year, I submitted to the Transport Department a letter signed by thousands of residents to express their strong demand, pointing out that the residents would certainly take cross-boundary coaches if such service is available. But much to our regret, it has been over six months now, and no clear progress has been made.

We have taken up this matter with the Transport Department (TD). The authorities asked us to work harder, so as to assist them in their negotiation with the coach companies. We, therefore, played a role and contacted the cross-boundary coach companies, and after much lobbying, they finally agreed to provide the service. When we told the TD this development, it said that if the coach companies agreed, they would be willing to do it, too. But nothing has come out of it yet. Although the Secretary replied days ago during the Question Time in the Legislative Council that they would expeditiously conduct a study, I hope that the Secretary, as he will be speaking in this Chamber again, can give us a response as soon as possible, so as to expeditiously address the weird phenomenon that customs and immigration clearance is difficult at some control points while utilization is low at some other control points.

In the forthcoming Chinese New Year holidays, can the Government at least consider working with the relevant cross-boundary coach companies to provide temporary cross-boundary coach service at the bus terminus at Kwai Hing MTR Station, the bus station at the Tsing Yi Station of the Airport Express Line, and the bus station at Yat Tung Estate, with a view to dispersing passengers and meeting the needs of the public? This can be a contingency measure to address the pressing problem, and the problem can be further ameliorated after experience has been gained from operating this service on a pilot basis.

I very much hope that the Secretary can deal with the cross-boundary coach service in the same manner as he tackled the problem of the Tsing Sha Control Area by swiftly amending the proposal on toll reduction. I hope that I can hear some good news from the Secretary. Thank you, Deputy President.

MR LAU WONG-FAT (in Cantonese): Deputy President, with regard to the low usage of the Hong Kong-Shenzhen Western Corridor (HK-SWC), the original motion of Mr Jeffrey LAM, as well as the amendments proposed by Mr CHEUNG Hok-ming and Mr Andrew CHENG, have generally made a very thorough analysis of the problem. The series of improvement proposals made by them have shown to be targeting the root of the problem, and are comprehensive and focused. If the relevant authorities can take on board these constructive ideas and implement the proposals, the HK-SWC, constructed at a cost of \$3.2 billion, will certainly present a new scenario.

As I said just now, Members have made an in-depth analysis and detailed proposals on the HK-SWC and so, I am not going to add anything in this respect. My concern is why such a huge, well-intentioned infrastructure project will degenerate to such a distressing state? The HK-SWC, which has already been commissioned, has not been fully optimized, and there have been enormous discrepancies with the original projections. Is it due to the Government's miscalculation and lack of adequate ancillary facilities or negligence and omission in other aspects? The Government indeed owes the public an explanation.

I have to point out that the problem of the HK-SWC is absolutely not a trivial matter. It involves not only the question of whether major infrastructure projects can achieve the desired objectives or whether public funds are appropriately put to use. What is more, it concerns the Government's image, prestige and competence. Honestly, even though colleagues in this Council are no experts, their views are observations and proposals based on research studies, having regard to the actual and realistic circumstances. They are useful, constructive advice providing profound insights.

Since even we Members can point out where the problem lies, what reason is there for government departments and senior officials with the help of enormous resources and many experts say that they do not know what to do? Furthermore, the HK-SWC was not built in one day. In the course of planning and construction, the responsible authorities should have had ample time to draw up ancillary measures and draw up plans for remedial and improvement measures that need to be taken as soon as possible to cope with any unsatisfactory situation in connection with the HK-SWC after commissioning.

Deputy President, it is certainly unacceptable that the HK-SWC has seriously fallen short of expectations. But what is particularly worrying is that the case of the HK-SWC is not unique. Other examples are the Disneyland, Ngong Ping 360, and the newly commissioned Lok Ma Chau Spur Line. In these projects which are initiated by the Government or in which the Government is the principal shareholder, we have seen many different cases of discrepancy and this has indeed failed public expectations.

On these issues, Deputy President, I think if the Government does not wish to keep on saying that it has learnt a lesson but then repeating the mistake again and again, it should be determined to learn the bitter lesson by seriously identifying inadequacies and formulating a more stringent review and contingency mechanism, in order to properly guard the gate for large-scale projects in future. Otherwise, the slogan of "Strong governance" will be nothing more than an empty slogan.

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

MR DANIEL LAM (in Cantonese): Deputy President, the Heung Yee Kuk and I support the original motion of Mr Jeffrey LAM and the amendment of Mr CHEUNG Hok-ming. Following the rapid economic and trade development in the Mainland and Hong Kong as well as the rapid increase in the flow of people between the two places, the land boundary control points in Huanggang in Shenzhen, Man Kam To, Sha Tau Kok, and so on, have already reached capacity. The enormous pressure of an ever increasing number of cross-boundary trucks has constituted a heavy burden which strains the capacity of the limited urban transport trunks. In this connection, the Heung Yee Kuk was consistently supportive of the development of the Hong Kong-Shenzhen Western Corridor (HK-SWC) and had repeatedly put forward proposals, in the hope that the commissioning of the Corridor can alleviate congestion at existing land boundary control points, ease the pressure of cross-boundary container trucks on traffic in both places, and make Shenzhen a dedicated cross-boundary land crossing connecting the west, the middle and the east.

Unfortunately, Deputy President, over the past six months since its commissioning, the HK-SWC has consistently registered a low utilization rate, thus failing to perform its role in traffic diversion. Apart from the insufficient

ancillary facilities in the vicinity of the control point, a more important reason for low utilization is the failure of the authorities to promptly implement measures to totally relax the restrictions on the use of cross-boundary vehicular permits, which means that the requirement of "East in East out, West in West out" still applies to cross-boundary vehicles. As a result, the Corridor cannot fully perform its role in traffic diversion and easing the pressure on the existing control points.

In view of a low vehicular flow, which is even lower than originally expected, the authorities should, apart from conducting publicity in the logistics industry of both places to encourage the use of the HK-SWC, also start discussing with the Shenzhen Government as soon as possible to actively consider totally relaxing the restrictions on the use of cross-boundary vehicular permits and improve the feeder and ancillary facilities of the port, and also provide more cross-boundary coach and franchised bus routes and open up the port to allow entry of school buses. The Heung Yee Kuk considers that as the HK-SWC is a major land crossing to Shenzhen and Hong Kong, the authorities absolutely cannot sit by with folded arms, in order to prevent resources from being thrown down the drain. Deputy President, I so submit.

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

MRS SELINA CHOW (in Cantonese): Deputy President, I think the utilization of the Hong Kong-Shenzhen Western Corridor (HK-SWC), which is far lower than expected, is utterly disappointing whether to myself, the Government, the transport industry or people who often travel to and from Shenzhen and Hong Kong. According to what I have learned from the locals, apart from the inadequate cross-boundary ancillary facilities, a major reason of low utilization of the HK-SWC is the confusing arrangements in respect of the road network.

They also pointed out that in addition to a low vehicular flow at the HKSWC, the cross-boundary passenger flow is also far lower than the original projection, and they hoped that the Government can actively make improvement to enable the port to truly perform the role of traffic diversion. In recent months, many people in New Territories West have brought to my attention their various proposals on the operation of the HK-SWC. For instance, many

motorists said that while they are not eligible for a cross-boundary vehicular permit for using the HK-SWC, if parking spaces are provided for private cars at the entrance on both sides of the port, they very much hope to park their cars there and then cross the boundary via the HK-SWC. I think these are views reached by numerous users from their personal experience, which are worthy reference for the authorities.

I understand that the co-location of immigration and customs facilities at the HK-SWC is a new concept, and it is very difficult for this arrangement to be considered perfect and flawless right at initial implementation. Having said that, I hope the SAR Government can, in the light of the operation of the HK-SWC, constantly review the measures and ancillary facilities and make reference to the proposals made by the public and the industry, while enhancing co-ordination with the Mainland to continuously improve this Corridor which is developed at huge costs, with a view to truly meeting the needs of users.

To residents of New Territories West, the HK-SWC provides not only a new boundary crossing, but more importantly, an opportunity for the economy and employment market in the district to flourish. For example, last year when I proposed the motion on "Strengthening Support for Tin Shui Wai", I said that the Government should expedite the planning and implementation of the programme to develop green industries in the vicinity of Ha Tsuen in Yuen Long and also encourage more small and medium enterprises to move into the Yuen Long Industrial Estate and Tung Tau Industrial Estate. If the HK-SWC can truly bring to its role into play and hence increase both the vehicular and cargo flows, that would definitely be conducive to taking forward the various programmes or initiatives.

There are now many container depots scattering all over Ha Tsuen, and the industry had initially expected that the commissioning of the HK-SWC would further promote the development of the container industry but unfortunately, at Ha Tsuen there is only one road, commonly known as "a lane of wooden robots", directly connecting with the HK-SWC for use by private cars or trucks under 10 m in length. Heavy-duty container trucks must make a detour to Tuen Mun, which means a drive of an additional 10-odd minutes, in order to cross the boundary via the HK-SWC. To the freight industry in which every single minute and second counts and when the problem of increasing fuel costs prevails, it is not difficult to understand why they would prefer not to use the new

Corridor. In this connection, the Government should expeditiously plan the development of a road directly linking Ha Tsuen with the HK-SWC, so as to facilitate the development of the container and midstream operation in the area.

Moreover, the Liberal Party has all along urged the Government to endeavour to develop tourism in Pak Nai and Lau Fau Shan in Yuen Long. As Members can see, the number of hotels has greatly increased in other districts in New Territories West, such as Tsuen Wan. With regard to these districts or places with huge potentials or tourist attractions which have still remained little known, we understand that they should first be promoted to local people or visitors from nearby places, and when they have gained the reputation and popularity, efforts can then be made to attract visits by foreign tourists. The development of the HK-SWC will actually provide convenience to a large number of visitors from Shenzhen and Guangdong Province but so far, we really cannot see that the relevant organizations, units and industries have properly seized the business opportunities presented by this crossing. The various tourism authorities and the tourism sector should give more thoughts to this proposal which, I believe, will definitely benefit the entire region.

Certainly, in proposing these measures I only hope that the HK-SWC can ultimately be put to full use. But when the vehicular flow at the HK-SWC can, in due course, truly meet the projected targets and truly serve the purpose of sharing the burden on other control points, what should be the next step? Can the existing road network in Northwest New Territories cope with the development? Will the millions of residents in the district be affected in their daily life or when they travel to work and school?

Let me now turn to an old problem. In March 2006, that is, before the commissioning of the HK-SWC, this Council expressed its concern and called on the Government to make preparations early, in order to address squarely the continued increase in vehicular flow generated by the HK-SWC and take targeted actions to expeditiously improve the road network in Northwest New Territories, in order to prevent the Tuen Mun Road from being paralyzed by serious congestion in future. Members were also worried that the utilization of Route 3 will continue to be on the low side.

Although Chief Executive Donald TSANG has taken on board our proposal and announced the construction of the Tuen Mun Western Bypass and

the Chek Lap Kok Link, they are still inadequate to address the pressing problem and will be completed only in the very distant future. So, we look forward to hearing a decision on toll reduction of Route 3 which has long been discussed by the Government and the development of the Easterly Link Road, for these are issues of our great concern. I hope that the Secretary can tell us as soon as possible what plans the Government has in place, because no doubt this would command praises from drivers and bring "patrons" to the HK-SWC, which is what the HK-SWC has been longing for.

Thank you, Deputy President.

MS AUDREY EU (in Cantonese): Deputy President, today's motion topic is on optimizing the use of the HK-SWC. Most of the views expressed are on the economic and logistics aspects. But in my own speech, I wish to express support particularly for Mr CHEUNG Hok-ming's amendment, which proposes to open up the port to allow the entry of school buses. I will approach this motion topic from the overall perspective because I notice that government actions are often determined by economic considerations. Very often, it focuses only on immediate economic gains and simply ignores the long-term benefits and people-based considerations.

From the statistics released by the Government, we observe that the fertility rate in Hong Kong has dropped to the lowest level in 25 years, being less than 1%. As a result of the declining fertility rate, many schools are now facing the headache of student intake. Some schools even resort to zero tuition fees, free school bus service and gifts of school uniforms as a means of boosting student intake. Schools in the remote Northwest New Territories should have been worst-hit by the policy of school culling. We of course hope that the Government can implement small-class teaching in these schools. But before this policy can be finalized, there has emerged the trend of Mainland-Hong Kong integration. And, in the meantime, we have also seen the completion of the Lok Ma Chau Spur Line and the Shenzhen Bay Port. As a result, enrolling students from the North has become a secret weapon of schools in these two districts to counter the policy of school culling.

Owing to the appeal of Pre-primary Education Voucher Scheme, the number of cross-boundary students has seen an increase. As indicated by the

statistics of the Education Bureau, the number has increased from 3 800 in the 2004-2005 school year to the record level of 6 000 in the 2007-2008 school year. The increase has been mainly attributable to the rise in the number of kindergarten pupils. The number of cross-boundary kindergarten pupils has actually risen from 700 in the 2004-2005 school year to almost 1 400 in the 2007-2008 school year, an increase of 100%. This can aptly reflect the appeal of the Pre-primary Education Voucher Scheme. Following the implementation of 12-year free education, many schools in Northwest New Territories have sought to organize enrolment exhibitions in the Mainland of their own accord. We therefore reckon that the number of cross-boundary students will only rise in the future. Honestly, if children born to Hong Kong residents in the Mainland can come here for education as early as possible, they will be helped to integrate into the local community at a sooner time. That way, they will be able to contribute to society at a much earlier time. This is also one of the ways to tackle the problem of ageing population in Hong Kong.

However, the SAR Government has until now still failed to follow this trend and provide cross-boundary students with appropriate transportation facilities to encourage them to come to Hong Kong for schooling. The Government seems to think that it does not have to bear any responsibility, because schools themselves have chosen to enroll students from the Mainland, so they must tackle all the related problems on their own. According to some school principals, it will take school children only 15 minutes to reach their schools if they can go through the control port at the HK-SWC. But since the Government does not allow school buses to pick up school children at the port, they must interchange several times. If parents are unable to accompany and pick up their children, schools will have to assign teachers to offer them assistance. This will not only add to the workload of teachers but also subject school children to the unnecessary ordeal of travel, thus affecting their daily learning. Some schools even join hands to make arrangements for providing students with taxi transport at boundary control ports.

The education sector has been urging the Government to allow the operation of cross-boundary school bus services, but government spokesmen have all the time replied that the public transport interchange at the Shenzhen Bay Port (SBP) is too small to accommodate the operation of school buses. As we

all know, the SBP is originally designed for diverting the logistics flows between Hong Kong and the Mainland, with facilities able to meet the needs of large lorry transport. At present, the utilization rate of the facilities there is far lower than expected. And, as I have already mentioned, schools must now assign teachers and other people to pick up students by taxi at the port. But the Government still ignores the request on the ground that the port is not large enough to meet the needs of students. Such a stock reply is hardly acceptable.

Actually, as early as several years ago, the Government already noted that an increasing number of children living in the Mainland but born to Hong Kong residents would be coming to Hong Kong through Lo Wu for schooling every day. And, owing to the shortage of support facilities, school children were once made to smuggle mobile handsets and cigarettes into Hong Kong. The subsequent refusal to issue closed area permits was met with the strong discontent of the education sector and nearly led to street demonstrations. A fall in the pit, a gain in one's wit, as the saying goes. The SAR Government should draw a lesson from its experience. Faced with an ever-increasing number of cross-boundary school children, the relevant authorities should bear the needs of such school children in mind and formulate long-term planning, especially on the provision of transport facilities, so as to answer their aspirations as soon as possible. That way, such school children, who also enjoy the right of abode in Hong Kong but are now living in the Mainland temporarily, can be enabled to learn happily and make the best preparations for their future.

Thank you, Deputy President.

MR ALBERT HO (in Cantonese): Deputy President, before the inauguration of the HK-SWC, both the Legislative Council and District Councils already expressed the concern that following the inauguration of the HK-SWC, the burden on Tuen Mun Road would increase, thus adding to the transportation expenses and travelling time of residents, especially those having to work in the urban areas. The HK-SWC has been in use for half a year, but the daily throughput is far below the expected level, standing at just some 4 400 vehicle trips.

Fortunately, no serious traffic congestion has occurred so far. But it does not mean that we need not study the issue with foresight. In the future, it will be necessary to launch many improvement projects, and we cannot afford any delay at all. The lower-than-expected throughput, as explained by the Government in its reply to Mr Jeffrey LAM's oral question last week, is largely due to the fact that the feeder road networks connecting to the port area in the Mainland and also other support facilities have not been completed. As a result, most lorry drivers are reluctant to switch to the HK-SWC. Many Members have already proposed various concrete measures to increase the throughput of the HK-SWC. I do not wish to make any repetition here. Instead, I would like to focus on the feeder public transport services between the Shenzhen Bay Port (SBP) and Northwest New Territories.

At present, taxis aside, there is one maxicab route (GMB No. 618) connecting Tin Shui Wai North (Tin Yan Estate) and the SBP. Besides, there are also two bus routes, namely B2 and B3 (plus B3X), which serve Yuen Long and Tuen Mun respectively. I understand that owing to space constraints, it is very difficult for the authorities to allow the operation of too many bus and minibus routes in the port area all at the same time. Therefore, how resources should be deployed to optimize the use of existing feeder transport services is really a matter of very great importance.

Over the past few months, my ward office has received many complaints from residents in Northwest New Territories. According to the complainants, they do not want to patronize the transport services to and from the SBP because they are most unsatisfactory. Tin Shui Wai residents, for example, have pointed out that since GMB No. 618, the only maxicab route serving the area, must run through almost all parts of Tin Shui Wai, the journey time and waiting time are much too long. In addition, as the minibuses are filled to capacity very soon, en route passengers are sometimes unable to get on board. For all these reasons, they would rather go to Lo Ma Chau or Sheung Shui by bus for interchange to the East Rail.

In the case of bus services, the situation is similar. Many residents complain that by the time B2 buses (connecting Yuen Long and the Shenzhen Bay Port) reach the stops in Tin Shui Wai West, they are frequently loaded to capacity, such that no more passengers can get on board. As for B3 and B3X serving Tuen Mun, the situation is even more acute due to a mismatch of

resources. Since B3 must run through the entire Tuen Mun Town, its journey time is 100% longer than that of B3X, which goes direct from the town centre to the port area. Consequently, many Tuen Mun residents will first travel to the town centre by other buses and then interchange to B3X for direct access to the port area. This has led to an imbalance of patronage between these two bus routes. In one case, buses are almost empty, but in the other, passengers are unable to get on board. This seems to be just a micro-level problem, one which involves only the routing of local buses. But in fact, it affects all those residents in Tuen Mun and Yuen Long who need to cross the boundary for work every day. I hope that the Government will not treat such minor problems lightly — the high echelons of the Government all think that these are just minor problems.

I believe that other directly elected Members in Northwest New Territories and Transport Department (TD) officials must have heard of such complaints very frequently. Although the TD is unable to satisfy the demand for more point-to-point transport services, it must still seek to improve the routings of existing minibus and bus services. I think that there should be more co-ordination between the TD and transport operators. For example, they should seek to alleviate the existing problems by adjusting frequencies and streamlining routings, so that more people can be induced to cross the boundary at the SBP. Actually, the District Council concerned has already put forward many proposals. I hope the Secretary can instruct her staff to pay heed to the various proposals made by users. In brief, it is now obvious that mismatches of resources and problems with routings have indeed caused huge public discontent.

Deputy President, the inauguration of the HK-SWC has not imposed too heavy a burden on Tuen Mun Road so far, but I still believe that in the long run, as more vehicles use the HK-SWC, the imbalance of patronage between Route 3 and Tai Lam Tunnel will only worsen. It is certainly not easy to solve this problem, and we have actually held many discussions in the legislature. Since Tai Lam Tunnel charges very high tolls, will lorry drivers be induced to use it even after a feeder road has been constructed? The answer is still unknown. But that again, how many options does the Government have, and can it lower the tolls? This will lead us to the issue of tunnel management. I hope the Secretary can bring in a new mindset. Actually, not only Tai Lam Tunnel but also the entire Route 3 and Western Harbour Crossing are marked by such problems.

I hope that the Government can on the one hand seek to bring about a more even distribution of patronage between Route 3 and Tai Lam Tunnel and work for the early implementation and completion of Tuen Mun Road improvement works on the other. I believe this will be very important to the well-being of Tuen Mun residents. Thank you, Deputy President.

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

MR RONNY TONG (in Cantonese): Deputy President, the motion topic today is certainly worth discussing. But I really think that we should have discussed it earlier, or much, much earlier, instead of bringing it up as late as half a year after inauguration.

The Legislative Council has been holding debates on various transport matters. And, many, many meetings on such matters have been held. Actually, after looking at Hong Kong's entire transport infrastructure, we will notice that the uneven distribution of traffic flows is not caused by any shortage of funds or large-scale infrastructure facilities. Rather, what we lack is advance planning. Our assessments of traffic flows are unsatisfactory, and there is also a shortage of appropriate support facilities.

In the case of the HK-SWC, for example, beyond the section from northwestern Hong Kong to Shenzhen via Shenzhen Bay Bridge, there are simply no support facilities. For instance, there are no expressways to and from Guangdong Province and other areas. And, there are no expressways to and from urban Shenzhen either. Motorists can only use the roads inside the city, putting up with the delay caused by traffic congestion before they can reach their destinations. All these problems should have been foreseen before the construction of the HK-SWC. The SAR Government should have discussed them with the Shenzhen Municipal Government at that time. It should even try to persuade the Shenzhen Municipal Government to provide the necessary support facilities. Now that the construction has already been completed, what Hong Kong should do is to continue its negotiations with the Mainland, requesting it to solve the problem of support facilities, with a view to easing the congestion on the Shenzhen side of the Corridor. Even on the Hong Kong side, the traffic in the vicinity of the HK-SWC must rely mainly on Tuen Mun Road,

which has long since been taken up almost entirely by heavy vehicles. On the other hand, cross-boundary motorists in Northwest New Territories are deterred from using Tai Lam Tunnel by its high tolls. Cross-boundary motorists in New Territories East will find the HK-SWC far less attractive than the nearby boundary crossings at Lo Ma Chau/Huangguan, Man Kam To and Sha Tau Kok. It is especially worth pointing out that in the case of Lok Ma Chau, the checkpoint is right next to urban Shenzhen, and it is also very convenient to move onwards to the Guangzhou-Shenzhen-Zhuhai Expressway. In other words, support facilities in Hong Kong are not satisfactory either. That being the case, and with the near absence of support facilities on the other side of the boundary, how can we ever expect Hong Kong drivers to be willing to use the HK-SWC to ply between both places?

However, we think the most important point is that the Government must draw a lesson from its experience of constructing the HK-SWC. It is stated in the Chief Executive's policy address that quite a number of large-scale infrastructure projects will be launched. But if the surrounding areas of these infrastructure facilities are not equipped with sound support facilities, it will simply be impossible to achieve the desired effects. All public money spent will thus be wasted. Back to the HK-SWC, although the throughput is not as high as expected, Hong Kong can still do something with the provision of support facilities. It may, for example, advance the widening works for Tuen Mun Road and improve the northern section of Route 9, so as to induce more motorists to use the HK-SWC. All these are certainly within the capability of Hong Kong. As for support facilities outside Hong Kong, it must be borne in mind that whenever any other cross-boundary transport projects are formulated in the future, all sides should be requested to provide the necessary support facilities even at the planning stage. That way, infrastructure projects will be able to achieve their desired effects. We all hope that all infrastructure projects can achieve their desired effects, and that the SAR Government can pay special attention to how such problems can be solved.

Thank you, Deputy President.

MR WONG TING-KWONG (in Cantonese): Deputy President, we all hope that the inauguration of the HK-SWC can lead to the formation of a new hub of

economic activities between Hong Kong and Shenzhen, a hub which is equipped with a boundary checkpoint, where people can carry out business and financial activities, set up offices and live. It is hoped that the new hub can attract the concentration of people, bring forth business opportunities and facilitate cross-boundary freight transport.

However, since the inauguration of the HK-SWC, that is, the Shenzhen Bay Port (SBP), in July last year, the question of how best to increase its throughput has remained a major headache. At present, the daily two-way throughput of the SBP is merely 4 400 vehicle trips on average, which is lower than the expected level of 29 800 vehicle trips. As a result, it is already possible to cope with demand simply by opening one tenth of the boundary crossing. Besides, one whole floor in the Passenger Terminal Building designed as a clearance hall is not yet put to use.

Currently, the SBP is not yet fully utilized, and it is unable to facilitate the flows of goods as expected. The main reason for this is that there is a shortage of support facilities around the port area, rendering the boundary crossing unable to perform its desired function, especially in diverting vehicle flows. According to the cross-boundary transportation sector, the tract off the boundary crossing is still deserted, and residential settlements are very far away. There is a total lack of such basic facilities as food establishments and convenience stores. On the mainland side of the boundary crossing, the roads leading to the Guangzhou-Shenzhen Expressway are both congested and chaotic. My experience of using the HK-SWC was that it was very difficult to find the Xili entrance of the Guangzhou-Shenzhen Expressway after entering Shenzhen. The road leading to the entrance was extremely congested and chaotic. I was afraid that I might run into an accident when driving along the road. Therefore, it will be much more convenient if there can be a dedicated corridor for vehicles to go directly to the Xili entrance of the Guangzhou-Shenzhen Expressway after entering the Mainland. Besides, according to cross-boundary drivers near the boundary crossing, they are not provided with any support when using the HK-SWC. They cannot set up any offices and quarters near the boundary crossing, and in case they have any problems with manifests or other matters, it is very difficult to contact the responsible persons from the companies concerned for assistance in solving the problems. This will cause delay in goods transportation, and in addition, drivers will also be greatly inconvenienced.

Under such circumstances, drivers can only continue to use other boundary crossings and refrain from using the HK-SWC.

"Co-location of clearance" is adopted at the SBP for the convenience of travellers. But goods are still subject to double clearance by the Hong Kong and mainland customs authorities. The procedures are not yet streamlined, so freight transport cannot be facilitated. At the same time, since mainland Customs authorities must inspect a fixed percentage of lorries and the throughput of lorries at the HK-SWC is lower than those at other boundary control points, lorries using the former stand a greater chance of being selected for inspection. As a result, many container truck drivers would rather use other boundary crossings, in the hope that they will not be selected for inspection so frequently.

In order to induce more vehicles to use the HK-SWC, the Shenzhen authorities are making preparations for the construction of temporary offices at the boundary crossing. It is expected that 20 to 30 transportation companies will be able to set up their offices at the boundary crossing to provide assistance in customs declaration and clearance. But the expected date of completion is April this year. At this stage, it is not yet clear whether the offices of 20 to 30 transportation companies can really satisfy demand. For this reason, the SAR Government should respond to the proposals in the motion today and explore various measures to encourage more cross-boundary vehicles to use this boundary crossing. Among other things, consideration should be given to joining hands with the Shenzhen authorities to explore the possibility of providing more support facilities.

Besides, the authorities must also seek to perfect the road networks concerned as soon as possible, such as the Guangshen Yanjiang Expressway soon to be constructed, and coupled with the construction of the Tuen Mun Western Bypass and the Tuen Mun-Chek Lap Kok Link connecting to the HK-SWC, so as to promote the development of the Hong Kong logistics industry. As a matter of fact, following the completion of the Guangshen Yanjiang Expressway in 2010, a vehicle trip from Guangzhou to Shenzhen will take just one hour. And, it will take just 10 to 15 minutes to travel from Shekou in Shenzhen to Hong Kong. Since the Guangshen Yanjiang Expressway will shorten the travelling distance, the tolls will necessarily be higher than those of the existing Guangzhou-Shenzhen Expressway. The Guangshen Yanjiang Expressway will

be routed through the many logistics parks in the Pearl River Delta, so it can hopefully solve the congestion problem faced by passenger and cargo transportation along the expressways between Guangzhou and Shenzhen. This, together with the construction works on the Hong Kong side, such as the Tuen Mun Western Bypass connecting to the HK-SWC in the north and the Tuen Mun-Chek Lap Kok Link, there will be through access to the port hinterland in Northwest New Territories, the Tuen Mun River Trade terminal, the airport, the proposed EcoPark, the Lantau Logistics Park, the future Hong Kong-Zhuhai-Macao Bridge and even the new container terminal that may be constructed on Lantau Island.

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

MR LEUNG KWOK-HUNG (in Cantonese): Deputy President, when Mr Jeffrey LAM spoke, I heard his first remark was that during the 10th anniversary of the reunification, President HU Jintao officiated at the opening ceremony of the Shenzhen Bay Port. That remark is of course related to the causes for the problems found there. We should recall that another President cut the ribbon for the new airport during the first anniversary of the reunification in 1998, causing chaos and wreaking havoc in the new airport. As the saying goes, more time spent produces finer work. I believe had it not been for the frantic rush to enable the commissioning to take place during the anniversary, things would not have become what they are and so many things could have been avoided.

When we have a debate here, I trust our intelligence may not be higher than that of the mainland officials and Hong Kong officials, right? At times this is the way Hong Kong officials would discharge their duties. Despite the fact that the administrative officer grade incumbents would have to be transferred from place to place and Directors of Bureau would have to go through the same changes, they have to know everything about the post once they have assumed office. Actually, I do not know too much about these things, however, I would think that since the project had to be rushed through to make it possible for the President of China to come here and officiate at the opening ceremony on the occasion of the 10th anniversary, hence leading to numerous failures to provide matching facilities, and as we have spent futile efforts in tracing the so-called

cause of fatality, I think that cause is none other than the need to rush things through.

Leaving aside the issue of the Hong Kong-Shenzhen Western Corridor, we find the same outrageous things when it comes to the eastern and western parts of Kowloon. Our Cross-Harbour Tunnel in Hunghom is crammed to its utmost limits. Sometimes when I ride on a bus to attend a meeting in the Legislative Council, I would experience a traffic jam in the Cross-Harbour Tunnel. Luckily, on one or two occasions when I took a bus and used the Western Harbour Crossing, there was no traffic jam there. That tunnel is rightly named the thoroughfare for the rich. Even if there are eight Benz limousines, they would get through in no time. Vehicles can travel three abreast. I once said that the tunnel should best be converted into a race track. It has superbly straight lanes and the authorities might consider charging a \$200 toll each time when a car flashes past the tunnel. This is the best practice to take, for there is no traffic jam in that tunnel.

That these strange things happen is because the colonial government of the past adopted a conservative stand in infrastructure investment. It did not want to inject funds into these infrastructure projects and chose to adopt the build-operate-transfer mode. Hence the people of Hong Kong are compelled to let public utilities operate these traffic trunks and that means the people are at the mercy and whims of the public utilities. This is a problem yet to be solved.

With respect to the topic of the motion debate today, we can see that things are not yet in order on the Mainland side. But we do not have any extraterritorial jurisdiction. We cannot point our fingers at them. First, it is hard for me to know if both parties have settled everything. That is to say, did they agree on the commissioning date at all? I can tell Members that they should have actually talked about that and they wanted the commissioning to take place right on the day of the 10th anniversary of the reunification. Any thing less than that would be out of the question. Then all they could do was to resign themselves to fate. Both in our political system and in our corporations, the practice is to make amends afterwards. I once asked the Director of Bureau what could be done and the reply was that they would do something about it. There is no need for the Mainland to do that. They would think that since this is a task handed down by the State, then why should they bother to make things perfect?

Second, is logistics that important these days at all? I can tell Members that it is actually not so important now. Of greater importance is capital flow. Initially, when these problems were discussed, there were no such things as "channelling waters from the north to the south" and the Hong Kong Exchange was still nowhere to be seen. Now what really counts is capital flow. Honestly, I have talked till my throat gets really sore about this and likewise many Members of the Council have been voicing the plight of the people. But they are no match for the relentless flow of capital. Jeffrey LAM, you are saying here today that the logistics situation of the Western Corridor is no good, but if someone comes tomorrow and says that the waters from the north are being channelled to the south again, then I think speculators are in for gains as the stock market is fuelled and the index will soar a few thousand points in no time.

It is a fact that our society has undergone an economic restructuring. We have been talking about logistics all the time and Mr LAM has been saying that, too. What are being said is mainly on how to solve problems in logistics because there are numerous industrial areas and manufacturing bases along the river banks. But this is no longer the focus of the limelight. This view is outdated. We are talking about capital flow nowadays. This motion can be said to have died a senseless death. As we want to draw up a blueprint for Hong Kong, we have no idea what Hong Kong really wants. And there is CEPA. What can be found in these matters is just a simple truth and, that is, our Chief Executive is no match for a Party Secretary of a municipal government. We can just see who the boss is when our Chief Executive meets the Party Secretary of the Shenzhen Municipality.

So in Hong Kong, it is the syndicates that play the boss, not the Government. When it comes to cross-boundary traffic and transport between Hong Kong and China, it is the Mainland side that plays the boss. Hong Kong is just there to complete its task and then wait for the other side. Members, if you want to teach the Government what it should do, do you think it is of any use at all? Deputy President, you are a member of the Panel on Transport, I know that you have a lot to say about this, but are your comments useful? No. Because the person who has tied up the knot should be the one to untie it. That person is in the Mainland. To give an example, you the Deputy President have recently been elected as a deputy to the National People's Congress (NPC) and so you should really take this issue to the NPC. The result may hopefully be

even better. You should tell the Mainland that this is not the way things should be done and they must make more efforts to present a better image.

As for summing up the experience of the Western Corridor, I am sure the Chief Executive will give us a reply when he comes back as to when the Mainland can complete its own task.

DEPUTY PRESIDENT (in Cantonese): Speaking time is up.

MR HOWARD YOUNG (in Cantonese): Deputy President, I do not intend to discuss the issue at a theoretic level. Instead, I hope I can convey my views mainly from a user's point of view, so as to see how the Secretary or the Government can help the people in optimizing the use of the Hong Kong-Shenzhen Western Corridor (HK-SWC).

I hold a cross-boundary vehicle licence. When the Corridor was commissioned, the Government had informed me that I could use it. I have used this Corridor once, or you could say that I have used it only half a time because after driving across the boundary, I did not return to Hong Kong via the Corridor. After making use of it, I found that it seemed not worthwhile to try it again. I believe the main problem is that there is not too much the Hong Kong Government can do. As we all know that, we had mentioned in questions raised in the Legislative Council, and the Secretary had also said that, the situation would be improved only after the construction of the coastal expressway in the Shenzhen section is completed.

(THE PRESIDENT resumed the Chair)

In my opinion, we may not have to wait for such a long time. The situation will improve as long as the Shenzhen part of the Guangzhou-Shenzhen Expressway is completed, and the connection can be completed just up to the port of Futian or slightly further to the port of Xili, and it is not necessary for us to wait for the connection to extend as far as to Zhanjiang or the Leizhou Peninsula. I believe it is necessary for the Secretary to convey this message to

the Cross-boundary Infrastructure Planning Sub-group. In doing so, the Secretary will be able to reflect the message from a user's perspective, to the effect that even before the completion of the construction of roads, at least they can show the people the way to the Corridor, and that will already be quite helpful.

Is there really nothing that Hong Kong can do? I have two suggestions which the Government may take into consideration. First, in the beginning, the authorities had introduced a scheme in which vehicles could make use of the Western Corridor in crossing the boundary on a trial basis for a period of three months. Can the Government consider extending this trial period? Because when the people had become aware of the trial period, in some cases, the bosses knew it while the drivers did not; and in other cases, the drivers knew it but the bosses did not. So the Government may actually extend the trial period in order to encourage more people to use this Corridor.

Secondly, I recall that when we discussed the Corridor, two strongly divergent views were expressed in the tourist industry. Some requested that only cross-boundary vehicles that travelled on a point-to-point basis should be allowed to use the Corridor, and unlike the case of Huanggang, passengers should not be required to get off the vehicles when passing through the control point because the ancillary facilities on both sides of the control point were not adequate at that time. However, the situation now shows a very low utilization rate. In that case, can the Western Corridor follow the mode of operation of Huanggang? I hope the Government can review this point again. As far as I know, even within my functional constituency — the tourist industry, there are two entirely different viewpoints. Some agree that passengers should be allowed to pass through the control point as in the case of Huanggang, that is, passengers may walk through the port and then board the connecting vehicles. In this regard, the Hong Kong Government may not be able to resolve the issue all on its own, but at least it can resolve half of it, and it may resolve the remaining half by holding negotiations with the Shenzhen authorities. I have put forward several opinions just from a user's point of view.

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

MS MIRIAM LAU (in Cantonese): Madam President, when the Governments of Guangdong and Hong Kong conducted planning for the Hong Kong-Shenzhen Western Corridor (HK-SWC), they had made it a target to use the port primarily for handling freight transport and secondly catering to passenger flow, with the intention of easing the congestion at the other three ports (Lok Ma Chau, Man Kam To and Sha Tau Kok). However, obviously this "ideal" cannot be realized.

According to the information provided by the Transport and Housing Bureau, as at December 2007, the daily traffic flow of trucks using the Shenzhen Bay Port (SBP) was only 1 513 vehicle trips, and in comparison, it was only about one third of the traffic flow at the port of Man Kam To. If compared to the daily traffic flow of trucks at the port of Lok Ma Chau of 17 000 vehicle trips, it was less than one tenth.

In fact, both the freight forwarding industry and the Government had held certain expectation of the HK-SWC. Geographically, the HK-SWC conveniently provides a "westward" shortcut. For example, trucks travelling from Kowloon to Dongguan and Guangzhou can save over half an hour of journey time if they make use of the new port. It would mean great savings in both time and fuel costs. So theoretically it should bring certain gains.

However, up till now, the freight forwarding industry still has misgivings about the HK-SWC, unwilling to make use of it. The crucial point is: This brand new port does not enjoy very good reputation.

Let us take random checking in the clearance procedure as an example. I told Secretary for Transport and Housing Ms Eva CHENG in last week's Council meeting that a rumour had been widely circulating among many front-line drivers: Since not many cross-boundary vehicles made use of the new port, the possibility of being chosen as the targets for random checking was high and the procedures were too cumbersome. As a result, only a small number of trucks are willing to switch to use the new port, whereas most trucks with full loads of goods still keep using the three old ports.

The Secretary had clarified that the random checking rate at the SBP was similar to those at other ports, but for the transport industry that considers "the time factor is of the utmost importance", members of the industry worry that some delay beyond their control could occur. Consequently, everyone does not

wish to take the risk, worried that once they are picked for random checking, they would suffer losses that would outweigh the benefits they could get in using the new port. So, it is only natural that the new port has failed to attract the freight forwarding industry to use it.

Focusing specifically on this problem, the Liberal Party hopes that the Government can hold negotiations with the mainland authorities with a view to streamlining and speeding up the random checking at the port, so as to step up the clearance efficiency and reduce the time drivers may have to spend on clearance. Of course, it is imperative for the Government to disseminate correct messages to the industry and clarify all kinds of rumours about the port (such as the rumour that a levy would be charged for using the HK-SWC), so that members of the industry will not be misled into believing in such rumours and thus resist using the new port.

Madam President, another major concern of the industry is the serious shortage of ancillary facilities at the SBP. Earlier on, Mr Jeffrey LAM already expounded the shortage of connecting road networks. Therefore, I shall only focus on discussing the problem of shortage of other ancillary facilities at the port. For example, many members of the freight forwarding industry criticize that the new port is like a desolate area with "three no's" — no back-up office premises, no restaurants and no toilets.

According to a press report which quotes a mainland source, the Shenzhen Customs authorities had already activated the Planning Committee of Stage II of works of the SBP, which will pinpoint the problem of inadequate ancillary facilities as raised by people from all walks of life and strive to make further improvement as necessitated by actual circumstances. The committee also proposes to introduce new hi-tech equipment to boost the efficiency of the port. The Liberal Party welcomes this and hopes that the Hong Kong authorities can act in a more proactive manner in having more exchanges with the mainland Customs authorities in identifying ways of jointly improving and upgrading cross-boundary facilities.

Madam President, I have just pointed out that the purpose of constructing the HK-SWC is to ease the congestion at other ports, and that it should primarily serve to handle freight transport and secondly to cater to the passenger flow. However, the Western Corridor can actually play a very significant function in handling cross-boundary passenger flow. In order to allow more people

making use of the Western Corridor, the Transport Department has already awarded the right of operating 300 buses to cross-boundary bus operators. As far as we understand, the Transport Department has recently awarded the right of operating an additional 100 such buses. However, some members of the industry have conveyed to me that, besides having to obtain "labels" in the Mainland, operators also have to acquire passenger service licences before they can operate cross-boundary bus services. However, it is relatively difficult for them to acquire such passenger service licences from the market now, and this explains why there has been a delay in introducing cross-boundary bus services.

Of course, I understand that, in order to prevent the emergence of surplus non-franchised buses, the Government encourages the operators to purchase existing buses from non-franchised bus fleets. However, I hope the Government can strike a balance in meeting the needs of cross-boundary bus operators. If the operators fail to purchase vehicles from existing fleets within six months, I hope the Government can process the relevant applications submitted by them, so that no unnecessary further delay will be caused.

The Liberal Party hopes that the Government can act flexibly in response to the people's demand and be more ready to heed the opinions of the industry, so as to boost the utilization rate of the port. And only by doing so can we avoid wasting precious public resources, thus achieving the ideal of having "all roads leading to Rome", and making all the ports free of congestion and function smoothly. In this way, both the freight forwarding industry and society as a whole will stand to benefit.

Madam President, I so submit.

PROF PATRICK LAU (in Cantonese): President, the Hong Kong-Shenzhen Western Corridor (HK-SWC), officially commissioned on 1 July last year, is a major vehicular crossing between Hong Kong and Shenzhen. The HK-SWC substantially shortens the vehicle journey between Tuen Mun and Shenzhen Bay from 40 minutes to 10 minutes. In addition, since the commissioning of the HK-SWC, for a vehicle travelling from the western part of Hong Kong, it will be a shorter distance for it to go to the Shenzhen Airport than to the Chek Lap Kok Airport. In addition, the Shenzhen Bay Port (SBP) will be the first port to implement the co-location of clearance arrangements, so it will carry significant demonstration implications.

However, since the commissioning of the HK-SWC, the daily average two-way vehicle traffic flow at the SBP is only 4 000-odd vehicle trips, which account for only 20% of the originally estimated daily figure of 29 800 vehicle trips. The situation is really worrying. On the other hand, recent reports reveal a rather contradictory phenomenon. According to such reports, after the commissioning of the HK-SWC, the number of vehicles using the Tuen Mun Road has increased substantially and Tuen Mun Road will soon reach capacity. This phenomenon serves to illustrate that we must work from an overall planning perspective in perfecting the transport arrangements of the HK-SWC.

The provision of sound ancillary facilities is an important element of good planning. In fact, the Secretary for Transport and Housing had already told this Council that the cross-boundary freight transport industry had conveyed to the authorities that the ancillary facilities in the port area of Shenzhen were still inadequate to cope with the development of the new port. In my opinion, the Hong Kong Government should expeditiously conduct studies in conjunction with the Shenzhen authorities to see how this fundamental problem can be solved. For example, consideration should be given to allowing Hong Kong transport companies to set up offices in the vicinity of the port, so as to provide such services as immigration and goods clearance. Besides, we should also examine the situation from the angle of transport control and management, so as to alleviate the transport pressure imposed on the road networks in the neighbourhood of the port area.

Another significant element in overall planning is the need to perfect the reception capacity of different road networks. On the one hand, we must face squarely the traffic saturation crisis of Tuen Mun Road, which I have just mentioned. So it is necessary for the Government to expeditiously implement the re-construction and widening of Tuen Mun Road, so as to enable it to catch up with the vehicular flow capacity of the HK-SWC. In the meantime, we must not overlook the significance of the projects of the Tuen Mun Western Bypass and the Tuen Mun-Chek Lap Kok Link, which are among the 10 major infrastructure projects as these two projects are the long-term support for easing the traffic congestion pressure on the Tuen Mun Highway, so they should be completed as soon as possible. The Hong Kong Government should also step up its negotiation, co-ordination and communication with the Shenzhen authorities, in the hope that the construction of the Guangshen Yanjiang Expressway that connects with the HK-SWC can be expedited.

President, the key to perfecting the HK-SWC lies in the close co-operation between the Hong Kong and Shenzhen authorities. Starting with overall planning, the authorities on both sides of the boundary crossing should join hands in perfecting the matching arrangements and they should boost the capacity of the road networks that link with the HK-SWC in both Hong Kong and Shenzhen. Only by taking such actions can we enhance the vehicle utilization rate of the HK-SWC through improving the fundamental conditions, thereby achieving the desirable effect of "all roads lead to Rome", as the Deputy President said earlier on.

I so submit. Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon Mr Jeffrey LAM to speak on the two amendments. He has up to five minutes to speak.

MR JEFFREY LAM (in Cantonese): Madam President, I am glad that two Members have put forward amendments today, to which I agree in principle.

Regarding the construction of the Tuen Mun Western Bypass and Tuen Mun and Chek Lap Kok Link, they have been discussed for many many times in this Council, and the Liberal Party has been fighting for their early implementation for many years. The authorities predict that the ground investigation and initial design studies of the project can be launched in May this year. The entire project will entail a total cost of about \$20.1 billion, and is expected to be completed in 2016. The project will provide direct road links between Northwest New Territories and the Lantau Island and will be connected to the HK-SWC, the port back-up area in Northwest New Territories, the river trade terminal in Tuen Mun, the proposed EcoPark, the Logistics Park, and even the Hong Kong-Zhuhai-Macau Bridge and other development projects in Northern Lantau Island.

In addition to the above, the new road will also effectively ease the congestion in the traffic from Northwest New Territories to the urban area. It will provide an alternative to Tuen Mun Road. It will enable motorists to avoid possible congestion that may arise in the event of a traffic accident and also provide a significant alternative land route for the airport.

Of course, I also hope that the authorities can expedite the re-construction and widening works of Tuen Mun Road in order to cope with the growing vehicle flow. We can recall that Tuen Mun Road was constructed in the 1970s, and it is now in its middle age, badly in need of a major overhaul and refurbishment. Tuen Mun Road must be widened and it must undergo some conversion works, so as to catch up with the standards of modern expressways. Road shoulders of 3.65 m should be built; the gradient and bends should be improved, and so on. In taking such measures, we can make vehicles travelling safer on the road. At the same time, more railings should be installed and their crash-proof capacity should be stepped up, so as to prevent the recurrence of the tragedy in which a bus plummeted from a height.

With regard to the suggestion that more cross-boundary coach and franchised bus routes should be operated, I agree that we should flexibly increase the quotas and routes in response to the needs. Since the commissioning of the HK-SWC, two bus routes and one minibus route have been operating from Yuen Long, Tuen Mun and Tin Shui Wai. I hope, with the development in the Mainland, we may increase the frequency of bus services and introduce other different routes. Madam President, I also agree that we should encourage more cross-boundary coaches to switch to the HK-SWC, especially during the Chinese New Year and other major festive days. This will not only divert traffic flows, but it will also reduce the time of passengers in passing through the boundary crossings, and this will enable them to have more time for sightseeing and shopping.

The amendments also mention opening up the HK-SWC to school buses. There is a growing tendency for the number of cross-boundary students to rise in the territory. At present, there are about 5 800 students crossing the boundary every day, with 60% of them using the Lo Wu crossing. The Government only allows some students studying in the Northern District to take school buses in Lo Wu Road, whereas other cross-boundary students have to switch to other

vehicles on their own in making their way to school. This practice is very inconvenient and is prone to accidents.

I understand that there is limited space in the port area and, in addition, Lok Ma Chau is also a conservation area. We must exercise great caution in protecting the surrounding environment. However, in the interest of the safety of students, in the long run, we need to open cross-boundary school bus services. Earlier on, the Immigration Department said that they would run a trial scheme, in which officers would be deployed to board school buses to inspect the identification documents of students. I hope the authorities could really take this into consideration and they should encourage more school buses to cross the boundary via the HK-SWC, which has yet to reach capacity, so as to ease the present congestion at Lo Wu.

Madam President, I so submit.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, I would like to thank Honourable Members for expressing their views earlier on raising the utilization of the Shenzhen Bay Port (SBP). I would now like to give a consolidated reply in response to the views expressed by Members on various aspects.

The average daily two-way vehicular flow at the SBP is 4 400 vehicle trips at present, which is lower than the original estimate of 29 800 vehicle trips. However, if we compare the average daily vehicular flow at all land boundary crossings in December last year with the corresponding figures in July when the SBP was commissioned, we will find that the vehicular flows at Lok Ma Chau, Man Kam To and Sha Tau Kok have decreased by 9.4%, 11.2% and 4.3% respectively. Furthermore, according to the surveys conducted by the Transport Department (TD), traffic congestion on the roads leading to the various existing control points has improved since the commissioning of the SBP. The average length of queues of stationary northbound traffic at the Lok Ma Chau Control Point was shortened by 40%, from approximately 500 m in the first half of the previous year to approximately 300 m. These statistics give an initial indication that the SBP has achieved the function of diverting cross-boundary vehicles. I would also like to point out that the construction of a new control point is to serve long-term planning purposes. It takes time for its vehicular flow to be raised.

As regards passenger traffic, the daily two-way passenger flow is estimated to be around 30 800 passenger trips during the initial period after the commissioning of the SBP. The number of passengers using the new control point is gradually rising, from a daily passenger flow of around 20 600 passenger trips in July 2007 to around 28 400 passenger trips in December 2007, and even to around 36 000 passenger trips on holidays. The passenger traffic is generally consistent with our estimate. Since the commissioning of the SBP in July last year, the volume of cross-boundary passenger traffic at other boundary control points has also dropped. According to the relevant statistics, despite the average daily increase of 6.3% in overall passenger traffic at various land boundary crossings in December last year when compared with the corresponding figures in July, the passenger traffic at Lok Ma Chau, Man Kam To and Sha Tau Kok fell by 14.8%, 8.4% and 0.6% respectively. The volume of cross-boundary passenger traffic has also slightly dropped at the Lo Wu Control Point during weekends. This shows that the commissioning of the SBP has achieved the function of diverting passenger traffic. It was suggested earlier that more effort should be made to encourage members of the public to use this new control point. This is an excellent suggestion. I will follow up this matter with the relevant departments.

It is suggested in the motion that the Government should expeditiously discuss with the mainland authorities improvements to the ancillary facilities in the port area and expediting the construction of the Guangshen Yanjiang Expressway. We also appreciate the concern of some members of the trade, that the ancillary facilities in the vicinity of the Shenzhen port area have failed to tie in with the development of the new control point. At the same time, freight forwarding companies in Hong Kong cannot set up offices in the vicinity of the SBP to provide support in customs declaration and clearance of goods for cross-boundary goods vehicle drivers in need. Furthermore, as the Guangshen Yanjiang Expressway leading to the SBP is still under construction, some goods vehicle drivers are worried about possible traffic congestion after entering Shenzhen Municipality via the SBP.

The HKSAR Government has conveyed through different channels to the relevant mainland authorities the views of Hong Kong's freight industry on the ancillary measures and the road network concerned and maintain close liaison with them with a view to making the SBP more convenient. According to our understanding, the Shenzhen side is actively preparing for the construction of a temporary office building in the Shenzhen port area to allow freight companies to set up offices for providing support in customs declaration and clearance of goods. It is planned that the construction of the temporary office building will

commence after the Lunar New Year to support the operation of 20 to 30 offices. The relevant works are expected to complete within two to three months. The Shenzhen side has also implemented some traffic management measures, such as designating goods vehicles-only lanes at the Yueliangwan Avenue leading to the control point, to attract cross-boundary vehicles, in particular goods vehicles, to use the new control point. In addition, the Guangdong Provincial Government has indicated that it will expedite the construction works of the Guangshen Yanjiang Expressway with a view to commissioning the entire expressway by end 2010. We will continue to liaise closely with the relevant authorities in Guangdong Province and Shenzhen Municipality to ensure that the views of the trade are taken into full account. Earlier in the meeting, Mr Jeffrey LAM, a frequent traveller between Shenzhen and Hong Kong, commented that a driver must have excellent vision and memory like that of CJ 7. I believe the several projects spelt out by me earlier, especially the Guangshen Yanjiang Expressway, are indeed the most important. I have once heard the trade describe it as the major appeal of the new control point.

Earlier in the meeting, both Mr CHEUNG Hok-ming and Prof Patrick LAU mentioned the proposal of expediting the works on the Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link, which are connected to the Hong Kong-Shenzhen Western Corridor (HK-SWC). Insofar as the local road networks are concerned, we have all along been actively improving the ancillary facilities of the inbound roads of the SBP. The outcome of the North West New Territories (NWNT) Traffic and Infrastructure Review has indicated that during the period from the commissioning of the SBP up to 2016, the existing road network in the NWNT is capable of coping with the traffic demands of the region. Notwithstanding this, we have undertaken or are preparing to undertake several traffic improvement projects in the vicinity of Tuen Mun and Yuen Long. The major construction projects completed include the widening of Yuen Long Highway into a dual three-lane carriageway and the widening of Castle Peak Road into a dual two-lane carriageway. We are preparing to embark on three improvement projects for Tuen Mun Road. In this connection, I am grateful for the support rendered by the Panel on Transport on Monday to enable us to undertake the improvement works of Tuen Mun Road.

In the long run, in order to tie in with the transport needs of the NWNT and Lantau after 2016, we have obtained funds from the Legislative Council and expedited the survey and preliminary design for the Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link with a view to providing a new corridor

linking the SBP, West Tuen Mun, the proposed Logistics Park on Lantau, the Hong Kong International Airport and the planned Hong Kong-Zhuhai-Macao Bridge in 2016. Several Honourable Members have also proposed that the charging issue of the Tai Lam Tunnel Section of Route 3 should be included in considering the ancillary measures. I would like to reiterate that we hold an open attitude towards the issue, particularly the proposal of extending the franchise in exchange for a toll reduction. We will continue to negotiate with the tunnel company.

As regards the proposal of exploring incentives on various fronts to attract more cross-boundary vehicles to use the Corridor, the Guangdong and HKSAR Governments have implemented a number of measures since the commissioning of the SBP to encourage different types of cross-boundary vehicles to use the SBP to ease the traffic at other existing control points. The Governments of the two places have agreed to allow cross-boundary freight companies to freely use the SBP without going through any formalities. As a result, most goods vehicles can now freely choose to use any control points, including the SBP, according to their own operational needs. Furthermore, both the Guangdong and HKSAR Governments have provided a trial period for cross-boundary private vehicles to allow all private car quota holders of the Lok Ma Chau, Man Kam To and Sha Tau Kok control points to use the SBP without going through any formalities. Furthermore, the trial period has been extended to 31 March this year to give all quota holders ample time to try the new control point. We are now exploring with the mainland authorities the possibility of further extending the trial period to encourage more existing quota holders to try the new control point. When a consensus is reached between Guangdong and Hong Kong, we will expeditiously inform the existing quota holders of the relevant arrangement.

In addition, the Shenzhen and Hong Kong sides have already upgraded ancillary facilities at the control point, including installing additional signboards and traffic signs in the port area, to instruct passengers and vehicles how to access public transport and complete such formalities as immigration and customs clearance.

To enable members of the freight industry to gain a better understanding of the operation of the new control point, the authorities have encouraged the industry through a number of channels to use the SBP by such means as issuing letters to the industry, arranging site visits, publishing publicity leaflets, and

explaining the transport arrangement of going to and from the SBP at the standing conference held by the industry. As suggested by Mr Jeffrey LAM, we will continue to publicize to the industry the use of the new control point through different channels and solicit their views on the use of the new control point so that we can do our utmost to convey their views to the mainland authorities.

The motion has also suggested that the Government negotiate with the mainland authorities to totally relax the restrictions on the use of cross-boundary vehicular permits to allow vehicles with Lok Ma Chau, Sha Tau Kok or Man Kam To cross-boundary vehicular permits to use the Corridor.

In order to ease the traffic at existing control points, we will encourage quota holders of existing control points to switch to the SBP during the trial period and then apply to switch to the SBP with their original quotas for other control points.

As regards relaxation of access restrictions at different control points, the Guangdong and HKSAR Governments consider that the traffic volume should be commensurate with the handling capacity of the control points to ensure a smooth traffic flow. To this end, both sides have agreed that the proven quota system for cross-boundary vehicles should be maintained after the commissioning of the SBP. To encourage quota holders of existing control points to switch to the SBP for alleviating traffic pressure at other control points, we allow private car quota holders of other existing control points to use the SBP during the trial period. However, to allow quota holders of existing control points to use the SBP on a long-term basis may not help relieve the traffic at other existing control points. Therefore, we must consider in detail if a long-term relaxation of the restrictions on a designated control point will produce adverse effects on cross-boundary traffic.

Both Mr WONG Kwok-hing and Mr CHEUNG Hok-ming have mentioned the need to operate additional cross-boundary coach services between Hong Kong and the Mainland, especially for such locations as Kwai Tsing and Tung Chung. Actually, the Guangdong and HKSAR Governments already issued, upon the commissioning of the SBP, 300 SBP cross-boundary coach quotas to operators for providing cross-boundary coach services between Hong Kong and the Mainland via the SBP. Pick-up/drop-off points and the routes of cross-boundary coach services in Hong Kong are determined by the operators

taking into account commercial factors and passengers' need, subject to the approval of the TD. Currently, more than 200 round-trips are operated daily by cross-boundary coaches between the Mainland and major locations in Hong Kong, such as the Kowloon Station, Sham Shui Po, Kowloon Tong, Sai Wan Ho, the Airport, and so on. The existing services can generally meet passengers' need. We will convey Members' proposal on the provision of additional cross-boundary coach services between individual destinations and the Mainland to operators for their consideration when formulating the routes of cross-boundary coach services and pick-up/drop-off points. Furthermore, the Guangdong and HKSAR Governments have agreed to issue an additional 100 SBP cross-boundary coach quotas in the first quarter of this year. It is expected that additional cross-boundary coach services between Hong Kong and the Mainland via the SBP will be provided.

As regards the provision of additional franchised coach routes, I would like to reiterate that, given the limited size of the public transport interchange (PTI) in the Hong Kong Port Area of the SBP, we can only allow limited access of public transport vehicles to the PTI. Currently, the public transport services provided at the PTI is able to cope with passengers' need. We will closely monitor the situation and review the service level and the routes of bus services from time to time to better cope with passengers' need. Notwithstanding this, the TD has recently completed a review of the public transport services provided at the SBP and concluded that some route improvement proposals can be considered to facilitate more residents from the NWNT in travelling between Hong Kong and the Mainland via the SBP. The TD will expeditiously consult the relevant District Councils on the route improvement proposals.

Passengers travelling on public transport other than cross-boundary coaches to the control point of the Hong Kong side of the SBP are required to interchange to public transport on the Shenzhen side, and *vice versa*. In this respect, we have reached a consensus with the mainland authorities to provide complementary public transport services at our respective control points. The mode of public transport services, number of routes, running time and frequency, and capacity of both sides will be comparable. We will closely monitor the traffic conditions of the SBP and jointly review with the relevant mainland authorities to examine if there is a need and scope for adjusting the public transport services provided at the SBP.

As regards Member's proposal of opening up the PTI of the SBP for school buses, like Mr CHEUNG Hok-ming, we consider that the use of cross-boundary school bus service is a desirable long-term solution to look after the education need and safety of cross-boundary students when travelling to schools. In this respect, we have been rendering assistance to the Education Bureau, schools and cross-boundary coach operators in studying the feasibility of providing cross-boundary school bus service for cross-boundary students. We understand that some operators have expressed interest in providing cross-boundary school bus service via the SBP. We will continue to monitor the vehicular flow and operation of the PTI to examine if limited access of school buses to the PTI could be allowed for the transport of cross-boundary students. According to our observation, several dozens of students cross the boundary to their schools via the SBP every day. Actually, we have communicated with some parents' groups through the TD and learnt that they are apparently more interested in the Lok Ma Chau Spur Line. We are likely to give priority to making arrangement for the control point considered by them to be more convenient.

Madam President, the SBP is a brand new boundary crossing. It is better than other existing control points in terms of both capacity and clearance convenience. Actually, it will take some time before the vehicular flow of a new control point to rise after commissioning. The busiest control point at present, the one at Lok Ma Chau, was commissioned in December 1989. The average daily vehicular flow at the Lok Ma Chau Control Point in the first year after commissioning was only approximately 1 400 vehicle trips, or 10% of the combined vehicle trips of the cross-boundary traffic in 1989. Subsequently, the vehicular flow at the Lok Ma Chau Control Point rose gradually. At present, the daily vehicular flow at the Lok Ma Chau Control Point is more than 30 000 vehicle trips. Moreover, it has overtaken the Man Kam To Control Point as the busiest land crossing. Now it has only been six months since the commissioning of the SBP. We believe the vehicular flow at this new control point will rise progressively as cross-boundary drivers and passengers grow more accustomed to using it.

The Guangdong and HKSAR Governments will continue to closely monitor the operation and vehicular flow of this new control point. If necessary, some corresponding measures will be considered to further encourage users of other land boundary crossings to switch to the SBP to boost its utilization.

My concluding remarks end here. Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Mr CHEUNG Hok-ming to move his amendment to the motion.

MR CHEUNG HOK-MING (in Cantonese): President, I move that Mr Jeffrey LAM's motion be amended.

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

"To delete "That, given the" before "persistently" and substitute with "The"; to add ", which was built for alleviating the frequent congestion at other cross-boundary control points," after "Shenzhen Bay Bridge); to add "indicates the failure of the Corridor to serve its intended purpose; in this connection" after "last year"; to add ": (a)" after "urges the Government to"; to delete "and" after "Expressway" and substitute with "; (b) expedite the works on the Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link, which are connected to the Corridor; (c)"; to delete "at the same time," after "cross-boundary vehicles to use the Corridor;" and substitute with "(d) discuss with the Mainland Government to"; and to add "; (e) discuss with the Mainland Government to provide more cross-boundary coach and franchised bus routes; and (f) open up the port to allow entry of school buses" after "vehicular permits to use the Corridor"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr CHEUNG Hok-ming to Mr Jeffrey LAM'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): As Mr CHEUNG Hok-ming's amendment has been passed, it has become necessary for Mr Andrew CHENG to revise the terms of his amendment. I have given leave for the terms of this amendment to be revised, as set out in the paper which has been circularized to Members. I now call upon Mr Andrew CHENG to move his revised amendment.

MR ANDREW CHENG (in Cantonese): President, I move that Mr Jeffrey LAM's motion, as amended by Mr CHEUNG Hok-ming, be further amended by my revised amendment. President, I do not have any additional comments to make.

Mr Andrew CHENG moved the following further amendment to Mr CHEUNG Hok-ming's amendment: (Translation)

"To add "; and (g) improve the public transport services between the New Territories West and the port" after "entry of school buses"."

PRESIDENT (in Cantonese): I now proposed the question to you and that is: That Mr Andrew CHENG's amendment to Mr Jeffrey LAM's motion as amended by Mr CHEUNG Hok-ming 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 Jeffrey LAM, you may now reply and you have three minutes 30 seconds.

MR JEFFREY LAM (in Cantonese): President, today 15 Members have spoken on this motion, and they have provided many proposals on enhancing the utilization of the Hong Kong-Shenzhen Western Corridor (HK-SWC). I am very grateful to them. Members are harmonious as there is a consensus among us in supporting the more effective diversion of the vehicular traffic.

We do not wish to see the cross-boundary ports develop in the way like the three local cross-harbour tunnels which have very uneven vehicular traffic. Therefore, we hope the Government can see the problem like watching high-definition television — being able to receive picture and sound in greater clarity. Most important of all, the Government should negotiate with the Shenzhen authorities on implementation of the relevant measures.

In the short run, both the Hong Kong and Shenzhen authorities should expeditiously relax the restrictions on various types of vehicles for using the HK-SWC and allow the use of a single permit for passing through two cross-boundary checkpoints. Besides, more indicative signage should be installed on both sides of the road, thus making it easier for drivers to identify the routes that would take them to their destinations. In the long run, both the Hong Kong and Shenzhen authorities should speed up the construction of road networks, including the Guangshen Yanjiang Expressway in Shenzhen and the Easterly Link Road, Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link in Hong Kong. It would make the road traffic even smoother and drivers can stay away from roads that are already very congested now.

The State also encourages Hong Kong businessmen to go to other provinces such as Guangxi, Hunan and Jiangxi, and so on, to make investments. So, in the long run, it would be ideal if Hong Kong vehicles can be issued with a single permit that would enable them to pass through all the ports.

Today's meeting is the last one before the Chinese New Year. Many Members will leave Hong Kong for a vacation elsewhere. If you are making a trip to the Mainland for a short vacation, you may take this opportunity to travel via the HK-SWC. I would like to take this opportunity to wish everyone good luck, excellent health, good fortune in whatever you do and safe journeys wherever you go in the Year of the Rat.

President, I so submit.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Jeffrey LAM, as amended by Mr CHEUNG Hok-ming and Mr Andrew CHEUNG, be passed. I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second Motion: Sharing the fruits of economic growth by all the people.

I would now call upon Ms Miriam LAU to speak and move her motion.

SHARING THE FRUITS OF ECONOMIC GROWTH BY ALL THE PEOPLE

MS MIRIAM LAU (in Cantonese): Madam President, the motion debate today is the last item on the agenda of the Legislative Council before the Chinese New Year break, and the Financial Secretary, Mr John TSANG, is going to deliver the first Budget in his current term of office within a month. Therefore, today offers a good opportunity before the New Year for Members of the Legislative Council to inform Secretary John TSANG of our expectations of the Budget for the next financial year, so as to realize our request for "sharing the fruits of economic growth by all the people", and allows him to "crunch some numbers" within the next month — but, he is not present at the moment oh, he is actually present — and respond to our suggestions.

I think everyone, including Secretary John TSANG, has anticipated that the Treasury will have a bountiful year. I would now quote some simple data to illustrate exactly how well the Government's financial position is.

Let me first talk about "savings". The Hong Kong Monetary Authority recently announced that the return on the Exchange Fund investments last year amounted to a record high of \$142.2 billion, at a rate of return of 11.8%, which is sufficient to meet about 57% of the total construction costs for 10 major infrastructure projects. At the same time, the fiscal reserve of Hong Kong has correspondingly accumulated to as much as \$464.6 billion, as a result of the favourable investment return, exceeding the original estimate of reaching only \$438.1 billion by the end of the 2008-2009 financial year more than a year in advance and it can be said that the amount has doubled that of the estimate.

As regards the figure on fiscal surplus which all of us are most concerned about, since revenue from sources like stamp duty and land sales for this year has all exceeded the estimate, Secretary John TSANG has already corrected himself since last October by saying that the sum will amount to \$50 billion, and according to recent reports, it has been assessed within the Government that the surplus would amount to as much as \$100 billion, close to the estimate made outside the Government.

Against the background of such a favourable financial position, the Liberal Party feels that there is no reason for the Government not to share the fruits of economic growth with people from different social strata, as well as with each member of the public, especially when these are the fruits of the concerted efforts of all Hong Kong people.

However, we are not asking the Government to spend all of its surplus in one go. The Liberal Party thinks that the proposal on "sharing the surplus three-way" in the original Budget proposal should be maintained; which means that the surplus should be spent on three areas, including measures on returning wealth to the people, such as one-off tax and rates rebates; enhancing efforts on helping the elderly and alleviating poverty; and lastly, taking forward infrastructure projects for future development and allocating funds to the Treasury to provide for rainy days.

Our proposal is to allow all the people of Hong Kong, be they rich or poor, "wage earners" and the unemployed alike, to share the fruits of our booming economy, while continuing to uphold the philosophy of financial integrity.

Next, I would focus on proposals made by the Liberal Party on assisting middle-class families and expediting the implementation of infrastructure projects, while other members from our party will elaborate on areas such as promoting respect for the elderly and alleviating poverty, expediting community building, promoting the development of new and high-tech industries as well as creative industries, and improving the business environment.

Madam President, the Government effected two salaries tax increases during the economic downturn several years ago, thus resulting in taxpayers, the middle class in particular, shouldering a heavier tax burden. Moreover, though there is a 3-odd million working population in Hong Kong, the burden of salaries tax is only shouldered by 1.3-odd million taxpayers, who paid a total of \$43.39 billion in salaries tax last year, constituting 28% of our total tax revenue. Since the core of taxpayers is people from the middle class, we can see that they have made a huge contribution towards the financial position of the Government.

Now that the Treasury is "flooded with money", there is really no reason for the Government to disregard the long-standing request of the middle class for

returning wealth to the people. As such, I will put forward several proposals to alleviate the burden of middle-class families.

I think the Government should continue to implement this year's popular tax rebates policy in the next financial year. Since it is estimated that the surplus for this year will be about double the amount of last year, we think there is no reason for the tax rebates of this year to be less favourable than that of last year. Therefore, we suggest that the level of tax rebates for this year should be adopted as the starting point for the rebates for next year, and that means it should be at least 50%, subject to a ceiling of not less than \$15,000. We deeply believe that since the Treasury is seriously "flooded with money", the Government can definitely afford to raise the level of tax rebates. Some people have proposed that the rate of tax rebates can be increased to 70% or the actual ceiling be raised to between \$20,000 and \$30,000. Under the principle of not undermining the policy of the Government on maintaining financial integrity, we hope that the Financial Secretary can give full consideration to this proposal.

Furthermore, the Chief Executive already gave us advance notice in his last policy address that the standard rate for salaries tax will be lowered by 1%, but this may not be very significant in alleviating the tax burden of the middle class. Therefore, we think that the tax bands should be further widened from \$35,000 to \$40,000, with the two highest marginal rates for salaries tax reduced from the existing level of 12% and 17% to 11% and 15% respectively. We believe that this could alleviate the tax burden on taxpayers by more than 10%, in particular that on middle-class families.

Apart from one-off tax rebates and reducing the rate of salaries tax, the Liberal Party also strongly advocates the idea of waiving the rates for the next full financial year, subject to a ceiling of \$5,000 per quarter and to further reduce the rate of rates charge from the existing 5% to 4.5%, for this is one of the relief measures which will benefit most people. This proposal was basically supported by all Members of the Legislative Council at an earlier debate, and I hope that Secretary John TSANG will not let us down.

Another burden on the livelihood of young middle-class families is the substantial cost for rearing children. We all know that nowadays, the expenses for bringing up children to be useful members of the community are very great, for example, expenses on participation in extra-curricular activities, learning

physical and cultural skills, and so on. According to estimates made by some academics, a middle-class family will have to spend about \$4 million in bringing up a child. I think even if this figure may not be most accurate, it will be not far off the mark. The expenditure of the middle class in this area is by no means a small amount.

As the Chief Executive encourages our younger generation to have children and even said that they need to have three children, I think if the Financial Secretary can offer our young people more realistic support in this area, such as accepting the proposal of the Liberal Party on increasing the one-off tax allowance for new-born babies offered last year from \$50,000 to \$100,000, and increasing the child allowance from \$50,000 to \$60,000, and so on, then everyone will support the idea of having children and Chief Executive Donald TSANG may soon be able to have three grandchildren.

As regards the pre-primary education vouchers introduced by the Government, we agree that this can alleviate the burden of education expenses on middle-class families, but we think that the restrictions on the usage of pre-primary vouchers should be lifted by removing the ceiling on school fees, allowing parents to choose kindergartens of their own preference freely, and the vouchers should not only be restricted to pupils attending non-profit-making kindergartens. It is hoped that the quality of all kindergartens could be enhanced through open competition in this manner.

Furthermore, as middle-class families usually do not use public hospital facilities and services, most of them will take out medical insurance or bear all the medical expenses on their own, and as the consultative document on the health care financing will soon be published, we think that the Government should encourage more people to take out medical insurance, so as to alleviate its burden in public health care services. The Government can offer medical insurance allowance to the public, subject to a ceiling of \$15,000 per year, in order to alleviate the burden of the middle class or people who take out medical insurance.

Madam President, I would now go on to talk about the issue of infrastructure developments. The Liberal Party always supports the idea that in order to facilitate employment and enhance the competitiveness of Hong Kong for the benefit of more people, a good job should be done in developing our

economy and making this "pie" bigger. Therefore, we hope that the Government could take advantage of this favourable opportunity of having a huge surplus and ample finances to speed up the pace of investments on infrastructural developments.

Concerning the 10 major infrastructure projects put forward by the Chief Executive in his policy address, announcements have been made in succession on the construction of two railways lines, and that is, construction works for the South Island Line will commence in 2011, and although it was also decided that a dedicated line will be adopted for the Guangzhou-Shenzhen-Hong Kong Express Rail Link, decisions have not yet been made regarding the details on alignment and date for commencement of the construction works. As regards several other more significant projects, such as the river loop area development, there is still no direction for future development, and while the Kai Tak Airport site has been left vacant for more than 10 years, it is only known at the moment that the first berth for a cruise terminal may become operational in 2012, but other details have yet to be finalized.

Furthermore, we hope that apart from the 10 major infrastructure projects, the Government will also actively implement other significant development projects, so as to enhance Hong Kong's competitiveness. For example, in order to enhance the competitiveness of the Hong Kong logistics industry, the Lantau Logistics Park which has been under discussion for many years, has still remained on the drawing board. While it was originally said that the foundation works was expected to be completed by 2009, competition from neighbouring regions is already closing in. At present, Hong Kong can only maintain a leading edge in air service.

Given all this, we should take advantage of our huge fiscal surplus to expedite the process of adding value to our air logistics industry by building a logistics park near our airport. The logistics park will not only tie in with the connecting point of the future Hong Kong-Zuhai-Macao Bridge, but will also be close to the Kwai Chung Container Terminal. If we just fold up our arms and do nothing, then I am afraid our only remaining competitive edge will soon disappear.

Furthermore, for vehicle owners and members of the transport industry, the continuous rise in fuel prices is a heavy burden, therefore, I request the Government to actively explore the possibility of reducing the levy on unleaded petrol and motor diesel.

We believe the extraordinary surplus faced by Secretary John TSANG this year poses an extraordinary challenge to him, and I sincerely hope that the Financial Secretary could make effective use of this ample surplus and achieve the three major goals of returning wealth to the people, alleviating poverty and creating wealth, and thus give an extraordinary big red packet to all people of Hong Kong.

With these remarks, Madam President, I beg to move.

Ms Miriam LAU moved the following motion: (Translation)

"That, as the fiscal surplus for this financial year is expected to be unprecedentedly huge, this Council urges that the Government must effectively utilize the huge surplus and share the fruits of economic growth with all the people of Hong Kong and, in addition to those tax reliefs already announced by the Chief Executive, should also make enhanced efforts in returning wealth to the people, alleviating the burden of tax and rates on the public, promoting respect for the elderly and the work of alleviating poverty and helping the disadvantaged, as well as expediting the implementation of infrastructure projects to invest for the future; the relevant measures must include:

- (a) providing tax rebate of at least 50% of salaries tax, subject to a ceiling of not less than \$15,000;
- (b) further widening the tax bands and reducing the marginal rates for salaries tax;
- (c) increasing the child allowance and tax allowance for newborn babies;
- (d) raising the dependent parent/grandparent allowance, and relaxing the requirement of living together for the purpose of claiming tax deduction;
- (e) increasing the amount of health care vouchers for the elderly and lowering the eligibility age for such vouchers;

- (f) actively helping the disadvantaged groups;
- (g) removing the restrictions on the usage of pre-primary education vouchers;
- (h) expediting the implementation of infrastructure projects to boost Hong Kong's competitiveness and create more jobs;
- (i) expediting and increasing the provision of community facilities; and
- (j) providing sufficient incentives and impetus to promote the development of new and high-tech industries as well as creative industries."

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): Mr Frederick FUNG, Mr James TO, Dr Fernando CHEUNG, Mr WONG Kwok-hing, Mr CHAN Kam-lam and Dr KWOK Ka-ki will move amendments to this motion, and Mrs Selina CHOW will move an amendment to Mr CHAN Kam-lam's amendment. The motion and the amendments will now be debated together in a joint debate.

I will call upon Mr Frederick FUNG to speak first, to be followed by Mr James TO, Dr Fernando CHEUNG, Mr WONG Kwok-hing, Mr CHAN Kam-lam, Dr KWOK Ka-ki and Mrs Selina CHOW; but no amendments are to be moved at this stage.

MR FREDERICK FUNG (in Cantonese): First of all, I would like to thank Ms Miriam LAU for moving this motion today, for it allows us to express our views or exert pressure on the Financial Secretary before he delivers the Budget. In the motion, we request the Government to "return wealth to the people" and

share the fruits of our economic growth with the people. It is really a bit of a pleasant surprise to find this coming from the Liberal Party.

However, some Members have included everything in their political platforms that are relevant or a bit relevant to the subject of today's motion, making it look like a Christmas tree that has more and more ornaments hung onto it, and the motion has been amended to carry 26 measures instead of the original 10. I find that I may have to use up nearly all my allotted speaking time to go through the motion and amendments once. I feel that as Members of the Legislative Council, we may have to ask whether this is our own problem or that of our assistants. Is it possible that we are unable to distinguish between wordings of a motion and a speech? I hope that the wordings of our motions can be as precise as possible in future, so that the public will know what we want to say by looking at the motion.

President, so much for the digression and let me come back to the question. The temperature in the past few days has dropped drastically and today is already the 23rd day of the month before the Lunar New Year. The Lunar New Year is only a week from now, but I cannot feel any strong festive atmosphere. Despite the good news on hotel occupancy rates and that members of the hotel industry will receive a pay rise of at least 4% to 5% and a performance-related bonus of 2.7 to three months' pay, most "wage earners", in particular low-skilled workers, may not be as lucky and even be forgotten in times of prosperity. According to a survey conducted by the Hong Kong School Clerks and Janitors General Union, of the 100-odd school employees including clerks, janitors and technicians interviewed, nearly half of them indicated that they did not get a pay rise this year; and even if they did get a pay rise, the amount was less than \$150, thus reflecting that the pay of the grassroots cannot catch up with the rate of inflation and their living is under great pressure.

I have come across many kaifongs in my constituency, and they all said that the end of this Lunar Year is a particularly difficult time. Some singleton grannies said they expect to have only leftovers for dinner on New Year's Eve because they cannot even afford to buy canned food for the prices have gone up. If the cold weather continues, they can only put on more clothes. But they do not know whether the money should be spent on food or clothes? In order to save money on clothes, they have no alternative but to shut their windows and celebrate Lunar New Year alone at home. Single mothers, who have to take

care of young children and cannot go out to work, have to live on Comprehensive Social Security Assistance (CSSA) payments. They can only choose to go out less during the Lunar New Year. Apart from spending less money, they can also give out less red packets, and avoid going out with their children and feeling ashamed of themselves. "New clothes" and "New Year goodies" are things which do not appear in their children's dictionaries.

The mood of most people at the grassroots is like the dark, gloomy and drizzling weather of the past few days. This situation was best described in a song of Danny CHAN and I believe the Financial Secretary must have heard about it and that is "Tears, could only be shed in my heart" Our people at the grassroots hope that the Government can also hear this song.

Two weeks ago, we debated the motion of "Coping with inflation" in this Chamber. At that time, several Members and I pointed out that the economic growth had actually failed to benefit people at the grassroots. The Chief Executive indicated that the economy of Hong Kong had enjoyed an average of 7% growth per year between the years from 2004 to 2007, and still expected a 5.5% to 6.5% growth this year, but regardless of how rapid is the growth, it is only a figure that has nothing to do with the people at the grassroots.

First of all, the amount of Old Age Allowance payment has not seen any increase over the past 10 years and many "elderly friends" who do not wish to apply for CSSA have to live on those several hundred dollars. The current price increases, in particular the prices of food and some daily necessities which have gone up by as much as 30%, has given rise to inflation. The Hong Kong Association for Democracy and People's Livelihood (ADPL) and I hold that if the Government continues to turn a blind eye to the needs of the elderly, then it will become the enemy of the people. Moreover, the rate of increase for CSSA payments has also failed to catch up with the rate of inflation. We hope that the Government can immediately relax the restrictions on CSSA applications by the elderly, so as to foster a real "sense of security" among the poor elderly. In the long run, the Government should review the CSSA system, enhance the function of the safety net and formulate anew an appropriate policy for the elderly.

As regards children, though the Government has repeatedly said that "inter-generational poverty should be eliminated", but what is its specific target?

What kind of environment does the Government wish children to be brought up in? What are the needs of children? Which group of children needs more assistance? Has the Government really considered all of these issues?

In the past several months, there were repeated accidents involving children who were left alone at home. In fact, some parents are actually forced to leave their children unattended because they have to earn a living. And, the policy of the Government is also controversial in itself. On the one hand, parents are required to take care of their children, but on the other, the Government has not given parents adequate support. I hope that the Government could improve our existing child care services as soon as possible. I have repeatedly referred to the success example of the United Kingdom, where Children's Centres are set up in various districts to help parents seek employment and build up their confidence at the same time. I believe the Government must have more information than I, so I would not go into the details of the example of the United Kingdom again. I think that the economic effectiveness of such policies can only be given full play if the Government were really willing to invest more resources on child care services to help the parents and let them work in peace.

However, the problem of child care service is only the tip of the iceberg, and to solve the problem of inter-generational poverty, we must start with the parents. If parents have to work for long hours at low wages, then how will the children of poor families be able to receive good care? At present, the rate of pay adjustments for most industries is far from satisfactory and there are many cases of "fattening the top and sliming the bottom". We request that the Government should take the initiative in increasing the wages of workers on outsourced contracts and ensuring reasonable wages for elementary workers. In the long run, it should expedite its work on promoting legislation on a minimum wage to protect the elementary workers. The Government should also urge employers in the business sector to fulfil their social responsibility by offering their employees reasonable wages and treatment, and share the fruits of economic growth with employees at all levels.

In particular, I hope that the Government will face the issue of disparity between the rich and the poor squarely. Now that the Treasury is "flooded with money", it seems only natural that the Government should "hand out money", for it should not be under the same political pressure as when faced with similar requests in the past. I hope that this could raise the popularity rating of the

Government and I cannot see any reason for the Government not to do so. However, a responsible government should not stop at this. The ADPL and I think that the Government should seize this opportunity to review its policy and direction on poverty alleviation. Though "the rich becoming richer and the poor becoming poorer" is a world trend, it is also a warning signal for the danger ahead. As such, in order to avoid catastrophic consequences brought about by disparity between the rich and the poor and adverse effects on social harmony, all governments should formulate policies for dealing with such situations.

At present, the Government is inclined to adopt one-off initiatives, and that is, allocating a sum of money for implementing trial programmes to solve our social problems. Though such policies may win short-lived applause, or may solve certain problems in the short run, the problems will still exist in the long run, and it will not be effective for individual departments or organizations to do things in their own way without co-ordination and long-term policies. Take the Commission on Poverty as an example, it was the aspiration of the community that it would continue its operation in handling poverty-related problems, but the Commission was dissolved after a brief spell of one term and this is not conducive to the development of Hong Kong. In fact, "why certain things have to be done?" and "what goals are expected to be achieved?" are far more important than "how the work should be done".

As regards all measures proposed in today's amendments, I believe that the Financial Secretary, with his wisdom and the abilities of his civil service subordinates, should be able to come up with similar proposals, or proposals which are even more specific and comprehensive than those made by our Members. However, at present, in the absence of a philosophy of governance, the policies of the Government are tilted towards the rich people. In order to actually achieve the target set out in the title of today's motion "sharing the fruits of economic growth by all the people", I think that apart from one-off measures, the Government should also consider certain policy-wise and target-wise proposals, so as to foster real changes in society.

With these remarks, I support the original motion and all the amendments.

MR JAMES TO (in Cantonese): President, the Democratic Party has made a total of 206 budget proposals to the Financial Secretary, and if I were to act like other Members and included all those proposals in my amendment, I think it would be most annoying. So, the Democratic Party eventually decided just to make one key proposal on "Old Age Fund".

As the surplus of this year is indeed very huge, the act of "handing out money" will give no cause for criticism and will certainly be supported by the public. Of course, many people will also be wondering about the size of their own share. Enhancing public services to actually share the fruits with all the people is something that must be done. However, the Democratic Party also hopes that even if the Government is "handing out money", it should be done in a fair and rational manner, and the Government should not overlook certain serious imminent problems, including those which will be brought about by our ageing population and the issue of health care financing.

In the report on the study on demographic policy published by the Democratic Party in 2006 — that is, the report which I have got here and which has also been distributed to the Government and all Members — we proposed the establishment of an Old Age Fund. Through our contact with the public and the media, we learnt that the public actually strongly support this proposal on solving the problem of our ageing population in the future. The findings of our opinion poll showed that 80% of the people hope that the Government will set up the Fund with part of the surplus, and relieve some of their burden on making contributions to a health care fund in future, while only 20% of the people hope that the Government will distribute all of surplus within this year.

The reason is, in fact, very simple for the public understand that we are really very worried that the introduction of health care financing in future will signify the end of our existing low-fee public health care services. We are worried that if we fall ill in future, only the people with the means may be able to receive medical treatment, as in the case of other places.

Our worry is not without cause for according to the "Drug Formulary" introduced by the Hospital Authority in 2005, the public are even required to pay for certain essential equipment and drugs. And, the Government even said that our tax revenue will not be able to cover the expenditure on health care services, so by how much will our health care charges be increased in future? Will patients be required to pay for more and more kinds of drugs out of their own

pockets? In future, patients seeking public health care services may have to cover the fees of drugs, equipment and supplies on their own; and such fees alone may make people of the existing middle class go bankrupt and it is really disturbing to hear about this.

Members of the public are worried that they may not be able to afford the amount of health care contributions in the future. At present, the amount of Mandatory Provident Fund contribution is set at 5% of our salary and if the amount of health care contribution is also set at 5%, then it will make the lives of the public, especially people at the grassroots or even the middle class, more and more difficult.

However, what makes one even more worried is that in future, the amount of health care contribution may even be more than 5%, or be increased to 10% of the public's salary at any time.

According to the Projection of Hong Kong's Health Care Expenditure conducted by the Faculty of Medicine of the University of Hong Kong commissioned by the Government, the expenditure on public health care service will be increased to 4.4% of our Gross Domestic Product within 12 years, and that is in 2020. Compared to the existing 2.1%, the rate of increase will be more than double. Even if the Government increases the rate of health care expenditure from 15% of its total expenditure to 17%, according to our calculations based on the 2007 price level, there will still be a shortfall of \$27 billion.

Where can we find \$27 billion? The total amount of Mandatory Provident Fund contributions made by Hong Kong people in 2006-2007 only amounted to \$26 billion, so does this mean that within 12 years, the rate of health care contribution by the public has to be as high as 10%? I really hope that Secretary Dr York CHOW will tell me that such figures are exaggerated; otherwise the Democratic Party can hardly imagine how people at the grassroots can afford to make the additional contribution.

President, the Democratic Party and many members of the Hong Kong public are of the opinion that if there is really such a need, we will support the idea of making health care contributions. However, we have to ask whether there are any other alternatives.

There is a popular saying that "distant water cannot put out a fire nearby", but I actually think that "near water can put out a distant fire" and the establishment of an Old Age Fund can precisely utilize "near water to put out a distant fire", and that is, to make proper use of the existing surplus to solve future problems.

According to a rough estimate, the surplus of this year may amount to as much as a hundred billion dollars, and the Government does not really have to hand out the entire amount this year. It can use part of the surplus, for example, \$50 billion, to establish an Old Age Fund and allow the funds to accumulate until the problem of health care expenditure gets serious as a result of our ageing population, and it can then allocate money from the Fund to deal with the problem. Though, this may not be able to completely solve the problem of insufficient health care funds, it is obvious that it could greatly alleviate the burden of the public in making contributions.

Some Members or even the Chief Executive may not really understand the operation of this Fund, and thus think that \$50 billion is inadequate. Since we are also aware of this point, in designing the Fund, we propose that revenue from the Exchange Fund investments should also be properly utilized to provide the Old Age Fund with a regular income, thus alleviating the financial burden of the public in making contributions.

Two weeks ago, the Hong Kong Monetary Authority announced the report on its performance in 2007, saying that the return from the Exchange Fund investments amounted to \$140-odd billion, bringing the amount of its accumulated surplus up to \$620 billion. We have to ask how the public and society can benefit from the continued aggregation of the accumulated surplus. How should this surplus be properly used?

We think that the Government can put the revenue from the investments of the Exchange Fund to good use, by continuing to allocate half of the revenue into the accumulated surplus account and the other half into the Old Age Fund mentioned earlier, and use the revenue from the investments which does not have any practical use at the moment to ease the worries of the public.

Assuming that the currency value and accumulated revenue of the Fund is \$800 billion, and the annual rate of investment return is 7%, then \$28 billion could be allocated to the Old Age Fund per year. With this constant income, the Old Age Fund can accumulate \$190 billion in the first five years, and as the

amount continues to aggregate, it should be able to cover our health care expenditure for a period of time.

Since the assets of the Exchange Fund will continue to grow, the Old Age Fund will not undermine the stability of Hong Kong dollar, but can also make effective use of our reserve which has not yet been properly utilized to alleviate a difficult fiscal situation. Of course, there may be a day when the Fund becomes inadequate and members of the public may still need to make contributions and the amount of contribution may also increase progressively, but since the Government has already set up a Fund which provides several hundred billions of dollars for relieving the burden of the public, then even if the public have to make contributions by then, they will still sympathize with, understand and support the Government.

I know that the Financial Secretary, in response to members of our Party at the Yau Tsim Mong District Council meeting, said that he was worried that since the usage of the Fund was restricted, it would render the operation of the Fund inflexible. I would like to point out that the main source of income for the Fund is revenue from the investments of the Exchange Fund. At present, this revenue is only allocated to the accumulated surplus account for defending Hong Kong dollar and allowing the Financial Secretary to buy stocks of the HKEx. The Democratic Party's proposal on allocating half of the revenue to cover future health care expenditure has actually increased the flexibility in the usage of this revenue for the benefit of the public. Thus, the Financial Secretary needs not to be over worried.

President, I believe that our proposed Old Age Fund is really a good option and I dare say we are the first to suggest that the surplus be used to cover future health care expenditure. Recently, I am very happy to note that the Taxation Institute of Hong Kong, major accounting firms, economists and academics on social welfare have made similar proposals one after another, on saving part of the surplus to deal with the fiscal pressure exerted by our ageing population. I think that the specifics could be discussed in detail.

President, my amendment is to cap the provision of tax rebate of salaries tax as mentioned in the original motion at a ceiling of \$20,000 for we could not support the original proposal on "providing tax rebate subject to a ceiling of not less than \$15,000" for it will mean that there is no limit to the amount of rebate, and "the kings of wage earners" may get a tax rebate of several million

dollars. We think that this is not fair. There is no problem with sharing the fruits with the people, but it is most essential that the general public must be benefited. For this reason, we have set the ceiling at \$20,000.

President, the Democratic Party supports the amendments of Dr Fernando CHEUNG, Mr Frederick FUNG and Dr KWOK Ka-ki, and we support part of the amendments of Mr WONG Kwok-hing and Mr CHAN Kam-lam, and Mrs Selina CHOW's amendment to the amendment, but as the coverage of the amendments are too extensive, we cannot accept some of the amendments. Other members of the Democratic Party will endeavour to explain our position within the limited time available.

DR FERNANDO CHEUNG (in Cantonese): With respect to the budget of this year, we see that our surplus is really "spilling over" and may amount to more than \$100 billion. If we combine this with our entire fiscal reserve, then the accumulated amount may well be over \$500 billion. On the basis of the existing figures, the Exchange Fund reserve may amount to over \$600 billion, and coupled with the public fiscal reserve, the total sum may actually be over \$1,000 billion and amounts to around \$1,100 billion. This is really an astronomical figure.

President, I believe many Hong Kong people may not be aware that Hong Kong is actually such a rich city if we do not mention it. Compared with the rest of the world, I think we are second to none in terms of our per capita public fiscal reserve. Since our city is so affluent compared with the other 100-odd to 200 countries, how should our public resources be actually utilized?

I am very grateful to Ms Miriam LAU for moving this motion today for discussion on how to share the fruits of economic growth by all the people. Earlier on, we saw that the Chief Executive was very pleased with himself during his visit to the Middle East. He mentioned that the rate of our annual average economic growth from 2004 to this year has been 7%, and even if a financial crisis does arise from the subprime mortgage crisis, Hong Kong will still enjoy an 5% to 6% economic growth. We can see that our public resources are ample at the moment, but how is the condition of the people's livelihood?

President, in fact we do not have to look very far, for the answer can easily be found in the newspapers. President, yesterday there was a piece of news on an elderly female scavenger who got into a fight with some workers over some cardboard, and was eventually injured in the commotion, for she is a cardboard collector. The day before yesterday, a female cleaner, suffering from melancholia, jumped to her death because she could not cope with the heavy pressure of working 13 hours every day and taking care of a deaf and mute husband and a 10 year-old son. She was the bread winner of the family but she finally chose to end her life by jumping down a building because she had to work 13 hours every day and suffered from melancholia. Several days ago, it was reported in the newspaper that an 84 year-old elderly woman was hit by a Food and Environmental Hygiene Department garbage "tractor" and died, while she crossed the road at Java Road, North Point with a handcart full of cardboard. On the same day, another elderly female scavenger was also involved in a traffic accident.

President, I have done some maths and discovered that in this January alone, there were five cases of elderly persons being run down and injured or killed while scavenging, and this is just in January. President, what kind of world is this? I really cannot understand why do such things happen? Several days ago, an old male scavenger, street sleeper who slept under the stairs was suspected to have died of cold. President, the weather has really been very cold recently and we find many people on the streets and old people living in this manner while the Government has so much in surplus, and certain rich people giving away over ten millions of dollars in red packets alone on their daughters' weddings. I have always thought that the saying of "behind the vermilion gates of the rich meat and wine are left to rot, while out on the streets lie the bones of the poor who have frozen to death" is only applicable to the old days, but today there are really cases of "people frozen to death" while cases of "meat and wine are left to rot behind the vermilion gates of the rich" are also very common. What is really happening with us nowadays?

At the beginning of this year, the Society for Community Organization conducted a survey and interviewed more than 300 children aged six to 18 from poor families and asked them to rate the performance of our SAR Government. There were 10 questions and the highest score for each question was 10 marks with a total of 100 marks. Can you guess how many marks had those several hundred children given the Government? It turned out to be only seven. The

Government had a score of zero for six out of 10 questions and only a few marks for other questions; and the scores awarded to our Government by the interviewed children on two of the questions, on the negligence in the care and abuse of children, was negative two. As such, the score of the Government for this year was super low. We can see what kind of society Hong Kong really is from the assessments made by children on the performance of our SAR Government in the area of child care.

Why is it that in such an affluent society with so much public resources, we can still allow the livelihood of people we can always read about some tragic cases when we open a newspaper almost every day and find people at the grassroots failing to fulfil their basic needs, such as having a place to live or enough food and clothing.

In the past, we actually had many debates on this issue, and although the Government said children of poor families should be given help and the problem of inter-generational poverty should be solved, what has actually been done by the Government? The Government reduced the amount of CSSA payment by 11.1% in one go back in 2003, and now even after several years of inflation, our CSSA payments have still not been restored by half of the reduced level. So, how can those families be able to cope with their basic needs of living in face of the current drastic price increases and serious inflation? The Boys' and Girls' Cub Association of Hong Kong and the Concerning CSSA Review Alliance conducted a study recently and found that over 70% of the CSSA recipient families felt troubled by payments for their children's tuition and also found that the daily expenditure of ordinary children on extra-curricular activities are four times that of the children of CSSA recipient families on average. Though we said that children from poor families should be given fair opportunities and a level playing field for them to compete against others, make advancements and grow up, the findings of such studies show that this is definitely not a level playing field, so why can we not utilize our public resources properly?

As regards Old Age Allowance payments for the elderly, we have already held too many discussions. We hope that the amount can be increased by several hundred dollars, but despite discussions since the time when Mr TUNG Chee-hwa was the Chief Executive, the situation has remain unchanged and I do not have to go into the details regarding this point.

Let us talk about services for the elderly. As regards residential care services for the elderly, the waiting time for general care-and-attention home places is 32 months while that for nursing homes is 43 months. President, the findings of an overseas study pointed out that this group of the elderly would have a life expectancy of about three more years judged by their health condition. From this we can see that, on average, these elderly people would all be dead before they could be granted a place at the nursing homes. As regards such nursing homes, does the Government have any plans to shorten the waiting time? There are now more than 10 000 people on the waiting list, so how can the number be reduced in the future? In fact, the Government does not have any plans at all. Several Members have mentioned earlier the problem of our ageing population in the future, so what should the Government do to meet the demand for residential care services?

Moving on to community care services, what is the present position of our community care services? Let us take a look at day care centres, at present there are about only 2 000 places, but the actual number of people waiting for those places is as many as 1 000, so how long do they have to wait before they will be allocated a place? For the Integrated Home Care Service and Enhanced Home and Community Care Service, only an average of 2.5 times nursing service per week and 2.6 times home care service per month are provided under these two services, and what could be done about this level of service?

As regards residential care services for people with disabilities, the waiting time for the severely mentally handicapped is nine years. Several days ago, the parents of the severely mentally handicapped and I submitted a letter to the Executive Council. All the parents feel very helpless for many of them are already very advanced in age or have undergone surgeries, and cannot take care of their disabled children, but they have no alternatives but to continue waiting.

President, there are lots to talk about if I wish to go on, for example, other services for people with disabilities, services for ex-mental patients; the problems faced by new arrivals to Hong Kong, single-parent families, ethnic minorities, and so on. In the past, the Government cut back all social welfare service expenditure, and up to this day, it still fails to promise that the level of our social welfare service will be restored to its previous level before the cut. President, I really hope that the Government will take this opportunity to properly utilize the huge surplus of this year and share its resources with the public. Thank you.

MR WONG KWOK-HING (in Cantonese): Madam President, I would like to take this opportunity to wish the Financial Secretary an early Happy Chinese New Year and that he will become a "hundred billion dollar Financial Secretary". This is a very rare opportunity in the history of Hong Kong, at least for the 10 years of the SAR Government, for the Financial Secretary will be the first "hundred billion dollar Financial Secretary". Since Financial Secretary John TSANG will become a "hundred billion dollar Financial Secretary", he naturally has the responsibility to improve people's livelihood.

Madam President, I have held several dozens of Spring Festival couplets writing sessions in housing estates and on the streets during the past few days, and while I was writing couplets for the people, they asked me to write a couplet for the Financial Secretary. So, I have written this horizontal scroll of "Returning Wealth to the People", and the first line of the couplet "Reducing Taxes, Reducing Fees and Reducing Rates", and the second line of "Increasing Allowances, Increasing Constructions and Increasing Old Age Allowance", which are also the gist of my speech today.

I would now explain the meaning of my gift to the Financial Secretary. Why did I write a horizontal scroll of "Returning Wealth to the People"? Though there are enterprises which have not increased the salaries of their employees, we have recently been successful in fighting for a pay rise for the 40 000-odd employees of the hotel industry by reaching an understanding with the Federation of Hong Kong Hotel Owners on increasing the salaries of their employees and offering them a bonus. However, this is not a common phenomenon. So, I am now calling upon employers who have not yet given their employees a pay rise to do so.

Nevertheless, Financial Secretary and Madam President, the amount of our pay increase still fails to catch up with the rate of inflation. In view of the current rising prices, I have pointed out in the foreword of my amendment that "the real wages of employees have reduced" and under such circumstances, I think that the "hundred billion dollar Financial Secretary" has the responsibility to return wealth to the people.

Why did I write "Returning Wealth to the People" instead of "Leaving Wealth with the People"? The word "returning" does have a deeper meaning. As for the word "leaving", "leaving wealth" may only be one of the ways which the Financial Secretary has considered to deal with the surplus, but "Returning

Wealth to the People" has a more significant meaning than "Leaving Wealth with the People". What I mean is that, the SAR Government has a moral obligation to take care of the people's livelihood. In the past, the SAR Government has repeatedly called upon the public to ride out the storm together by tightening their belts, but now the Treasury is "flooded with money", so should the Government not be "Returning Wealth to the People" and share the fruits with the people? The Government does have a moral obligation to do so.

Moreover, as the administrator of public finances, the Government also have a responsibility to exercise the function of wealth redistribution and use its tax revenue to help members of the lower class and people at the grassroots, so as to narrow the gap between the rich and the poor, and to improve the livelihood of people at the grassroots. Finally, the word "returning" also means that it is something which must be done and cannot be evaded, for the authorities are indebted to the people and the favour has to be "returned". Therefore, I hope that after accepting this horizontal scroll, the Financial Secretary will post it outside the door of his office.

As regards the first line of the couplet "Reducing Taxes, Reducing Fees and Reducing Rates", first of all, I think that the rate of salaries tax for the workers should be restored to the 2002-2003 level. As a result of the past increase on the rate of salaries tax, more people from the low-income group have been caught by the tax net. We have made some calculations and found that if people with an annual income below \$110,000 are required to pay tax, then the number of people in this group will be increased by 38 500. Therefore, I hope that the tax bands could be further widened and tax concessions offered to people making Mandatory Provident Fund contributions and living with the elderly.

Furthermore, what do I mean by "Reducing Fees"? It means that there should be a reduction in all government fees and charges, and the rents of all government markets in particular, should be frozen. Today, the Federation of Hong Kong, Kowloon, New Territories Hawker Association which represented 60 organizations has held a petition in front of the Legislative Council, to urge for a freeze of market rents, alleviation of their burden in operating costs and assistance for people at the grassroots. As regards the "rates", we hope that the rates for the whole year of 2008-2009 can be waived, subject to a ceiling of \$5,000 per quarter, and the percentage charge for rates be reduced to 3%.

Madam President, I would now talk about the second line of the couplet "Increasing Allowances, Increasing Constructions, and Increasing Old Age Allowance". By "allowances", I mean allowances and various social security payments. I think there are still a lot of outstanding work which the Government promised to do for the public in the past, for example, we hope that the good news will soon be announced with respect to the review of Cross-district Transport Allowance which has been ongoing for a long time. Regarding the Cross-district Transport Allowance, though the Government was granted \$365 million for this purpose, only \$2-odd million was used and 5 000 applications were received, thus reflecting that there were too many restrictions in the past. As such, I hope that the Government can relax the restrictions on applications, so that people living in remote areas can enjoy the Cross-district Transport Allowance.

Why should constructions be increased? By "construction", I mean the construction of infrastructure and this is also something which the Government owes the public. According to my previous findings, the Government has originally promised to spend \$29 billion every year on public works over the past four years, but eventually failed to do so. The Chief Executive pointed out that the 10 major infrastructure projects could create a total of 250 000 jobs, but unfortunately even the \$29 billion allocated for 2008 has not been utilized, so what should be done? As the completion of private buildings will be on the decrease in the future, I think that the Government should enhance the construction of infrastructure and fulfil its promise of spending \$29 billion each year before the serious unemployment problem of the construction industry could be resolved.

Finally, as regards "Increasing Old Age Allowance", Madam President, I have been to many districts and met many elderly who made the above request at various functions. They all said that I must reflect their wishes directly to the Financial Secretary today. Some Members have also mentioned this point earlier and we had also made the same request during the times of Mr TUNG. But unfortunately, 10 years have passed and the Government has still not adjusted or increased the amount of Old Age Allowance payment. Since the Treasury is now "flooded with money", should the Government not also reward the elderly and sympathize with their condition? Under the spirit of caring for our elderly, we propose that the Old Age Allowance payment be increased from the existing amount of \$750 to \$1,000. In doing so, the annual expenditure of the Government will only be increased by \$1.8 billion and this is only a drop in

the ocean compared to the surplus of over a hundred billion dollars, so why is the Government still so miserly? As such, I really hope that the Financial Secretary could seriously consider this proposal.

Moreover, there is definitely no reason for the Government to impose restrictions on absence from Hong Kong in relation to Old Age Allowance payment; and it is also wrong to restrict the portability to only two mainland provinces. In the past, the Government indicated that if the relevant restrictions were relaxed, it would increase the long-term liabilities of the Government. However, the Government has now got a surplus of a hundred billion dollars, and the interest from the surplus alone will be more than sufficient to cover the necessary expenditure. Therefore, I think that the Government can no longer refuse on fiscal grounds to increase the amount of Old Age Allowance payment, make improvements to the Allowance, and allow the elderly to enjoy their lives in peace.

Madam President, I have specifically mentioned in my amendment that we should take care of the "three have-nots". I am not referring to the old cartoon character "three hair", but people who do not have to pay tax, do not have a job and do not have any retirement protection. The "three have-nots" are in a very miserable position because they cannot enjoy any tax and rates reduction. Now that the Government has a surplus of a hundred billion dollars, should it not also sympathize with the condition of the "three have-nots"? For this reason, I have specially written this couplet and horizontal scroll today.

There are altogether 23 proposals in my amendment and it is not essential for the Financial Secretary to remember all of them for he can just look at the text of the amendment. However, he has to remember the proposal on the "three reductions and three increases" which is written on these scrolls and he will be doing the public a great service if he can implement them. It is only by doing so can the idea of "being people-oriented", be concerned with the people's livelihood and creating a harmonious society as put forward by the Chief Executive be realized. Though the Government has now got a surplus of a hundred billion dollars and the Treasury is "flooded with money", we are not asking the Government to spend all the surplus. However, as the Financial Secretary has said, it is only necessary to retain a sufficient amount, and if the Government does not improve the livelihood of the people after retaining a sufficient amount, then it will be letting all Hong Kong people down.

I really hope that Members can support my amendment. Thank you, Madam President.

MR CHAN KAM-LAM (in Cantonese): President, the economy of Hong Kong has continued to improve in recent years and maintained a record of rapid growth for four consecutive years. This is a growth rate which has never been achieved over the past 20 years. Prior to 1997, and that was, during the three-year period between 1991 to 1993, the economy of Hong Kong continued to rise steadily, but only at a rate of 6.2%, whereas during the three-year period from 2004 to 2006, our economy achieved an average growth rate of 7.7%. As regards 2007, it is anticipated that the real economic growth rate for the full year will be as much as 6%. We believe that though the rate of our economic growth for 2008 will be lower than that of the past four years, it will still continue to rise.

On the other front, given our continued economic growth in recent years, the revenue of the Treasury has also been on the rise every year, thus resulting in a larger fiscal surplus year after year. A fiscal surplus of some \$14 billion was recorded in the year 2005-2006 and further increased to \$58.6 billion in the year 2006-2007. As evident in various indications, it is anticipated that the fiscal surplus for the year 2007-2008 will very likely be over a hundred billion dollars, thus greatly exceeding the Government's original estimate by as many as three times.

As such, the above data fully illustrate that the economy of Hong Kong is in an extremely satisfactory position at the moment. And, as the Government has also got sufficient funds in hand, it is only natural that it should do more with its more ample resources, so that the public will be more supportive of the Government, and it will be easier for it to promote its policies. However, we have recently heard the Financial Secretary say that although the existing surplus will be more than the original estimate, the surplus should be spent on one-off initiatives, instead of regular policies that will constitute long-term commitments for we may not have a huge surplus every year. We do agree with the Financial Secretary on this point. Though a huge surplus is recorded, this may not happen every year, despite our hope that it will be the case. So, if we strictly adhere to the principle of "prudent financial management" and "spending money where necessary", we should properly utilize the surplus to return wealth to the people and promote the long-term economic development of Hong Kong. This

is something which the SAR Government should and must do. Since there are risks in our financial market, and it is precisely due to the potential problems of our economy at present that the burden of living of low-income families has, for various reasons such as worsening inflation, become heavier. As such, given its possession of a huge surplus, in addition to the introduction of certain one-off initiatives, such as tax and rates rebate for returning wealth to the people, the Government should also enhance the competitiveness of Hong Kong and implement certain long-term policies on assisting the disadvantaged and alleviating poverty.

It is not hard to understand that given the overall continuous economic growth, the ample income of the Treasury and the higher than estimated surplus of the Government for many consecutive years, members of various sectors in the community will ask the Government to return wealth to the people by offering substantial tax concessions and increasing its expenditure on social welfare. Having balanced the pros and cons, we have put forward our expectations of the budget in the hope that the Government could meet our demands.

Basically, there are three key points in our demand: (a) care for people's livelihood and alleviation of the people's hardships; (b) reduce tax and return wealth to the people; and (c) sustainable development and nurturing talents.

Back then, it was anticipated that the fiscal surplus of the Government would amount to around \$70 billion to \$80 billion and the above proposals were submitted to the Financial Secretary several months ago. Our proposed measures will only result in the reduction of government revenue by about \$17.5 billion and an increase of government expenditure by about \$6.5 billion in the year 2008-2009. We estimate that it will incur about \$24 billion to \$30 billion with a one-off non-current expenditure constituting about half of the amount and that is, \$11.9 billion. Therefore, the proposals put forward by us are both pragmatic and practicable in all respects. While such proposals will bring about long-term social benefits, they will not create a heavy social burden; in the sense that they will make the best use of our resources to take care of low-income families and people but will not impose a heavy tax burden on taxpayers.

If the total amount of fiscal surplus for this year is really over a hundred billion dollars, as what people outside the Government have estimated, then our expectations of the budget will only take up less than one quarter of the total

surplus. With respect to the long-standing prudent financial management policy of the Government, of keeping expenditures within the limits of revenue, striving for fiscal balance and avoiding deficits, keeping the budget commensurate with the growth rate of our GDP, and maintaining the confidence of international credit rating companies and investors, our proposals are considered to be quite moderate and appropriate. Given the ample resources, we think that the SAR Government should be more generous, and should strive to allocate an appropriate amount of the surplus to satisfy the demands of various sectors of society and actively seek the support of the public, so as to enhance the popularity of the Government.

Apart from one-off "handing out money" policies, the DAB is also very concerned about the long-term development of Hong Kong. As such, in face of the rapid emergence of the mainland economy in the international arena and increasing competition from neighbouring regions, we think that in order to maintain our international competitiveness, we must have the courage to make innovative and long-term investments. From this perspective, we can see that it is time for us to seize the opportunity to take appropriate and bold steps in allocating additional resources to projects or investments with long-term benefits.

The DAB urges the SAR Government to gain a clear and thorough understanding of the current situation and to confirm the enhancement of the development of certain Hong Kong industries. For example, in the case of the logistics industry, in order to enable the industry to take advantage of the opportunity, it is necessary to determine a direction for the long-term development of immediate transshipment and formulate a comprehensive blueprint for the development of the industry. Moreover, it should also finalize the construction of a third airport runway, Lantau Logistics Park, a third air cargo terminal and Container Terminal No. 10 as soon as possible, and to lay emphasis on enabling the seamless connection of all transport networks connecting the Mainland and Hong Kong and removing any institutional or geographical barriers.

Furthermore, in order to maintain Hong Kong's position as an international financial centre, the DAB thinks that Hong Kong should play a proper role as the vanguard of China in accelerating its financial reform and striving to become a Renminbi offshore centre, as well as taking full advantage of the existing edge of the Hong Kong market; and in serving as an important

experimental ground for the free convertibility of items under the Renminbi capital account by expeditiously developing a two-way market for Hong Kong and China equity capital and fund flow.

President, as regards the amendment moved by Mr James TO which proposes the allocation of \$50 billion from the surplus of this year to set up an "Old Age Fund", the DAB thinks that there are still a number of uncertainties in the Hong Kong economy and great fluctuations in the market for some time in the future. The "Chief Executive YAM" also indicated recently that though the income of this year has amounted to some \$140 billion, times may be more difficult next year and we may not have the same amount of income. As such, in view of different aspects, we think that there is really no need to allocate an additional \$50 billion from our reserve for the establishment of a specific fund. With respect to the prudent financial management principle which we have always upheld and in view of fluctuations in the global market, we also think that it is inappropriate. Moreover, the reserve of the SAR Government is quite ample, and we think that the elderly problem can be solved provided that the Government could continue to do a good job of gate-keeping at all levels, be concerned about various aspects of the people's livelihood and use our reserves flexibly on the most pressing issues. Therefore, it is not necessary to allocate an additional \$50 billion for the establishment of an Old Age Fund. In view of the above, the DAB has reservations about this amendment.

President, I so submit.

DR KWOK KA-KI (in Cantonese): Madam President, first of all, I would like to thank Ms Miriam LAU for bringing up this subject today on sharing the fruits of economic growth by all the people. Then, I would like to congratulate the Financial Secretary for "bringing us good fortune", for he is really lucky. A Member has mentioned earlier that it is very likely that the Financial Secretary will become our first "hundred billion dollar Financial Secretary". With respect to our revenue, I believe that even the Financial Secretary himself may not be able to envisage this situation, but with respect to the decision on the allocation of the SAR Government's funds, he does have a great responsibility.

I have heard a lot of news, which has been spread by the Government through the media, indicating that it will not make a lot of long-term commitments but hand out some candies. And, the ways for handing out

candies can be no more than offering tax rebates, one month Old Age Allowance and CSSA payments, and measures mentioned before, such as reducing the standard rate for salaries and profits tax. I do not know how many people will be able to taste the candies, but I am very sure that the "three have-nots" mentioned earlier will not be able to do so. However, today I am not going to spend time on talking about issues covered by many Members. I would like to speak further on the development of health care services.

I have just come back from a hospital, a community hospital. In fact, I have visited several community hospitals, and that is, non-major hospitals during the past few days. Several years ago, the Nethersole Hospital in Tai Po provided some medical and surgical services. But, today if a patient visited the accident and emergency department of the hospital, he/she would be told that there were no surgeons, no surgical, obstetrical and gynaecology services, and no anaesthetists on duty at the hospital. If you were the family member of a patient who was in an acute condition which required surgical services or in desperate need of intubation treatment, you could imagine how difficult that would be, for there were no such services at the hospital.

Recently, there was a case at that hospital, in which an expectant mother was admitted to the Taipo Nethersole Hospital for giving birth but her foetus was in an upside down position. There was not enough time to transfer the woman to the Prince of Wales Hospital, for it would take about 20 to 30 minutes to travel by car to the Prince of Wales Hospital which is the nearest. But, as no obstetrician and gynaecologist could be found in the whole hospital, a consultant from the accident and emergency department, who had not delivered a baby for 17 years, had to perform an emergency delivery service for the mother. Fortunately, both the mother and baby were safe and sound. When I talk about this case, some people will think that I am talking about a case which happened decades ago in Hong Kong or in some undeveloped region, but this was what happened in Tai Po, in today's Hong Kong.

Let us talk about a hospital which is nearer, the Ruttonjee Hospital. If you wish to have a computer tomography scan at the Ruttonjee Hospital, you would be told to wait for a year. If you want to have a magnetic resonance imaging test, then you would be told that there were no such service, but you would be placed on the waiting list of a nearby hospital, including the Eastern Hospital if you wish, but still had to wait for more than a year.

Some time ago, we discussed an issue on 14 January, the issue of uneven distribution of resources among hospital clusters. And, I would like to cite some examples. For Hong Kong as a whole, the number of hospital beds is 2.86 beds per 1 000 persons, but the figure for Northwest New Territories can be as low as 1.63 beds per 1 000 persons, and as high as — for example, Hong Kong Island West, the district where the Chief Executive lives or where the home of the Financial Secretary is located — 5.73 beds per 1 000 persons. As regards the ratio of doctors per 1 000 people, on the whole, it is 0.68, but the figure can be as low as 0.52 for Northwest New Territories or as high as 1.14 per 1 000 persons for Hong Kong Island West, which is more than double that of the former.

I certainly think that we should strive to maintain the good hospital clusters, but clusters without adequate resources are really in a very poor position. The average waiting time In the most acute cases, the Hospital Authority will certainly tell us that it has done its duty, but how do we distinguish between emergency and non-emergency cases? Even for us doctors, it is difficult. If a patient tells us he/she has found blood in his/her stool or has symptoms of anaemia, any doctor will know that nothing may be wrong with the patient or that he/she may have got colon tumor, but as his/her existing condition is classified as non-emergency, he/she may have to wait for more than a year before he/she can be referred to an out-patient specialist clinic.

There are so many things which we would like to do, be it handing out candies or offering tax rebates, but nothing can be done for the medical services of Hong Kong. Of course, we may say that the Chief Executive has already mentioned that the paper on health care financing will be issued this year. It is true that we do have expectations on health care financing, but any person, even those with average intelligence, will know that health care financing is a major issue, and here we are not talking about just one or two years, but perhaps five or 10 years before the whole process of discussion, fermentation, acceptance and implementation could be completed. Does it mean that we should just stand by and watch the public health care system of Hong Kong deteriorate during the next five to 10 years?

Perhaps everyone may have forgotten — and even the Financial Secretary may have forgotten — the case in Tin Shui Wai, a case which made the Government do much work. I do not wish to talk about other work done by the

Government, I only want to talk about the case in Tin Shui Wai which involved a mental patient and his family members. We should actually be ashamed of the amount of money which Hong Kong has invested on psychiatric service. At present, we have invested about \$2.5 billion on psychiatric service and \$0.6 billion on rehabilitation services, and they together account for 0.24% of our Gross Domestic Product, as compared with the world standard, which is 0.88% for Australia, 0.83% for the United States, 0.4% for Japan and 0.27% for our neighbour, Singapore. As regards the ratio of psychiatrist to patient, it is 16 000 in the United Kingdom, 8 600 in the United States and 44 000 in Hong Kong.

The average cost of our existing psychiatric specialist out-patient service is about \$260-odd per consultation, and why is the cost so low? This is not because the Hospital Authority (HA) is particularly capable, but because the patients can only spend a very short time with the doctors. There are 40 to 50 patients for each out-patient session, and doctors can only spend five to seven minutes on seeing each psychiatric patient. I would think that the Government is very cold-blooded if it thinks that it could ignore this situation.

After all, the cause for many problems in hospital clusters may be related to funds allocation. The Hospital Authority has recently introduced a work hour plan, to cut down the work hours of doctors from exceeding 65 hours to not exceeding 65 hours per week. First of all, working 65 hours is very inhumane and the Euro standard is, in fact, only 48 hours per week. If a member of your family were a doctor, it is certain that you would not want him/her to work more than 65 hours per week. Still less you would wish to be treated by an over-exhausted doctor who has worked for 65 hours. And, even if we are willing to accept this standard, the HA will only be able to spend \$30 million on implementing the pilot programme, for no additional funds will be allocated. However, it turns out that both the Government and the HA are very good at magic, and even if the workload of doctors has increased, they can still manage to reduce their working hours without additional funds. I really do not know how this can be done, but it may turn out that the HA is very co-operative with the Government. It will never say that the funds are inadequate, and doctors may have to absorb the work themselves.

I have talked to a doctor earlier, a gastroenterology consultant, who has to perform some 10 to 20 colonoscopy screening each day. Since the waiting list

for treatment is now getting longer and longer, the doctor has to work overtime on his own initiative, but eventually he cannot manage to handle all the cases, even by working overtime. So, what can he do? He has no alternative but to work faster for he does not want patients to be denied diagnosis. And, how can he work faster? He really manages to do so, for example, in the past, he had to spend 20 minutes to perform a colonoscopy, but now, since he does not want the waiting list to get any longer, he tries to complete the procedure within 10 minutes. However, he feels very uncomfortable; for certain international standards have to be followed in performing such tests. According to the international standard, in removing a colonoscope from the depth of the colon, six minutes should be spent on observation. However, if the doctor strictly adheres to the international standard, he can only examine half the number of patients. And, if among the other half of the patients, there were several patients suffering from colorectal cancer, the doctor will be accused of making a wrongful diagnosis. Given the benign neglect of the Government, our front-line health care personnel will have to take all the blame.

Many Members have talked about the issue of health care financing earlier, and here I would like to quote a figure. The public health care expenditure of the Government has been successfully cut down from constituting nearly 3% of our Gross Domestic Product in the 1990s to the existing 2.1%. In fact, the Government is very successful, for it has managed to save a lot of money in a stealthy manner.

I definitely do not want such a situation to continue. The Government knows and we also know and are proud to tell other people that certain services of Hong Kong, one of which is our medical services, are of international standard. However, if this situation continues, and if the Government continues to treat the HA and other public services in this manner, I can foresee that the standard of our services will deteriorate, and in the end, it will be each and every one of the Hong Kong public who suffer, and this cannot be avoided. There will be a day when we will all grow old or fall ill. I earnestly hope that while the Government shares the fruits of our economic growth with all the people, it will also be concerned about the public health care service of Hong Kong and allocates sufficient resources for this service.

I so submit. Thank you, Madam President.

MRS SELINA CHOW (in Cantonese): President, though the market conditions of Hong Kong are in a much better shape than before, the substantial decrease in interest rates in the United States has ushered in an age of negative mortgage interest rates. It seems that the public are now paying less interest on mortgage payments, but property prices have soared higher under the effects of negative interests. This has adversely affected people who wish to buy properties, especially those first-time home buyers because mortgage payments will increase as a result of rising property prices.

As such, the Liberal Party has proposed a further amendment to Mr CHAN Kam-lam's amendment and proposed that the tax deduction period for home loan interest payment should be extended to until the end of the repayment period, and increasing the amount of tax reduction from \$100,000 to \$150,000 per year. We believe this could alleviate the burden of people who have to make mortgage payments.

As at the 20th of this month, the Centa-City Leading Index measuring changes in secondary residential property prices has recorded increase in property prices for 17 consecutive weeks, with an accumulated increase of 20%. It was learnt that a 391 sq ft flat in Sha Tin Centre was originally sold for \$1.77 million, but after the cut in interest rate, a new purchaser made an offer of \$1.88 million, and in order to resell the flat, the vendor did not hesitate to refund the initial deposit and pay an agreed penalty. In other words, even for those who managed to buy their first home, their mortgage payments will also increase.

"Shell-less" people who do not own their own homes or prospective first-time home buyers may find it more difficult to raise funds for making a 30% downpayment. We are, therefore, of the opinion that apart from increasing the amount of tax deduction, the Government should also reintroduce the interest-free home loan scheme for first-time home buyers and offer interest-free loans, subject to a ceiling of \$0.6 million, to eligible persons, to assist them in making downpayments.

In order to alleviate the burden of the middle class in taking out medical insurance, I have also moved a minor amendment to Mr CHAN Kam-lam's amendment on providing a tax deduction for private medical insurance, by raising the ceiling from \$12,000 to \$15,000 per year, in accordance with proposals made by the Liberal Party on the budget.

As regards the issue on building a harmonious society, I think that in addition to providing more resources to mutual aid committees, community organizations should also be accorded the same treatment, so that they could organize more recreational activities or activities that are beneficial to the mental and physical health of residents, and help them to face up to various problems of living, thus making the community a better place to live in. It should also provide more facilities and services to invigorate the community. The authorities are duty-bound to provide community facilities, and it is only by providing adequate community facilities that the public could actually live and work in joy and peace.

After many lessons written in blood, the authorities eventually plan to build additional community facilities in Tin Shui Wai and Tung Chung. However, the hospital which the Government has promised to build at Tin Shui Wai has not yet got a timetable. As regards the North Lantau Hospital which was originally scheduled to commence operation in phases in 2011, the authorities suddenly indicated in last July that since they had not yet found a private partner, it was hard to set a timetable. Thus, the residents have to continue to live in fear due to the absence of an accident and emergency department in their region. Furthermore, due to the absence of a standard sports stadium in Tung Chung, the schools have to hold their sports day in Tsing Yi, and this is extremely inconvenient.

In fact, the construction works for the majority of such district projects were originally scheduled to commence in the days of the two former Municipal Councils, and would actually have been almost completed if everything worked out according to the original plan. But now, nothing could be seen of many of the construction works. From this, we can see how far the authorities are lagging behind in its plans.

Talking about Tung Chung, it reminds me of people who are also residents of outlying islands and the problem of exorbitant ferry fares faced by them. Last May, the Hong Kong and Kowloon Ferry increased the fares for three of their Lamma Island routes at an average of 7.3%; and the fares for six outlying islands routes have also been scheduled to be increased by more than 20% after the new licence comes into effect, in order to reduce their deficits. For example, with respect to ferry routes running between Central and Cheung Chau, Peng Chau and Mui Wo, the fares for high speed ferries will be increased

from \$22.2 to \$26.6 per journey during weekdays, thus the burden of residents is really very heavy.

While we hope that the operators can determine their fares in accordance with the affordability of the people, we also understand that they are actually facing certain difficulties in their operations due to the rising operation costs. As such, we hope that the authorities can actively explore alternative measures, for example, assist operators in further exploiting the business opportunities super-structure over piers, so as to increase their income and reduce the pressure on making fare increase.

President, my amendment to an amendment proposes that various government fees and charges which affect people's livelihood and the business environment should be reduced or frozen, since the people's livelihood are often closely linked to the business environment. In fact, the continuous inflation has exerted a great pressure for price increases in various trades and industries. Their operation costs will also greatly increase if various government fees and charges, such as licence fees, water charges, rents of shopping malls under government management or other charges are increased. Since many business operators are only struggling to make ends meet, they will have no alternative but to pass the bulk onto consumers if the cost of their operations increase greatly, thus adding to the burden of consumers; otherwise, they will have to close down their businesses. Under such circumstances, the Government should set a good example and try to help them by all means.

Finally, I also agree that the Government should step up its efforts in making investments and develop more infrastructures, for these are all investments on our future. The Government should try to utilize our land resources, for this is a very good opportunity for setting up new businesses. In order to keep labourers employed, the Government must make such long-term investments and draw up a proper direction for our future development.

President, I so submit.

FINANCIAL SECRETARY (in Cantonese): Madam President, first of all, I would like to thank Ms Miriam LAU for proposing this motion debate and the other — I believe it is seven — Members for proposing amendments to the motion. I believe the final version of the amended motion will virtually be a "wishing tree".

Most of the views put forward by Members today were expressed at our earlier consultative meeting, and many of the views were also been discussed in detail during the motion debate on inflation two weeks ago. However, as long as the opinions are sound, what harm can there be in repeating? Today, I will once again listen carefully to the views of Members.

Madam President, I so submit. After Members have spoken, I shall speak again in response to Members' proposals. Thank you, Madam President.

MR RONNY TONG (in Cantonese): President, we have recently held several discussions on similar motions. Two weeks ago, Miss TAM Heung-man moved a motion on the establishment of a fund for alleviating poverty, in the hope that the Government can use the surplus of this year to help the disadvantaged groups and alleviate the problem of disparity between the rich and the poor. In its response to Members on that day, the Government said Members are compassionate and kindhearted, but I do not wish to see Members' motion debates turning into "mothers teaching their sons" — I have no wish to be a "mother", and do not want to treat the Financial Secretary like a "son", for "sons" will usually turn a deaf ear to the words of "mothers", and it will be too late to regret if the "son" made a mistake.

To set the tone for my speech, there is a point I would like to mention, and that is, in the recent years or months, the wordings of Members' motions have grown extremely long, and it can be said that they are longer than the foot-binding cloths of women in the Qing Dynasty. It seems that the longest motion of all carried 45 demands. President, I really cannot see the need for 45 demands. In fact, as long as the Government can meet two or three of them, I will be very, very happy.

President, the options before the Financial Secretary are actually only two, not 45. The first option, and that is the option which the Government and individual political parties tend to adopt, is the one-off measure of handing out money or "handing out candies", so as to win a short-lived applause. The second option is to utilize our surplus for making longer-term plans, and invest in the improvement of our future society. As for the latter, there are also two ways of going about it, the first of which being to spend a large sum of money on a one-off measure to alleviate the problem of disparity between the rich and the poor in society for the benefit of everybody. The second is to reform our

administrative framework, for example, to see whether it is necessary to review the framework of our CSSA system? Whether the framework of our medical system can be improved? Whether additional measures can be introduced to facilitate the use of health care services by the elderly? Hence, we still have two options even in making long-term investments.

Financial Secretary, the first thing I would like to say to you is, please do not adopt the one-off measure of "handing out candies" and please make a decision for us go on the right track. We now have a huge sum of money, the figure of which Dr Fernando CHEUNG has mentioned earlier. Everyone knows that we are extremely well off, and it seems that we have made a fortune. Though, I do not feel that we are rich, we do have \$1,100 billion on the ledger. I am not asking the Financial Secretary to spend all the money, but I think that if this sum of money were to be spent in a meaningful way, it should be spent on planning for the long term.

President, I would also like to remind the Financial Secretary that we are now facing an economic expansion and the prospect of inflation brought along by it. If the Government adopts the measure of "handing out candies" (if it is really inclined to do so) as predicted in the news reports and adopts a one-off tax rebate, it is true that 1.2 million Hong Kong people will be benefited, and if it further offers a rates rebate, then another several hundred thousand people will be benefited. However, we have to be aware that the majority of this group of people is super "wage earners" or members of the middle class. I am not saying that members of the middle class should not be benefited. Please do not get me wrong, but just try to think about this. What will these people do with the money from tax rebates? Are they going to make consumption, or will they invest the money in the stock market under the impression that the "through train" will soon arrive? If they really do so, then it will just exert an additional pressure on inflation. If the Government still has a surplus after making long-term plans and adopting measures which can really benefit all the people, it can then adopt one-off measures of "handing out candies" in other minor areas, and I will definitely not be opposed to the idea. However, if the Government only gives away money and offers tax rebates this year, without adopting other measures, then it will be difficult for me to render it my support.

President, I must also state clearly that improving people's livelihood in the long run will be a more comprehensive approach. The motion today is on "sharing the fruits of economic growth by all the people". President, what is

meant by "all the people"? According to my understanding, "all the people" refers to all members of the public, not just some members of the public or people who have paid taxes. What is meant by "sharing"? It means that it could be shared by everyone, not just people of a certain class. Therefore, I think that if the Financial Secretary shares and accepts my view and spends a sum of money or makes long-term changes in planning, he should then consider two aspects: the elderly and health care services. Why? This is because, most unfortunately, we will all become an elderly person one day. I am already an elderly man. Ms Margaret NG said earlier that I am already an elderly man, is that right?

MS MARGARET NG (in Cantonese): Only we die.

MR RONNY TONG (in Cantonese): Only we die. It is also most unfortunate that everyone needs health care services and this is something which can really be shared by all the people, no matter how rich or how poor they are. This should be adopted as the starting point for sharing the fruits of economic growth by all the people, unlike what the Liberal Party has said, placing the emphasis on tax rebates, or unlike what other parties have said, placing the emphasis on one-off rates rebates or other one-off measures which will benefit the people.

President, many academias have made a lot of proposals. Dr LAM Pun-lee has made a proposal today which I think is worth considering. He proposes that if the Government allocates \$50 billion as a seed fund for the retirement protection of all people and promotes protection for all people, then everyone will really be benefited. Today, we may not be able to enjoy the benefits immediately, but we may be able to do so eventually, and this will not exert pressure on inflation. Moreover, this sum of money can also serve as a seed fund for health care services and the result will be the same. I hope that the Financial Secretary can attach importance to such long-term planning considerations, instead of one-off measures of "handing out candies", or remedial measures that will only win a short-lived applause. It will be the first budget prepared by the Financial Secretary and I hope that he can make a plan for Hong Kong which will benefit the people in the long run. Thank you, President.

MS LI FUNG-YING (in Cantonese): Madam President, this Council debated the motion on coping with inflation in mid-January, during which Members presented many views on requesting the Financial Secretary to adopt substantial measures in the budget to help out the community and alleviate the public of their burden. The motion debate moved by this Council today on "Sharing the fruits of economic growth by all the people" also requests the Financial Secretary to return wealth to the people in view of the substantial fiscal surplus. Though both motions call upon the Financial Secretary to "open the gates and relief the flood" in the Treasury, and Members have also made a lot of specific proposals in the two motions for the Financial Secretary's consideration, I think the two motions are still different.

They are different in the way that the emphasis of "Coping with inflation" is clearly on helping people at the grassroots, while that of "Sharing the fruits of economic growth by all people" covers all the people ranging from the richest in town, top-notch employees, to people at the grassroots and marginal workers. However, in a free market, there are always the privileged who make huge gains and the deprived who can only earn a living by onerous toil. When we talk about sharing the fruits of economic growth by all the people, it is unavoidable that it will involve the principle of redistribution of wealth. Should priority be accorded to utilizing public resources to take care of those most needy in society, as well as those who have gained nothing or only a little in the course of our economic prosperity? My answer is in the positive and it is on this basis that I support the motion today on "Sharing the fruits of economic growth by all the people". However, this principle has never been manifested in past budgets.

Madam President, when I see the large number of proposals in today's motion and amendments, I believe the Financial Secretary will also give a knowing smile, for among the proposals, there must be some which are compatible with his own views and can serve as the best proof of the Financial Secretary having heeded Members' opinions. However, this is exactly my concern, for when proposals are too many, the most basic principles and targets of wealth redistribution will become obscure.

Here, I do not wish to repeat Members' proposals, or the views expressed by me during the debate on "Coping with inflation" in mid-January. My views on the budget were more or less been expressed during my meeting with the Financial Secretary to voice my opinion on the budget. I would only like to

take the opportunity of today's debate to add two points. The first point is related to the Legislative Council Finance Committee meeting to be held this Friday, the day after tomorrow, for scrutinizing the funding application in respect of the University of Hong Kong (the HKU) building a student dormitory. One of the reasons given by the HKU for building the student dormitory is to satisfy the needs of non-local exchange students. In fact, the education policy of the Government encourages various tertiary institutions to admit non-local students, and the problem of inadequate dormitory places is one of the bottlenecks in the admission of non-local students to local universities. On the other hand, the rate of local students attending aided universities has always been maintained at 18%. I do not mean to raise objection to the admission of non-local students to our tertiary institutions, but I hope that the Financial Secretary can first allocate resources to increasing the quota for the admission of local students to universities, in particular the conversion arrangements for the admission of associate degree students to universities. Since the introduction of associate degree programmes was all the Government's doing, it is unfair to the associate degree students that the Government is now determined to get rid of its burden of the associate degree programmes.

According to the media's report, the Financial Secretary's principle in considering the policy on returning wealth to the people for this financial year is: the relevant measures will not constitute part of the Government's recurrent expenditure in future. Though the increase in the ratio of local students attending aided universities will undoubtedly increase the recurrent expenditure of the Government in future, I hope that the Financial Secretary will look at education as an investment rather than an expenditure, and thus accept my proposal.

The second point is the issue of continued learning for employees. Early last year, this Council passed the Accreditation of Academic and Vocational Qualifications Bill. Theoretically, the framework for employees' so-called voluntary lifelong learning was already in place, but I fail to see any changes in the labour market which will facilitate employees, in particular, the elementary employees, who are most desperately in need of equipping themselves anew, to continue their learning. The working hours of Hong Kong employees are one of the longest in the world, and if this situation remains unchanged, then the promotion of the so-called lifelong learning and self-enhancement will only develop in a most unhealthy condition. Therefore, I propose that the Secretary should introduce some taxation arrangements to encourage employees to pursue

continued learning during office hours, and I believe that it is only by doing so that the atmosphere of lifelong learning in society could be encouraged and developed in a healthy manner.

Madam President, I so submit.

PROF PATRICK LAU (in Cantonese): President, the motion debate today is focused on reminding the Financial Secretary of how to make proper use of the \$100 billion surplus, and it is like an advance notice on the budget in some ways. Seeing that there were as many as 26 demands in the motion, President, at first I thought that this would be a record for the Legislative Council, but Mr TONG told us that there had been more demands in the past. However, if the motion carries one more demand, then its numbering will go beyond A to Z. Though, I do support some of the proposals, I would like to look at this from another angle, and see how "sharing the fruits of economic growth by all the people" can actually be realized.

With globalization and rapid economic growth, people who have an edge will have a comparative advantage over others in enjoying the fruits of economic growth. On the contrary, those who do not have an edge will be unable to share the fruits of our economic growth, thus resulting in polarization in distribution of our social wealth. The situation of disparity between the rich and the poor is also worsening in many places of the world, and Hong Kong is no exception.

As Hong Kong is not a society which practices welfarism, if all the fruits of our economic growth were to be distributed evenly among all the people to solve the problem of disparity between the rich and the poor, the reality is bound to fall short of our expectations. As such, under our charitable solicitude welfare policy, Hong Kong should also consider how the problem of disparity between the rich and the poor can be solved, in order to promote social harmony.

Recently, the proposal made by Bill GATES at a world economic forum on reducing the gap between the rich and the poor gave me some inspiration. He put forward the idea of Creative Capitalism and advocated that in addition to the government, there should also be close co-operation among the business sector, non-profit-making organizations and individuals, in working together to solve the problem of disparity between the rich and the poor. His idea is to

capitalize on the understanding between society and the government of the value of narrowing the gap between the rich and the poor to encourage the business sector to provide on a voluntary basis cheaper goods and services, in particular daily necessities, such as food and medicine, as well as education opportunities, for people in poor regions. He hoped that governments could put in place certain policies which could achieve the goal of more even distribution of wealth through the participation of all people from various sectors of society.

I very much agree that if the problem of disparity between the rich and the poor can be resolved at the market economy level, then it is virtually unnecessary for the government to interfere with the operations of the free market through various policies. The greatest difference between Creative Capitalism and traditional Capitalism is that the emphasis of the former is placed on creativity, and it is only through creativity could the goal of publicity be achieved for the same services and products, in attracting the participation of the business sector to sell their goods to poor people at cheaper prices on a voluntary basis. However, before this ideal result can be achieved, a consensus must be reached among members of society, on sharing the same belief that the gap between the rich and the poor should be narrowed by means of market economy.

President, the greatest difficulty at the moment is fostering a consensus between the public and the business sector. For example, given the recent soaring inflation which has increased the already heavy burden of the public, the chambers of commerce have not only failed to call upon its members to show concern for the effects of inflation on people's livelihood, instead they have asked their members to raise prices together. This is a very obvious example illustrating that, at this point in time, Hong Kong still has a very long way to go in terms of converging a shared value of narrowing the disparity between the rich and the poor through market economy. I hope that the Financial Secretary could really address this issue squarely.

Nevertheless, I hope that the Government and all of us can move in this direction, to work together in improving the living of the poor population in Hong Kong and the world, so as to prevent the problem of disparity between the rich and the poor from further deteriorating, thus imposing a more serious impact on our younger generation or bringing about consequences that cannot be rectified. If the problem of disparity between the rich and the poor can be resolved through market economy, then as several Members have said earlier,

the Government can inject its surplus into improving the livelihood of the elderly, enhancing medical care, and invest in education, infrastructure, community building and urban development by all means, so as to really create a better and quality living environment for our younger generation. I so submit. Thank you, President.

MR LEE CHEUK-YAN (in Cantonese): President, I do not know if you realized that the wishing tree of Tai Po has been erected in the Legislative Council today? There is one bad thing about the wishing tree of Tai Po and that is, the tree will collapse if we throw too many things onto it. However, I am not at all worried that the Government will collapse for the Government can definitely cope with the situation. I am only worried that our Secretariat will collapse. The current problem is not that the Government cannot cope with all the amendments, but that our Secretariat may not be able to cope. Therefore, I urge Members not to propose so many amendments; otherwise our Secretariat will really be unable to cope.

Furthermore, I feel that if we make too many demands, then it will be quite unfair to each of the demands. I have done some maths and found that for a seven-minute speaking time (that is, 420 seconds), or an even longer time limit of 10 minutes, each Member can only spend 30 seconds on a demand. I do not know how we can debate on a demand in 30 seconds, and this is also not good for the debate. I hope that Members can note this point. If we have to debate which is virtually impossible, we will not know which aspect should be debated on. I hope that Members could take note of this point and should not use the debating time of the Legislative Council to go through the demands once instead of debating them.

President, I would now like to come back to the motion today on "Sharing the fruits of economic growth by all the people". I feel that the Government must now reconsider its priorities in the administration of Hong Kong. President, the Government often says that its priority is on doing a good job of promoting economic growth, but President, and Financial Secretary, this will not work. Of course, we have no objection to making the "pie" bigger, but Prof Patrick LAU has just made it very clear that given the globalization of the world economy, people who have a competitive edge will not only be able to earn a living, but also lead a quality living. However, for non-skilled people who do not have a competitive edge, or those who failed to grasp opportunities in the

past and eventually become people with a low competitive edge, then life could be very difficult for them in face of the globalization of the world economy, especially when we are now in times of inflation and everything are very expensive. Financial Secretary, I can tell you that some poor people really do not know the taste of meat and have to eat leftovers. Against such a background, the Government has to consider the priorities of its administration as a whole. I do not wish to see a gap between the rich and the poor in sharing the fruits of our economic growth, with the poor sharing less and the rich getting more.

In fact, the Chief Executive said in his last policy address that the rate of profits tax would be reduced by 1%, and this would make Hong Kong lose \$5 billion. I feel that by doing so, rich people will really get a large share of the fruits of our economic growth and gain several billion dollars. I saw some business tycoons coming out to say that they do not need to share the fruits of our economic growth in this manner. Financial Secretary, this is what some good-hearted businessmen have said, and I have learnt from news reports that they have clearly stated there is no need for the Government to reduce profits tax by 1%. As such, Financial Secretary, the budget should not create disparity between the rich and the poor after the fruits of our economic growth are shared.

Under such circumstances, I would like to make a few proposals. Firstly, I propose that the Government must make a substantial increase in public expenditure. At present, there is still a debate within the Government on the amount of expenditure for each department. I do not know what will be the outcome, but I hope that after the debate, the Government will increase its expenditure by \$15 billion. For according to our original estimate, the government expenditure for 2008 should be about 16% of our GDP. However, the government expenditure for five or six years ago was about 20% of our GDP, with the highest rate at 22%, but it has continued to drop to about 15% now. I think that the great percentage drop signifies a growing economy and shrinking expenditure. This will make government services as a whole, including social welfare, education and health care services in particular, most inadequate and fall short of the demand.

For this reason, I think that the Government should allocate \$15 billion as a start, including increasing the Old Age Allowance payment to \$1,000 and substantially increasing health care services, so as to improve our existing health care services. All these services require a long-term commitment from the Government. I hope that the Government will not be so "short-sighted" as to

focus only on how the \$100 billion surplus should be utilized. In the long run, the existing level of government expenditure is really falling too short of the demand. Therefore, my first demand on the Government is a substantial increase in public expenditure to help those who are in need.

As regards my second demand, given the \$100 billion fiscal surplus, everyone is now saying that tax rebates should be offered. Very often, the Financial Secretary will ask how we can help the "three have-nots", that is, people who do not have to pay tax, do not own properties and do not receive CSSA payments. Today, I will tell you what can be done, and I have already mentioned this in the "Letter to Hong Kong" programme, and that is, the Government should offer \$10,000 to "wage earners" who have filed tax returns. By offering \$10,000 across the board, people who pay less than \$10,000 in tax, such as only \$2,000 would gain \$8,000; and those who pay over \$10,000 in tax, should be offered a tax rebate of \$15,000. The expenditure incurred in adopting this measure is only about \$30 billion. With a surplus of \$100 billion, this \$30 billion will be sufficient to allow all "wage earners" to share the fruits of our economic growth.

Some people query why people who do not have to pay tax are offered tax rebates? This is because benefits offered to those people could not be considered as tax rebates. Though they have not paid taxes, it does not mean that they have not made any contribution to society. They have actually done so through contributing their labour and earned a lot of money for their bosses who have paid profits tax, thus they actually do have a part to play in building a prosperous Hong Kong. Now, we are not offering them rebates for the tax they have paid, but allowing them to share the fruits of our economic growth.

With respect to this idea of sharing out dividends from the economy, I hope that it will be supported and accepted by members of society. While this measure can benefit the "three have-nots", it can also really deal with our most pressing problem of inflation at the moment. If those people want to make long-term investments, they can keep the money as savings. I think that this is the best way to help the "three have-nots", and I hope that the Financial Secretary can pay special heed to this proposal.

Thank you, President.

MR ANDREW LEUNG (in Cantonese): Madam President, there is less than a month before the Financial Secretary will deliver his first budget in this Council. The motion debate moved by Ms Miriam LAU today provided a timely opportunity for us to express our views for the consideration of the Financial Secretary. There is one week and one day before the Chinese New Year and Ms LAU seems to have placed a big peach blossom tree in this Council for Members to tie the wishes of the public.

A Member said earlier that the Liberal Party was giving away money. However, some of the proposals put forward in the motion of Ms LAU of the Liberal Party are, in fact, focused on the needs of the public, and since we are now in times of inflation and economic recession, we have to do more for the middle class and the disadvantaged groups. It is certain that our proposals are not only on giving away money, but also on enhancing our long-term competitiveness. Therefore, the term "money-giving party" does not apply to the Liberal Party, and the Member is wrong. He also said that if money were given away to the middle class, they would use the money to "speculate" in stocks, or generate inflation. We find that the United States is also trying to save its economy by giving away money to the public, so perhaps the Member should take a few more lessons in economics.

Here, I would like to talk about two issues not about giving away money. In fact, when I spoke on the Chief Executive's policy address last October, I mentioned that I supported the Chief Executive's proposal on "creative capital". As a member of the industrial sector, the Federation of Hong Kong Industries and I hope that the Government can do more for our local industries by taking an initiative and more positive actions to open up more development opportunities for new creative industries. Currently, the development of our Motherland has been gaining momentum, and its economic growth can be described as moving at lightning speed. Many factory owners hope that the Government can assist us in our efforts to upgrade, restructure and relocate, and help the industrial sector to develop designs and brand names. Please bear with my long-windedness and allow me to repeat this once again, I hope that the Government could introduce a tax relief measure in the next financial year of offering tax concessions which should be thrice the amount of what we spent on technological research, development and design as an incentive for enterprises to invest funds on development, design and high value-added elements.

Madam President, I believe the Financial Secretary and relevant government officials must be familiar with this proposal for I have been talking about it for many years. This tax concession policy requires enterprises first to inject their own funds, instead of seeking assistance from the Government. In addition to developing technologies, the funds will also be used for employing a group of young scientific research and design talents. Before the enterprises can enjoy the tax concessions, they have to make correct decisions of investments and have to make profits. By making investments and attracting the assembly of talents, enterprises can further attract overseas companies to set up bases in Hong Kong and engage in high-value added activities. By then, private enterprises will be in a better position to work together with the Government in consolidating Hong Kong's position as a knowledge economy and enhancing its competitiveness, so that Hong Kong can become a creative and R&D city in the region.

Madam President, infrastructure construction is also a major factor determining whether the development of a place will be successful. Twenty years ago, our rose garden project brought immeasurable economic benefits for today's Hong Kong. Tens years into the reunification, the future development of Hong Kong will be closely linked to that of the Mainland, and our connection with Shenzhen, Guangdong Province and the Pan-Pearl River Delta Region, in particular, has become even more inseparable. In order to ensure that Hong Kong can maintain its favourable momentum of economic growth, the SAR Government should fully grasp the pace and direction of development in mainland provinces and municipalities, and strengthen our connection. As regards cross-boundary infrastructure development, Hong Kong must engage in co-operative planning with our neighbouring provinces and municipalities, so as to ensure that the infrastructure development of Hong Kong can keep up with the rapid pace of development on the Mainland. As regards the design of our cross-boundary transport infrastructure, Hong Kong must not only keep up with the rhythm of Guangdong Province, but also set our sights further by placing emphasis on our needs in the next 20 to 30 years. I hold that in developing our cross-boundary transport infrastructure, we should adopt a macroscopic view and look at the region as a whole, and take the initiative to negotiate with Guangdong Province, so as to complement each other's advantages. We are very happy that the Government commenced studies on the construction of the Liantang Control Point last year and hope that it can speed up the process. In making plans for the construction of other railways and highway networks in

Guangdong Province, the SAR Government should take the initiative to get in touch with the mainland authorities so as to kick-start the connecting works.

I would like to talk about the construction of the express rail link between the Hong Kong airport and the Shenzhen airport in particular, which the Chief Executive has mentioned in his policy address. At present, both the Hong Kong and Shenzhen airports are major airports in the Pearl River Delta Region, and the Hong Kong airport is one of the busiest airports in the world in terms of both passenger and cargo throughput, while the strength of the Shenzhen airport lies in handling local flights. We can create a win-win situation on the basis of complementing each other's advantages by looking into the possibilities and cost-effectiveness of building a railway to connect the two airports, thus further enhancing their connection. This is conducive to promoting the development of the air service industry of both Shenzhen and Hong Kong, consolidating our status as an air service centre, and also meeting the market needs.

Furthermore, the Governments of both places should also make plans for connecting the Hong Kong and Guangdong railways as soon as possible, so that the railway of Hong Kong can become part of the national high-speed railway network, and extend the transport network of the Mainland southwards to Hong Kong, so as to give full play to our role of "the southern gate of China".

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

MR CHIM PUI-CHUNG (in Cantonese): Madam President, people with money suffer. People without money also suffer. The Financial Secretary is lucky when he comes here at this time. I said before that Hong Kong would face a period of deflation for 68 months. We have gone through that period already. Now, it is estimated that we would have a surplus amounting to about \$100 billion. However, as society faces many problems, the Government has to make arrangements on several fronts.

My personal view is similar to the proposals of other Members — all fruits of economic growth should be shared by all the people. There are 7 million people in Hong Kong. If we distribute \$10,000 to each person, the total sum amounts to \$70 billion. This should be the best solution. However, the

Government believes that taxpayers, that is, those people who have made direct contributions to the Government, will certainly oppose this way of handling the surplus. I firmly believe that the Government will think of something in such areas as profits tax and rates. Since people have paid, offering a rebate of a certain percentage to them is not an unfair approach. But under this arrangement, those who have not paid taxes will not be able to share the fruits. This defeats the intention of sharing the fruits of economic growth by all the people. Indeed, the Financial Secretary, his colleagues, as well as the entire Government are much bothered by these circumstances.

Various sectors have been invited by the Financial Secretary to put forward proposals. Take the Chief Executive as an example, he had asked me to give my views on his policy address before. But I would always reply, "Since you are holding the post of the Chief Executive (or since you are holding the post of the Secretary), you will certainly have your ways and means. I have no reason or obligation or responsibility to give my views to you. Besides, if I have already told you my views, I will not have any materials for speaking during the debate. Moreover, if the views given by me are not accepted, it may prove that I do not have proper representation. If they are accepted, I will have to be more supportive of the Government. That way, I am not being fair to the political system of Hong Kong, because Members of the Legislative Council have the responsibility of monitoring the operation of the Government. If the Government is performing well, it should be encouraged to continue with such efforts. If it is not performing well, it should be criticized."

I have always believed that the SAR Government should be forward-looking. An ambitious government as well as a government with representation will not be afraid of putting a foot wrong, as long as it is bold to change when it has done something wrong. It must be brave to commit itself and to move forward, in particular even if it has put a foot wrong, it does not mean the end of the world.

Hong Kong has been able to make the most of the open policy of China and has now reaped the fruits of such endeavours. Besides, Hong Kong is a blessed piece of land. As I said before, on the whole, Hong Kong was very poor in the 1950s. When we looked up from the Victoria Park, we would find the Mid-Levels covered entirely with squatter huts. Toilet facilities were not available in the areas stretching from Sheung Wan, the Western District to the Mid-Levels. It was easy to step onto addicts taking drugs when we walked up

the stairs of a building. The present achievements of Hong Kong should not be taken for granted. They are attributable to the efforts of Hong Kong people and our special environment as a combination. It can be said that the current SAR Government is enjoying the fruits of all efforts. But fruits and happiness, among other things, do not last forever, and should not be taken for granted. The sharing of prosperity is dependent on the forward-looking planning and leadership of a wise government.

Let us review our personal experience as Members of the Legislative Council. Since my seat was not returned by direct elections but by functional constituency elections, my direct contact with the community was relatively less. However, I have seen elderly pushing wooden carts while collecting cartons on the road and on television. Are they doing exercise? If they want to do exercise, why don't they go to the parks to stretch their legs and arms? Their current situation indicates that they have genuine needs and that they are living in hardship. As I have often said, we really have to address the problem of caged homes in Hong Kong. If someone asks me whether such a condition still exists, I really do not know the answer. But I trust that such a condition still exists in Hong Kong. It is not absolutely non-existent. Such a phenomenon indicates that those people are in need actually.

Applicants of Comprehensive Social Security Assistance (CSSA) constitute another problem — we cannot allow the provision of CSSA to develop Hong Kong into an eternal welfare city. This permanent commitment will eventually make the Government "broke". Nevertheless, the Government should still recognize there is such a need in society.

The majority of Members will undoubtedly mention the issue of "fruit grant" provided to the elderly. As I have mentioned before, if all Members share the same wish and voice, the Government will pay more attention and listen. If we really think there is a need, we should grant the money. For instance, we can grant \$1,000 per person. If we can give the elderly expectation and delight, why should we save the amount of \$1-odd billion? Therefore, I believe it is not necessary for the Government to implement the policy it is poised to adopt — a one-off distribution of money to all members of the public. Instead, the Government should make good use of this amount of money to create more wealth. First of all, it should invest in infrastructure. Secondly, it should look after those in need in various sectors of the community, for instance, the three kinds of people cited by me as examples. Thirdly, it

should make use of this capital to build "cities for senior citizens" in various regions of China, so that the elderly will be looked after in future. We too, will grow old soon. And it is our wish not to depend on others' taking care of ourselves.

Another issue is the huge revenue from stamp duty. With the huge revenue, the Government should consider reducing stamp duty. Some people have already put forward this proposal. But I firmly believe the Government will not take on board this proposal easily. In the past, the Government had pledged to abolish stamp duty in due course. However, now it seems that the possibility of such abolition is rather low. I am not forcing the Government to go in this direction. But after assessment and consideration, I still believe this is what the Government should do.

On the other hand, it is obvious that the subprime mortgage problem of the United States will impact the overall economy and the stock market of Hong Kong. I wish the Government would consider the fees and registration levy of the Securities and Futures Commission accordingly since it has too much reserve. While the reserve should not be excessive, it can contribute to the overall development of Hong Kong, and in particular, the development of the stock market.

MR TAM YIU-CHUNG (in Cantonese): President, the Government will have a very substantial surplus this financial year. The Members speaking before me have estimated the surplus to exceed \$100 billion. I believe the estimate is quite accurate, but the question is how much the actual amount is in excess of the \$100 billion. Let us look at another set of figures, that is, the fiscal reserves of the Government. The amount of fiscal reserves has reached \$464.6 billion as at end of December, representing an increase of 43% over that of the same period in the previous year. Insofar as the financial position of the Government is concerned, this is undoubtedly the best time in the past 20 years. But in terms of social harmony and social development, Hong Kong still faces many problems. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) hopes that the SAR Government will treasure the current hard-earned social stability, make good use of the public funds, promote social harmony and comprehensive development in Hong Kong, and improve the livelihood of the grassroots. Mr CHAN Kam-lam put forward proposals covering many aspects when he spoke on his amendment earlier. Catching the

baton, I would like to talk about issues related to people's livelihood in particular and problems I have found and observed in my own constituency.

With respect to improving health care services, first of all, we have to start with the hardware. Just now I heard Dr KWOK Ka-ki mention Tung Chung and Tin Shui Wai in his speech. The health care services of these two places are obviously inadequate. He also cited the size of population and ratio, such as the comparison of the numbers of hospital beds in the districts with those of other districts. All these figures illustrate the great demand of residents for these services.

Regarding the calls for the construction of hospitals in Tung Chung and Tin Shui Wai, we in the DAB, colleagues engaging in district affairs, or members of the District Councils have put forward the proposal for many years. The Government has also undertaken to construct the hospitals. However, to date, the preparatory work for the construction projects has yet to begin.

At present, when such a need arises, the territory-wide average time required for an ambulance to transfer a patient to the accident and emergency (A&E) department is 17 minutes. But if a patient lives in Tung Chung, it takes 33 minutes even if he is transferred to the nearest Princess Margaret Hospital. The number of calls from Tung Chung residents for conveyance to the A&E department has increased by 240% over the past four years, among which over 60% is classified as "urgent" or more serious conditions, reflecting the strong demand for hospital services of Tung Chung residents. Similarly, a hospital within the district is also lacking in Tin Shui Wai, a district with a population of 300 000 people. However, the department concerned has earlier revealed that it has not been able to identify a private partner, making residents worry that the completion date of the hospital will probably be postponed again.

A hospital is a fundamental community facility for providing timely help to those in dangerous and desperate situations, and for serving the public. If the lacking of a private partner is used as grounds for postponing the construction of the hospital, it is inevitable that people will be skeptical of whether the health care service of the Government is people-oriented, or whether it is business opportunity-oriented or surplus-oriented. The DAB hopes that the Government will start preparations for constructing Tung Chung Hospital and Tin Shui Wai Hospital immediately. And while the hospitals are still to be completed, the Government should allocate more resources to set up 24-hour out-patient and

A&E services in the districts, so as to protect the lives, safety, and health of residents in Tin Shui Wai and Tung Chung.

On residential care services for the elderly, there has been no consistent growth of government resources in this area during the recent two years. I will frequently receive requests by the elderly for assistance as they hope that with my help, residential care places can be arranged earlier for them. Presently, there are altogether 72 000 residential care places for the elderly, but only 29% of them are government subsidized, 5% belongs to non-profit-making elderly homes, while the rest are privately operated which account for 46 000 places. Through the enhanced bought place scheme under its policy of subsidy, the Government can only guarantee that 6 400 places can reach a better quality.

In fact, a considerable amount of public money has already been channelled to these private homes for the elderly in the form of CSSA. With this arrangement, CSSA is presently carrying the mode of assistance as "subsidy vouchers". If we take a closer look at the existing private homes for the elderly, we will notice that every one of them is hanging banners on which "applying for CSSA for you" is clearly printed to attract clients. An elderly person can choose a home for the elderly and then rely on the CSSA to pay for the expenses on residential care. This, in fact, is a realization of the concept of "money following the persons". We believe such a mode has already emerged. However, judging from the variance in service quality of private homes for the elderly, the concept of "money following the persons" may not be able to enhance the service standard of the sector as a whole. The major deciding factor is the amount of money. Compared with the subsidy that the elderly staying in the private homes for the elderly can obtain through CSSA, the service cost of each place in government-subsidized residential care homes for the elderly is 50% higher. Since prices determine the quality of service of private homes for the elderly, it is basically difficult for them to raise the level of service. Therefore, the Government should draw up a comprehensive mode of assistance as "subsidy vouchers" as soon as practicable, and through this way, improve the supervision of quality of private homes for the elderly and enhance the desired standard of private homes for the elderly. This will indirectly increase the number of government-subsidized home places, so that the waiting time for the elderly can be shortened.

Finally, I wish to talk about how to alleviate the burden of travelling expenses on the grassroots. Very often we only talk about bus fares. But to

residents living in the outlying islands, ferries are their only means of transport. As we all know, with the current soaring fuel costs and the drop in patronage of outlying island ferry services, ferry operators are bound to increase ferry fares in such circumstances. How can residents cope with this? I hope that the Government will consider (*The buzzer sounded*)

MR JEFFREY LAM (in Cantonese): Madam President, there is a possibility that the Treasury will record the largest surplus in history this year. Last year, the revenue of the Exchange Fund alone broke its past records and reached an amount of \$142.2 billion. Many taxation bodies have estimated that the fiscal surplus of the Government for the year will exceed \$100 billion. The Treasury is absolutely "flooded by cash". The Liberal Party opines that it is now a good time for the Government to give the community a respite. Just as Joseph YAM, the Chief Executive of the Hong Kong Monetary Authority said previously, since the Government has such a huge surplus, it is absolutely fair to return wealth to the people.

Although the Government is enjoying better finances, the market itself is not particularly prosperous. The public and the business sectors are facing a lot of financial pressure, among which the bulk comes from high inflation. There has been a continuous rise in inflation. An 3.8% rise over a year earlier was recorded last month, the largest increase in the decade. Presently, lots of things are getting more and more expensive in Hong Kong. Prices of all daily necessities — clothing, food, housing, transportation, rent, electricity tariffs, fuel and raw materials — are found to be soaring. Price increases throughout the territory have not only aggravated the hardship of the public, but also resulted in the rise in production costs of the business sector, increasing their difficulties in operation and affecting the competitiveness of Hong Kong.

Due to the rapid development of our country, inflation will continue to worsen. Inflation of last year alone reached 4.8%. The economies of Hong Kong and the Mainland are inseparable. In addition, the majority of principal daily necessities of Hong Kong are imported from the Mainland. So with the soaring prices in the Mainland, Hong Kong is the first to bear the brunt. Many academics have predicted that the inflation this year will be even more serious, possibly reaching 4% to 5%.

Meanwhile, since the economic environment in Hong Kong is vulnerable to external factors, there are many uncertainties in the economic development of Hong Kong this year. Affected by the subprime mortgage problem of the United States, the stock market in Hong Kong has experienced drastic fluctuations recently, with a range of volatility of 2 000 points in a single day — when I first started to work, the Hang Seng Index was only 1 700 points, and this was considered the highest at that time — such volatility is like a roller-coaster ride, giving people a hair-raising time. This will absolutely affect the development of the financial industry of Hong Kong. If the subprime mortgage problem continues to worsen, not only will the financial industry in Hong Kong be affected, the export sector as well as other related sectors will also be affected, thus in a way affecting the entire economy of Hong Kong.

Madam President, Hong Kong is now facing internal troubles and external threats. Both wage earners and the business sector have to bear their own sufferings in silence. Presently the Government has abundant "ammunition". It can absolutely do a lot to alleviate the pressure on the business sector and people's livelihood. Therefore, I urge the Government to freeze all government fees which affect people's livelihood and business environment as much as possible; and waive rents of housing estates, shopping malls and car-parks under its management as much as possible, so that all levels of the community can catch their breath when faced with the sweeping rise in prices. This will also alleviate the pressure of the continuous increase in operational costs encountered by the business sector, thus in a way enhancing the competitiveness of Hong Kong.

Moreover, as the Government has a huge surplus, it should expeditiously invest in infrastructure with a view to enhancing the competitiveness of Hong Kong and creating more jobs. This will not only revive the economy but also people's livelihood, and in this connection, I wish to mention the development of the convention and exhibition industry. In fact, I have said many times before that Hong Kong is seriously lacking in convention and exhibition venues. The convention and exhibition industry brings enormous benefits to Hong Kong economy as a whole. Business travel alone has already generated \$26.4 billion per annum for Hong Kong. At present, many companies are waiting in lines for participation in exhibitions. Given the large number of companies on the waiting list, many companies have decided to give up participating or waiting.

While venues in Hong Kong are fully booked, exhibiting manufacturers who are unable to secure a venue have to relocate their exhibitions to other places. In fact, Hong Kong has lost a lot of revenue due to the lack of venues. Despite the expected completion of the expansion of the atrium of the Hong Kong Convention and Exhibition Centre in 2009 to offer an additional 20 000 sq m of exhibition venue in Hong Kong, it is anticipated that more than 1 000 companies will still remain on the waiting list by that time, and the number of participants on the list will keep rising year on year. It is evident that the convention and exhibition venues are not able to meet the demand. The expansion of convention and exhibition venues is therefore a matter of great urgency. We hope that the Government will finalize a proposal as soon as possible and construct large-scale exhibition venues expeditiously in order to give impetus to the development of the convention and exhibition industry with a view to continuously creating more economic fruits to be shared with all the people.

Madam President, I so submit.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, recently we have held debates on motions similar to today's topic — sharing the fruits of economic growth by all the people — in the Legislative Council, including the Chief Executive's Question and Answer Session, in which similar questions were raised. This illustrates that as we, in anticipation of the announcement of the budget, have some hope. The Hong Kong Federation of Trade Unions hopes that the budget can really help the grassroots so that they can share the fruits of economic growth, too.

Madam President, there are only seven or eight days before the Chinese New Year. As a matter of fact, welcoming the Chinese New Year should be a happy event. However, many wage earners are having headaches in doing so. A friend told me that due to the expensive price of chicken, he was not going to have chicken for meals during the Chinese New Year. Everyone is calculating how to spend a happy new year without spending too much money. Unfortunately, we do have to buy certain food, such as chicken and pork. What I have just said has become a topic among the grassroots. Previously during the days when prices were not too high, they felt they could afford to buy more and eat more. But now things are different. They have to be penny-pinching in spending.

As the Government has a surplus in excess of \$100 billion, theoretically Hong Kong should be in a very good position. However, in real life, only a group of people are able to lead a comfortable life when the economy of Hong Kong is good. Buoyed by the vibrant financial and property markets, our economy seems to be offering a prosperous outlook. But frankly speaking, the grassroots — particularly those who are barely able to feed themselves — are not benefiting from these economic activities in which they do not have the means to participate. These people can only work hard for their living every day, calculating how the money in their pockets can tide them over the Chinese New Year. As I have said before, the biggest impact on people's livelihood is the drastic price increases of non-staple food and daily necessities. Under these circumstances, I hope that the Financial Secretary would reveal in today's debate whether the Government will help the grassroots in the forthcoming budget (probably not before the Chinese New Year, but after the New Year) so that they can enjoy a happy January in the lunar calendar. I hope that the Financial Secretary would not seal his mouth and reveal nothing. It will be great if he can reveal just a little.

Madam President, I am concerned not only about the grassroots whom I have mentioned just now, in fact, I am also concerned about the wage earners. Calculating personal allowance on the salaries tax rate, it is found that presently a wage earner with an annual income of \$100,000 will fall into the tax net. In other words, a wage earner with a monthly income of \$8,000-odd, a figure less than the median wage \$10,000, will have to pay tax. As a matter of fact, a worker with a salary of \$8,000-odd is not having an easy life nowadays. Very often, when I talk to social welfare officers, they will tell me a family of four that applies for CSSA will receive an amount of \$10,000 a month. Strictly speaking, the amounts these taxpayers earn do not even reach this figure, and they have to pay tax already. Therefore, from the perspective of seeking a balance in its policy, the Government should take into account such a situation. Just as I have said before, every day these people are still running short of means in dealing with the situation, and they have to find ways to make ends meet.

Now that the Government has such a huge surplus before its eyes, it is necessary for the Government to do something about this. We very much hope that the Government can restore the basic allowance for salaries tax to the 2002-2003 level, so that wage earners of the lower-middle class can catch their

breath. I do not think they can cope with living in a hard up situation and having to pay tax at the same time.

Moreover, I wish to tell the Chief Executive and the Financial Secretary that the "three have-nots", that is, people who do not have to pay tax, who do not receive CSSA, and who do not own properties, are unable to benefit from any reduction of rates and tax rebate. They may not even benefit from the increase of "fruit grant" for the elderly because they are not old enough to be eligible for it. Under similar circumstances, the Government should identify ways to help this group of people who do not have to pay tax, who do not receive CSSA, and who do not own properties.

I have all along stressed that apart from providing "fruit grant" to the elderly, we should also help those elderly in poverty secure a living allowance catering for the elderly in poverty. I have said this many times before, in large and small meetings alike, that because of many reasons, some elderly have not applied for CSSA. However, in real life they have to rely solely on the "fruit grant" for a living. For those elderly who depend on the "fruit grant" to feed themselves, it means very much to them if the Government agrees to increase the amount of "fruit grant". However, the Government has stated from the outset that the "fruit grant" is not a welfare item but just a small token of appreciation to the elderly. In that case, we have to propose once again that a new initiative be put in place for the elderly in poverty, that is, to grant a new allowance to them. I emphasize that this is something the Government has to do.

Another issue is related to the wage earners, or the grassroots. As a matter of fact, since we have such a huge surplus, I wonder whether the Government should consider reducing the levy of tax on public housing or private housing, and not to levy tax on spending. I think this is very important, and I have also mentioned it previously. Moreover, I wish to give the Government this reminder. In recent discussions with academics, and once when I mentioned the subject incidentally to reporters, their response was that at a time when there is such a huge surplus, the Government should devise ways and means to allocate some of the money to low-income earners. For instance, in the United States, tax rebates are offered to low-income families that do not have to pay tax, or a subsidy should be deposited into the Mandatory Provident Fund (MPF) accounts of family members who are working. These are ways and means that merit consideration by the Government. We can consider setting a fixed amount, for example, \$50 billion, and start to implement such a

measure when the surplus reaches this amount. In this way, we do not have to decide what to do with the money each time when we have a surplus. This is a long-term solution to the current problem of disparity between the rich and the poor. I also wish to talk about the cross-district subsidy. The existing subsidy, covering only four districts, is not desirable. The subsidy should be extended to cover 18 districts, and should be increased from the existing \$5,600 to \$6,500, so that low-income earners can also share the fruits of economic growth at a time of inflation.

Madam President, since there are so many amendments to the motion today, I still have a lot to talk about. I will talk about two very important issues, one of which being universal retirement protection. Today, not only are the employed eligible to MPF (there is of course a loophole here, but I will talk about that separately), basically anyone who works will be able to enjoy this benefit. However, some elderly who have already retired cannot enjoy such a benefit. Should the Government not begin to think about how it can provide against the rainy day? In respect of a universal retirement protection scheme, I have talked to the Government about the subject many times already. I very much wish that the Government will take the opportunity when it has a huge surplus to extend a helping hand when it draws up the budget. Apart from this, is it possible for the Government to consider relaxing policies on social welfare and health care so as to help the elderly and those in poverty?

Madam President, there are many amendments to this motion in which a number of views are expressed. I wish the Government will help the "three have-nots", the elderly in poverty, and the wage earners among the grassroots in the light of views expressed. I so submit. Thank you, Madam President.

MR HOWARD YOUNG (in Cantonese): Madam President, in moving the motion earlier, Ms Miriam LAU explained why one third of this year's huge surplus of the Government should be used for investment in infrastructure and development for the future.

I agree that this is a very important point. A responsible government should ensure sound management of public finances. It is certainly important to return wealth to the people and to alleviate poverty, but earmarking resources to add to the value of Hong Kong is just as important. Similarly, in encouraging

members of the public to pursue lifelong learning in order to enhance competitiveness, the Government has no reason not to earnestly practise what it advocates.

In my opinion, it is only through continued efforts in adding to the value of Hong Kong can we succeed in the continuous enhancement of our competitiveness, so that we have an edge in competing with our neighbouring areas. Otherwise, we will be easily overtaken by others, just like a boat sailing against the current must forge ahead or it will be driven back.

Take the tourism industry as an example. We all know that the tourism industry is one of the major pillars of the economic development of Hong Kong. Last year, Hong Kong recorded a total of 28 million visitors, representing an increase of over 10%. The total expenditure related to inbound tourism is \$138 billion, representing an increase of 15.7% over 2006. The year 2008 is the Olympic year. It is estimated that the overall number of visitors will exceed 30 million, with the total expenditure amounting to \$152.7 billion.

The importance of the tourism industry to Hong Kong is reflected in these figures. As a matter of fact, tens of thousands of people are engaged in industries related to the tourism industry, such as the retail and service sector, the hotel industry, the restaurant sector, as well as the transportation industry. As the saying goes, "Pull one hair and the whole body will be affected". We must protect and support the tourism industry in Hong Kong, and protect it from undue harms.

We have to provide against danger while living in peace. Take Macao, which is separated by a stretch of sea from Hong Kong, as an example. With the vigorous development of the gaming industry and the tourism industry in recent years, there has been a sharp rise in the number of visitors to Macao. Last year, the number of visitors to Macao reached 27 million, edging closer to the number of visitors to Hong Kong. Moreover, in recent years, there are many newly completed hotels in Macao, which have attracted a number of elites in the middle management of the hotel industry to work across the sea, resulting in a shortage of talents in the Hong Kong hotel industry.

In my opinion, our neighbour Macao is a competitor as well as a partner of Hong Kong. It serves as a mirror that reminds us of not to be complacent and conservative. Therefore, in order to consolidate and further develop the

advantages of the tourism industry in Hong Kong, the Government should take the opportunity of our abundant finance to earmark sufficient resources for the development of various tourist infrastructure and training of an adequate pool of talents in the hotel and tourism industries with a view to meeting the demand.

Meanwhile, we should take the initiative of hosting international sports events, cultural and arts programmes, and traditional activities with the aim of turning Hong Kong into the world's events capital that attracts various types of visitors.

Apart from expediting the development of scheduled projects like the West Kowloon Cultural District and the cruise terminal, the Government should as soon as possible revive the Concept Plan for Lantau, which had receded into obscurity after the consultation in 2004, so that it will see the daylight again.

The Liberal Party has all along believed that Lantau Island, where the airport, Disneyland, the Great Buddha, the Ngong Ping Village and Cable Car are located, is an area with the greatest potential for the development of integrated tourism in Hong Kong. The Government should combine the merits of all the beaches, mountains and rivers in the area, and give play to Lantau's abundant tourism resources so that theme tourism, eco-tourism and spa resorts can be developed on the island.

It was reported earlier that Banyan Tree, the world's leading spa resort hotelies group, intended to extend its business to Hong Kong and build a luxurious spa resort in the scenic Sham Chung, Sai Kung. If Hong Kong succeeds in luring this top-class resort hotel to set up its operation here, it will certainly be able to attract more high-consumption business travellers to come to Hong Kong, with the subsequent expansion of the family tourism market and the enhancement of our tourism competitiveness. Therefore, we believe that on the premise of striking a balance against conservation, the Administration should consider the proposal and actively facilitate such a development.

Madam President, I so submit.

MISS TAM HEUNG-MAN (in Cantonese): Madam President, just from reading the motion and the various amendments to it, it is obvious that each

political party has been watchful of how the Government is going to utilize the fiscal surplus for the year. Even the Liberal Party, which has all along been putting the interests of the commercial and industrial sectors in the forefront, is hoisting the banner of "sharing the fruits of economic growth by all the people". Financial Secretary John TSANG should be very much alert today. During this final dash in the drawing up of the budget, he must be ready to respond to Members' demands on the budget by all means.

I will speak on behalf of the Civic Party on several proposals in Dr Fernando CHEUNG's amendment first, and then speak on the proposals of other Members.

I will talk about tax rebate first. When I received the motion of the Liberal Party, I was taken aback at reading the first proposal. The Liberal Party was setting a lower limit, not a ceiling, for tax rebate. Madam President, I immediately wondered whether the Liberal Party wished those top salaries taxpayers — whose annual income amounts to over \$100 million — would also be able to get a rebate of at least 50% of salaries tax, an amount of over \$10 million.

The spirit of today's motion is sharing the fruits of economic growth by all the people. With respect to tax rebate, if a ceiling is not imposed, there is a possibility that a large proportion of the surplus will be used as tax rebate. Then what is left for the grassroots — who have not paid any tax — to share? To ensure that everyone has his share, a ceiling on tax rebate should be imposed. Therefore, I propose that the Government should maintain the tax rebate at last year's level, that is, 50% of salaries tax, subject to a ceiling of \$15,000.

Up to this point, someone may ask, "TAM Heung-man, since the Government has such a huge surplus, aren't you too mean if the tax rebate is limited to such a small amount?" Who doesn't wish to have more in tax rebate? However, representing the accountancy sector, I have to be penny-pinching. Let us take a look at today's original motion and the amendments. There are altogether 40 to 50 items, and each and every one of them entails spending. Furthermore, apart from proposing some new items for tax concession, I am also supportive of further widening the tax bands and reducing the marginal rates. Taxpayers cannot say that I am mean with money.

First of all, let us talk about the tax allowance for taking out medical insurance. The consultation document on health care financing has been repeatedly postponed, from last year to this year. We have been waiting patiently for Secretary Dr York CHOW to "hand in his homework". And still we have to wait. Because of this, and as we are left to our own defences, we have to take out health care insurance ourselves. The Government has adopted a "couldn't-care-less" attitude towards health care financing. In this way, I would rather the Government introduce expeditiously a tax allowance of around \$5,000 to \$8,000 for taking out medical insurance, and allow me to do my own health care financing.

Another item is tax allowance for self-education expenses deduction. I have all along advocated value-adding and transformation of accountants so that they can provide more diversified services, and take on the role of advisers to enterprises, giving fuller play to their professional knowledge. However, one has to pursue further studies in order to be successful in value-adding and transformation. Fees for further study are far too expensive these days. For courses related to commerce, the annual tuition fee may be around \$70,000 to \$80,000, and even as much as over \$100,000. It is not surprising that even professionals find it hard to afford these courses. Should the Government not offer more incentives to encourage individuals to pursue self-education?

Hong Kong is advancing towards a knowledge-based economy. Not only accountants, but people working in every sector have to pursue continued education in order to enhance their competitiveness. However, practically speaking, continued education is equivalent to continual payment of tuition fees. There is a possibility that people in Hong Kong will be facing high inflation in the next few years. It is not easy for them to spend spare money on continued education. Therefore, I propose that the Government should increase the amount of allowance for self-education expenses deduction, from \$60,000 to \$80,000.

Madam President, apart from putting forward proposals related to taxation, I would also like to express my views on the proposals of some Honourable colleagues. I understand that some colleagues have put forward their views with good intentions. Nevertheless, their proposals really give me shudders.

First of all, a Member put forward the proposal of providing more resources to mutual aid committees of housing estates so that they can offer more

services and activities to the community. However, insofar as the existing mutual aid committees are concerned, a sound mechanism that covers such aspects as composition, organization, supervision, operation and accountability is still not in place. Does the Government feel at ease with providing funds to these committees?

We demand a high standard of corporate governance from existing public organizations and government departments nowadays. In the past few days, some Honourable colleagues and I have been attending meetings of the Public Accounts Committee without respite, with the sole aim of improving the standard of corporate governance among public organizations. In proposing to provide funds to mutual aid committees of housing estates, does the Member have confidence that these committees can reach a decent standard of corporate governance? How is their transparency and accountability? I am worried that if the standard of corporate governance is not assured, the funds provided by the Government will only develop these committees into individual empires. While such a measure will not facilitate community development, it will also result in a waste of public funds.

Madam President, I hope that later in the meeting when the Financial Secretary responds to the speeches of Members, he will not accept views of Members only without changing his attitude in the end. I hope that Financial Secretary John TSANG will not make promises to Members in a perfunctory manner, but will honour his words and implement proposals made by colleagues in respect of the budget. I so submit. Thank You, Madam President.

MR ALBERT HO (in Cantonese): Madam President, before discussing how to share the fruits of economic growth with the people, I would like to talk about a more fundamental question first. Has the Government done its utmost in preventing the financial commitments of some public policies from shifting to members of the public?

In recent years, the public financial policy of the Government has become increasingly conservative. In 2006, it tried to introduce a regressive sales tax, and now it is planning to introduce medical contribution. All these are measures are cognate — to shift the additional financial commitment entirely to the grassroots and members of the middle class. The financial policy of the Government has all along been sound. It certainly has ways and means to avoid

aggravating the burden of the grassroots and the middle class, particularly members of the lower-middle class. Only that the Government is not willing to do so.

Take the example of medical contributions. Regardless of how the scheme is devised, the final outcome is that the general public, who currently do not have to pay tax or pay small amounts of tax, will have to pay a "medical tax" amounting to as much as 10% of their income in future. With a monthly salary of only several thousand dollars, the grassroots are already running short of ways in dealing with the situation, so how can they cope with the increasingly heavy burden of living?

As for members of the middle class who have to pay tax now, the medical contribution is equivalent to paying double of their tax liability. In addition to servicing their home loans and other expenses, they are not leading a comfortable life. On the contrary, similar to the Mandatory Provident Fund System, a ceiling is likely to be imposed on medical contributions. To those people whose annual income exceeds \$1 million, this extra contribution is just a negligible amount. But medical contribution is basically a regressive tax that has far-reaching implications on the lower-middle class.

The Democratic Party understands that with the ageing population in Hong Kong, there is a continuous increase in health care expenditure. Whether the revenue from taxation will be able to meet the continuous increase of health care expenditure in future is subject to further study. However, even if the Government is going to introduce medical contributions, should it not endeavour to reduce the amount of contributions? Just as Mr James TO has explained, the surplus for this year amounts to nearly \$100 billion, the Government can actually appropriate part of the surplus — for instance, an amount of \$50 billion as proposed by the Democratic Party — to set up an "Old Age Fund", and earmark half of the income earned from the investments of the Exchange Fund as the recurrent income of the Old Age Fund. In five years' time, Fund will have snowballed to \$190 billion, equivalent to the total amount of contributions all members of the public made to the Mandatory Provident Fund in the time span of seven years. Besides, the amount of the Fund can keep on accumulating with the snowballing effect. The Democratic Party believes that even if the Old Age Fund cannot completely replace the medical contributions, it can at least

drastically reduce the amount of contributions made by the public in the future. So why should the Government hesitate to do that?

Meanwhile, the Government should make good use of part of the surplus to ameliorate the current problem of poverty among some sectors of the community. In view of the serious polarization of the rich and the poor in Hong Kong, it is imperative to help low-income families and families with working abilities that are receiving CSSA to become self-reliant. There are ways and means to achieve this goal. The question remains whether the Government is willing to adopt them.

Poverty itself is not frightening. What is frightening is the fear of being plunged into long-term poverty or inter-generational poverty, not being able to find a way out. It is important to provide a way out for these families in poverty. Providing opportunities for their children to receive good education, and offering them chances to re-enter the labour market in a safe environment are effective measures to achieve the goal.

Several years ago, the Democratic Party proposed to set up a Child Development Fund, with the aim of enhancing room for developing the potentials of children from low-income families. We requested the Government to earmark an amount of about \$250 million per annum as direct subsidy for children from low-income families for participation in extra-curricular activities or tutorial classes after school, so that they might have equal development opportunities to compete with their peers. However, the Government refused to accept this idea. Instead, it spent \$300 million to introduce a savings matching scheme. Isn't it incomprehensible to ask children who do not have desks, not to mention household appliances such as computers, to have savings? We all know that what they need are instant solutions to their daily needs, as well as chances and room for them to participate in activities. These are issues that must be addressed urgently. While the Government's approach is confusing cause and effect, it easily leads to queries of how sincere the Government is in helping these children get out of poverty.

Moreover, there are the issues of "fruit grant" for the elderly and the serious shortage of care and attention places mentioned by a number of Members just now. All these issues should be urgently addressed by the Government, and in fact, they could have been resolved by the Government with a snap of fingers. But they have all along remained outstanding. The amount of "fruit

grant" has not seen any increase for 10 years. The surplus for this year amounts to \$100 billion. Why is the Government so mean with \$1-odd billion? Furthermore, there is a shortage of care and attention places for the elderly. Many elderly persons have been waiting for months and years. The Democratic Party has stressed many times that increasing the places is not only a welfare measure for the elderly, but also an effective initiative for facilitating employment. With the increase in demands, the employment opportunities for the low-skilled workers will be enhanced. According to the proposal of the Democratic Party, the Government will need to use \$800 million only. So why should the Government hesitate to do that?

Madam President, in respect of the \$100 billion surplus, the Democratic Party has submitted many proposals on how the Government should share and allocate the amount appropriately. Now the key question is whether the Secretary is willing to listen to the voices of people and understand the aspirations of the community, with a view to resolving the issue of poverty and narrowing the gap between the rich and the poor. I hope that the Financial Secretary's budget will succeed in bringing messages to our satisfaction.

MR ALAN LEONG (in Cantonese): Madam President, we will be bidding farewell to the Year of the Pig and welcoming the Year of the Rat soon. The Lunar New Year does not only symbolize seeing off the past while embracing new changes and looking ahead to the future, it also provides an opportunity for family members to enjoy the festivities together. We have all along attached great importance to the significance of family cohesion during the Lunar New Year. Even though we are too busy earning a living in ordinary days, we still reserve time for New Year celebrations with family members. And through all kinds of customs, we pray for blessings and happiness for our family members in the coming year.

Insofar as government officials and Honourable colleagues of the Council are concerned, the Lunar New Year has another meaning. Soon after the Lunar New Year, we have to welcome the budget for the new financial year. Since members of the community have entrusted the management of public assets to us, in our capacity as custodians of public authority and public finance, we are not only charged with the responsibility of ensuring an appropriate utilization of these assets, but also ensuring that the Government, with its forward-looking

approach, will utilize and invest these public assets in a fair and effective manner so as to bring the greatest benefit to the people.

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

Members of the public work hard to earn a living for their families. As representatives of the public, we are duty-bound to seriously scrutinize the budget, so that it reflects the wishes of the people and ensures each family in Hong Kong will lead a better life.

Deputy President, frankly speaking, the economic data for the last couple of years have all along reflected that Hong Kong is prospering. However, as revealed in the amendment of Dr Fernando CHEUNG of the Civic Party, many of the grassroots have only benefited from the prosperity to a limited extent and are still living in hardship. With the economic upturn and the return of inflation, these families are facing the pressure of soaring prices as their income has remained at the same level. Meanwhile, due to the economic slowdown over the past few years, the Government has not only reduced the assistance given to the grassroots, but it has also temporarily halted the construction of some of the essential community and health care facilities. As a result of this, the living quality of the elderly, the underprivileged and the disabled has deteriorated instead of improving. In addition, the pressure of an ageing population is increasing. Deputy President, structural conflicts and crises are already planted beneath the surface of prosperity indeed.

Given that the Government has recorded a historically huge amount of surplus, it is high time the Government repaid the debts related to people's livelihood accrued over the years. In his amendment, Dr Fernando CHEUNG has proposed a number of waivers and reductions in items related to people's livelihood, increases in allowances and subsidies, and improvements in services and community facilities that should be addressed most urgently. In fact, these items are targeted to "defuse the bombs" of social crises accumulated over the years. For instance, raising the amounts of the "fruit grant" and transport allowance, as well as reviewing the CSSA Scheme and its payments will narrow the wealth gap between the grassroots and other strata of the community and prevent the aggravation of social conflicts. Improving care and attention

services in the community as well as building hospitals will enhance the quality of life of those living in remote areas, and remove the image of tragedy and sadness of these areas.

Deputy President, the Government is hoarding a surplus amounting to \$100 billion. Of course it can choose to act like a fairy scattering flowers — indulge in an extravagant tax rebate, "candy distribution"; or it can regard the surplus as a capital for exchanging political interests. But the industrial and commercial sector which enjoys a monopolizing advantage in the political system will similarly ask the Government for various preferential policies for certain industries. I have already heard such calls here today. However, Deputy President, a genuinely responsible government will seize the opportunity of a good year to provide against the rainy day, and make social investments with vision in the interest of the public. It should particularly face up to some silently approaching social problems, and equip itself with "ammunition" to cope with the needs of livelihood issues. Therefore, we urge the Government to seriously consider proposals of various political parties in this Council and make advance provisions for the problems of ageing population, health care financing and policies of poverty alleviation. Meanwhile, the Government should not be miserly in initiatives of education, environmental protection and heritage conservation that are conducive to sustainable development. Instead of following the piecemeal approach adopted in the past, the Government should seize the opportunity of a huge surplus to make better policy planning for our future and our next generation, with a view to meeting aspirations voiced by various stakeholders at different times.

Deputy President, even if what the Government has stated is true, that is, this huge surplus is only an unexpected windfall, it is sufficient to cover the costs of some short-term measures that are helpful to the living of the people. In my opinion, one of the measures is worthy of consideration. It is the short-term experimental implementation of flat fare that targets at the existing difference in cross-harbour tolls and the unreasonable distribution of traffic flow. This measure can serve as the basis for the future planning of a long-term cross-harbour transportation strategy. I have noticed that a number of political parties have also proposed ways to improve cross-harbour tolls. But I believe that a thorough data study will be able to help the Government identify the best solution.

Deputy President, the huge surplus is the fruit of the concerted efforts of the people in Hong Kong. This economic growth is not only made up of the contribution of different strata in the community, but also of the hard work dedicated by older members of society over the years. We must give the best incubation to our next generation, so that they will continue to contribute their strengths and efforts to this city. I hope that the SAR Government will readily accept good advice, giving back the surplus to the public in an appropriate manner and making forward-looking planning for the future.

Deputy President, I so submit.

MR JAMES TIEN (in Cantonese): Deputy President, on the eve of the announcement of the budget, we believe the surplus of the Government this year will be larger than what we expected and estimated when we met with the Financial Secretary a few months ago. At that time, we said that we might have a surplus amounting to \$50 billion to \$60 billion. Now it is possible that it could reach \$90 billion to \$100 billion, or even more.

It is specified in the Basic Law that our budget should keep the expenditure within the limits of revenues. The Liberal Party has always supported the Government's prudent management of finances over the years and the tight grip on measures related to "handing out money" and "spending". However, given that the Government will have such a huge surplus this year, we will support the series of proposals on expenditure made by various parties, and assess whether the Government can afford to spend more. We have noticed a point in this motion debate, that is, insofar as the motion moved by the Deputy President and amendments proposed by other Members are concerned, on behalf of the Liberal Party I have to state the point once again, and that is, we believe that since the budget will be presented with such a huge surplus this year, even if the Government adheres to the principle of keeping expenditure within the limits of revenues, it should use the huge surplus this year to return wealth to the people. One-off measures, such as restoring the tax allowance for the middle class to the level in the past, or waiving rates for three quarters or for the whole year, will not generate a continual expenditure in the next year and the following. Therefore, these options are more desirable.

In respect of alleviating poverty, the figure we are now talking about is \$10-odd billion. I believe that even if we do not have a surplus of \$100 billion

next year, or a surplus of \$50 billion to \$60 billion, the expenditure on this item will not give the Government a feeling of easy to give but difficult to take in future. Regarding certain items, after the one-off payment of the entire expenditure as proposed, the Government will ask how it may recall the measure in the future. We agree with the view of the Government on this. Therefore, insofar as certain proposals are concerned, after the payment this year, if we stop paying in next year due to a worsening economic situation when compared to this year, the public would not be particularly offended if the Government discontinued with the payment, so the Financial Secretary should handle such items with priority. Of course, if the Government has to continue to pay endlessly for certain items in future after the one-off payment, the Government will have to be more cautious in handling them. We will support this approach of the Government.

Regarding profits tax which is the major concern of the commercial and industrial sectors, we are only asking for a reversion of the rate to the 2002-2003 level. Singapore has reduced its rate of profits tax from over 20% to 18%. The existing rate of 17% in Hong Kong is close to that of Singapore. I hope the Government will note that in most parts of the world, there is a growing trend for reducing the rate of profits tax. As for other items, such as health care vouchers, we opine that even if this is a permanent supplementary benefit, it incurs an expenditure of \$1.4 billion to \$1.5 billion only. The Government should be able to afford it even if the measure has to be implemented permanently. For instance, the Government proposes to distribute a health care voucher at a value of \$50 each, with a total amount of \$250 per annum, which means seeing a doctor five times a year. Such an amount may not be enough. Even if the amount is increased to \$1,000 per annum, the initiative will not become a long-term policy because of this. The Government will not be required to provide this supplementary benefit permanently in such a way that it cannot afford the payment when the public finance meets a downturn in the future.

On the whole, I would like to reiterate the position of the Liberal Party. Given that there is a huge surplus for the Government in this year's budget, if the requirement specified in the Basic Law is observed, that is, adhering to the principle of keeping expenditure within the limits of revenues — the revenue being a surplus of \$100 billion, even if the expenditure may be a bit more this year — we think that this should not pose any problem. During our last meeting with the Financial Secretary, we proposed to appropriate about \$20

billion as expenditure of reducing the profits tax and rates of the middle class. Moreover, a small amount of \$20 billion should be earmarked to cover the expenditure on health care, education, housing, and transport allowance with a view to helping the disadvantaged groups. The Financial Secretary had already planned to do this. Now we hope he will put it into practice. Furthermore, according to our plan at that time, after deducting \$40 billion from the surplus of \$60 billion, the remaining \$20 billion could be accounted to the reserve. If we have a surplus amounting to \$100 billion, the amount to be accounted to the reserve will be as much as \$60 billion. Therefore, this should not affect the overall revenue position of the Government.

Two days ago, I noticed that Mr Joseph YAM, the Chief Executive of the Hong Kong Monetary Authority, had stated that the investment return was particularly high last year. The investment return of the \$1,400 billion Exchange Fund this year may not be as high as that of last year. He cautioned us not to expect the Government to have such a huge amount. However, we have noticed that insofar as the investment income of the Monetary Authority is concerned, not the entire amount is transferred to the Government's revenue account. Under the instruction of the Financial Secretary, only a certain percentage is transferred. Honourable colleagues of the Legislative Council have considered the percentage of transfer to be relatively low. He should be able to transfer more. We opine that it is not necessary for the total amount of the \$1,400 billion Exchange Fund, together with the surplus, to continuously expand to a level far exceeds the Government's expenditure for several years. We believe that he has the ability to contribute so that the Government can do a better job.

On the whole, we support the plan of Government for this budget, particularly the one-off measures of returning wealth to the people. We hope that these measures will be on the Financial Secretary's priority list. As for the rest, it is advisable to do as much as possible. If the implementation of certain measures leads to a permanent commitment, but the expenditure of these measures will not incur losses even if public finances in the next two years will not be as abundant as the current one, it will be considered the best option of all. Thank you, Deputy President.

MR WONG YUNG-KAN (in Cantonese): Deputy President, since the account of the SAR Government has turned from a deficit into a surplus since the

financial year of 2004, the public revenue of this year is still very substantial, with the surplus exceeding \$100 billion at least. As at the end of December 2007, the fiscal reserve of the Government stood at \$460-odd billion, representing an increase of 43% over the same period in the previous year. Currently the Treasury is really "flooded with cash".

These are the fruits of hard work of the general public in Hong Kong, including the agriculture and fisheries industries, and various sectors and trades. Therefore, the public discussion on the budget this year should no longer focus on how to increase tax or broaden the tax base, but on how to give back to the public the fruits of economic growth. The number of proposals of today's original motion and amendments is 30-odd items in total. And each item of paying back the public, as proposed by the amendments, is general in nature. As a member of the public, or as a District Council member who is close to the grassroots, I will certainly express my approval and support of these requests. And as the only Member representing the agriculture and fisheries industries in this Council, I will focus on giving an account on whether the agriculture and fisheries industries have a chance to share the economic benefits and rewards from economic growth.

(THE PRESIDENT resumed the Chair)

At the moment, the agriculture and fisheries industries badly need assistance from the Government. Before 1998, the major problem for the agriculture and fisheries industries was the supply of diesel. In 1998, the cost of diesel stood at \$180 per 200 litre. In 2007, it increased to \$1,100 per 200 litre. The diesel expense accounts for 90% of the operational cost of the industry. Many fishermen are worried that the catches of fishing expeditions will not be able to meet the diesel expenses, so they have decided to halt their fishing expeditions temporarily. Under these circumstances, many fishing vessels have already berthed at Aberdeen and other typhoon shelters long before the New Year's Eve. It was most ironical that the Government had chosen to continually ask the fishermen to repay their loans at this time. Failing this, the Government would ask the Department of Justice to issue letters, demanding them to pay off their debts. Some fishermen were finding it very difficult to clear the debts owed to the Government. It was only in a recent negotiation

with the industry that the Government agreed to suspend repayment for two quarters. But is this the best solution to the problem?

As a matter of fact, the loans advanced by the Government to the fishermen only amount to \$200-odd million. How much interest can the Government earn from this loan? But insofar as the fishermen are concerned, their burden has become increasingly heavy. I hope that the Government will consider revising the interest rate, or reducing or restructuring the debts, so that those engaged in the industry will not have to bear such heavy debts to the extent that they do not know how to deal with their debts each time they face the call of repayment. The industry has held many discussions with the Government on the issue. This is the proposal put forward by the industry to the Government.

Moreover, at the last meeting between the DAB and the Financial Secretary, the DAB mentioned whether we could follow the example of Macao in waiving and reducing the licence fees of fishing vessels. As Macao is capable of implementing the measure, why can we not implement it? Besides, Macao is also "flooded with cash" and they have immediately implemented the measure. The Macao Government even provides interest-free loans to fishermen with the aim of helping the industry. I hope that the Government will also heed the voices and requests of the industry on this issue.

After talking about the basic demand of the industry, I wish to point out that now when we have a surplus, the Government should take into account the existing situation of certain industries. Due to the recent snowstorm, it has been impossible to transport many materials from the Mainland to Hong Kong. If this goes on, or if another disaster strikes in the future, what are we going to do? At present, while the Government is gradually recalling all the pig farming and chicken farming licences, it has not planned to provide any assistance to the fisheries industry. So, what are we going to eat in the future? I believe that at a time when there is a fiscal surplus, the Government should consider ways to develop these industries. In respect of the pig farming industry or the farms, we can develop modernized farms or provide assistance to the industry in the development of integrated farms. Such measures are conducive to the development of society. Given that we are asking for a daily supply of 5 000 live pigs, if we can produce 2 000 live pigs locally, we can at least help reduce

the number of live pigs to be supplied by the Mainland. We should not always complain to the Mainland that the supplies of this and that are insufficient, blaming the mainland authorities for not making appropriate arrangements. Whenever something is not done properly, we blame the Mainland. I hope the Government will reconsider these issues.

In this connection, a concern struck me when I talked to some colleagues in Huizhou recently. We talked about the supply of water. Presently, the total population of our neighbouring four cities exceeds 10 million people. If this is allowed to continue, will there still be sufficient supply of Dongjiang water to Hong Kong in the future? I think the Government should reconsider the position and demand of Hong Kong, and make long-term planning. If we do not do something when we have money, we cannot do anything when we do not have money any more.

Therefore, I hope that the Financial Secretary will reconsider the issues mentioned. The burden on the public will be alleviated if some industries can be preserved for sustainable development.

Madam President, I so submit.

MR LEUNG KWOK-HUNG (in Cantonese): Today's "menus" is a feast for the eyes, so to speak. Each motion or amendment lists in detail what the Member wishes the Government to do.

The League of Social Democrats has put forward proposals many times before, and also listed many principles, such as reforms in taxation, long-term health care financing, pension, and the setting up of a fund to cope with sudden changes in society. As Mr Albert CHAN will talk about these items, I am not going to dwell on them.

I only wish to say one thing, that is, we are making lengthy speeches here, but what will happen if the Government does not act accordingly? Even if the Government does not act accordingly, the budget will be able to obtain the requisite number of supportive votes and be passed all the same. This really is where the problem lies. I have a piece of advice to friends and colleagues who have put forward so many "menus" today. I wish to remind everyone via the President, and meanwhile ask: If the Government does not accede to the requests

accordingly, will you cast your vote not in favour of the budget? If you are not going to do that, what is the point of making the speeches now? If the Government will not respond to our requests today — let me cite the case when I previously asked Financial Secretary John TSANG to increase the stamp duty levied. To date, he has not taken any action and it is possible there will be a tumble in the stock market, so we will have lost billions of dollars unnecessarily. He just told me it was not possible to do so. I can do nothing about it since he does not have to step down because of this. He only needs to say it is not possible.

A council without the right of initiative and the genuine right to monitoring is already pitiable. It is also devoid of the legislative power. Now Members over-cherish the only power they have — the power to veto — as if it were gold, so much so that using it just once would bring death. This being the case, how can what we propose and deliberate here become reality? Members of the public watching the live broadcast of this meeting may think that the performance of every Member is convincing, but will they really benefit in any realistic way?

I urge all political parties and Members that have proposed the motion and amendments to really talk with the Financial Secretary and Donald TSANG in earnest. Do they have an option that will meet the demands of everyone? If the option cannot meet 100% of all demands, how about 70%? And why should it be 70%? It is unfortunate that the Question and Answer Session is in the form of raising a question to the Chief Executive while he answers that question only. The whole session looks as if we are in a hurry. In fact, we really do not have much time. As the Chief Executive seldom attends our meeting, we can draw nothing solid from our questions.

In fact, officials of the SAR Government are rather muddled up on the issue of accountability. Let me cite an example. Yesterday, Secretary Frederick MA said to me, "Mr LEUNG Kwok-hung, I have never heard that a country's cabinet minister has to resign because he has lost a case in court". Of course, this is a rather exceptional case. It is all very common to win or to lose lawsuits. But it is quite different if the lawsuit involves the constitutional rights, and when the Government makes one mistake after another to the very end — the first time it was the legislation on covert surveillance — when the Chief Executive made one mistake after another to the very end. Now for the second time, a mistake was made to the end again, and not a word of apology was spoken.

As a matter of fact, many people would have stepped down as a show of accountability. However, the Secretary said he had never heard of that. In fact, it is very simple. It had happened to the country that had once ruled Hong Kong. In defiance of public opinions, Mrs Margaret THATCHER proposed to levy the poll tax. A storm broke out because of this. Since she had acted against the nation's wish, she was even sanctioned by her party. She failed to secure one more term because she failed to secure half of the party members to support her re-election. I asked Secretary Frederick MA to think about it seriously, but he disdainfully said that there had never been such a case. So I asked him to search the NHK website (I believe he has not done the search). I was only searching randomly on websites and found that Zenko SUZUKI, Yasuhiro NAKASONE, Yoshiro MORI, Shinzo ABE, and Eisaku SATO had all stepped down not because of scandals, economic scandals or corruption, but because of policy decisions incorrectly made or inappropriate remarks.

Honourable colleagues of the Council, the officials are only paying lip-service to us when they give us their replies without being responsible for anything. Every day Members of this Council are trying to champion for the interest of the public, but all we get from the officials are perfunctory replies and disdain. If this is allowed to go on, it will only further insult the dignity of the Legislative Council.

Therefore, I make this call on Members once again. This time round the Government has not adhered to the Basic Law and followed the principle of keeping expenditure within the limits of revenues. At present, it has a surplus of \$100 billion. Regardless of how it spends the money, it will not exhaust the entire amount of \$100 billion. So what other excuses does the Government have? Therefore, I hope that all Members and political parties that have moved the motion and amendments today will really "put up a good show". If the Government does not respond with sincerity, and if it fails to reason, Members should veto this year's budget.

I hope that when the Financial Secretary speaks later, he will tell us how much he will actually earmark from the surplus to respond to our demands, and state clearly which items the Government will implement and which items it will not. It is not necessary to say whether the commitment is long-term or short-term, just tells us which items it will implement and which items it will not. I hope that he will reply with sincerity, so that we can make preparations before we vote. It is also my wish that universal suffrage will be implemented early in

Hong Kong. It is only when we have universal suffrage that the Financial Secretary will respond cautiously to us when he comes here. I wish we can have universal suffrage next year, so that the Government will do better when it draws up the budget for next year.

MS AUDREY EU (in Cantonese): President, I rise to state clearly the position of the Civic Party and the basis upon which we will vote later in the meeting. First of all, when the Financial Secretary conducted the consultation on the budget, the Civic Party submitted our views in detail to him. At that time, the surplus was estimated to be under \$100 billion. However, our position statement had already expressed the aspirations of the Civic Party in respect of some special items. The entire position statement has been uploaded onto our website. So I am not going to discuss it in detail now. In today's speech, I will just highlight several of the main points.

First, restore the rates of the CSSA payment and disability allowance to the 2003 level prior to their reductions. Second, increase the amount of health care vouchers for the elderly to \$1,000. Third, increase the amount of "fruit grant" for the elderly to \$1,000 per month. Fourth, raise the monthly income limit of recipients of transport allowance to \$7,000. Fifth, provide a tax rebate of salaries tax for the year 2007-2008, subject to a ceiling of \$15,000. Sixth, widen the tax band to \$40,000, and consider reducing the marginal rates of tax bands. Seventh, waive the rates for the year 2008-2009, subject to a ceiling of \$5,000. Eighth, extend the tax deduction period for home loan interest to 15 years or 20 years. Ninth, introduce a tax allowance for taking out medical insurance, subject to a ceiling of \$3,000 per annum. Tenth, construct Tin Shui Wai Hospital and North Lantau Hospital. Eleventh, allocate more resources to promote Carbon Audit in buildings in order to reduce greenhouse gas emissions. Twelfth, set up a heritage trust fund in the form of seed money to conserve historic buildings. Thirteenth, implement small-class teaching in secondary schools gradually. Fourteenth, increase articulate places for associate degree graduates, and extend the repayment period or even exempt part of the Start-up Loan for institutions. Fifteenth, legislate on a minimum wage on a comprehensive scale. Sixteenth, commence the legislative process of a fair competition law expeditiously.

President, it is normal for every political party to submit to the Financial Secretary views on issues that are of great concern to them. But difficulties

arise when it comes to the motion debate. We all say that today's motion is like a wishing tree. If too many wishes are tied to the tree, it will likely to collapse. Just as LEE Cheuk-yan said earlier, if we have to speak on every one of the 26 items, we can only have 30 seconds or so for each item. It is basically impossible to have a debate. It creates not only a lot of difficulties for the Secretariat, but also many difficulties for Members when they vote. Among the 26 items, if there are a few items with which I disagree, what should I do? Should I vote against the entire motion or entire amendment? Or should I base on the number of agreeable items to decide my voting preference? Or should I abstain from voting at all? But if I abstain, I will no longer have a position.

Moreover, there is another problem. Since it is difficult to predict which amendment will be passed, it is also difficult to estimate what the final combination is. As there are changes of geometric progression proportions, it is indeed difficult to estimate. Therefore, President, in respect of the voting later in the meeting, how can it represent the final position of a Member? I can only speak on behalf of the Civic Party and explain how we are going to vote so that there will not be any misunderstanding.

In fact, our principal spirit does not lie in the items read out just now as our special and substantial aspirations, but in the clear position of the Civic Party stated by Mr Ronny TONG earlier in his speech. As a matter of fact, we absolutely do not wish to see money returned to the public in one-off payments, such as tax and rates rebates. I can tell the Financial Secretary, members of the public whom I often come across on the streets are ordinary people who are not particularly rich. They have unanimously expressed a message to me. They have asked me to inform the Government that rates and tax rebates should not be introduced. They give the reason that those who have properties are rich already. And at present, the most acute problem in Hong Kong is the disparity between the rich and the poor.

Since John TSANG has taken up the post of the Financial Secretary at this stage, managing the "treasure" of \$1,100 billion mentioned by many Honourable colleagues, he should make good use of this opportunity. And given that the Government has to resolve problems such as the ageing population and health care, which we will be facing in the future, for instance, after five years, 10 years or 20 years, it should set up a fund now. By that time, when people reflect on this, they will say it is fortunate that Financial Secretary John TSANG

had set up such a fund so that our next generation, and even the generation after can benefit. Therefore, we do not wish to see a simple rebate of rates or tax, and a calculation of how many people who have paid tax or rates will be benefited. We hope that the Financial Secretary will not think along this line. Of course, when the Financial Secretary reports that there will be a surplus of over \$100 billion, we can understand that in reasonable circumstances, he should certainly consider making tax or rates rebate. That is why Fernando CHEUNG has proposed to impose a ceiling in his amendment.

We found that the original motion has not specified a ceiling. On the contrary, it specified a minimum amount of \$15,000. But how about the ceiling? I asked the Liberal Party to clarify their position on this issue. In fact, the Liberal Party let us have privy to Miriam LAU's speech just now. And I have listened to Miriam LAU's speech. She clearly specified a ceiling. Although she mentioned a ceiling of not less than \$15,000, a figure of \$20,000 or \$30,000, there was also reference to an amount mentioned by the general public. She has also said that it is hoped the measure will not affect the sound public finance.

So, if the purpose of the motion or amendment aims at not giving an impression that this Government is serving the rich people to the extent that a large amount of tax paid will be returned to those rich taxpayers, while only a small proportion will be returned to the middle class so as to benefit them, (*The buzzer sounded*) we will support it. On this premise, we support the original motion and all the amendments.

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

MR ALBERT CHAN (in Cantonese): President, in respect of the issue of fiscal arrangement and sharing the fruits of economic growth, many debates on the subject have been held in this Chamber before. As a matter of fact, every year the focus of discussions on the budget is on how the Government will determine the allocation of resources in the context of financial and economic development so that the public can reasonably share the fruits of economic growth.

President, many Members and a number of amendments have mentioned the issue of disparity between the rich and the poor. It is indeed a very serious social problem, and the perpetrator is the Government. The tilting of government policies, its bias and special arrangements have often resulted in the continuous increase in assets of plutocrats and their extent of control of the economy. When the control power of plutocrats keeps on rising, the economic standing of the public increasingly shrinks because the two are relative to each other. If two sectors are controlled by one consortium, there are still development opportunities for other sectors, other members of the public, other enterprises of small and medium scale or large and medium scale. But if a consortium controls 10 sectors, the role played by members of the public in the economy will gradually be downgraded from being the dominant players to those being dominated. In other words, members of the public have to depend on the consortium, and become the subordinates or affiliated organizations of this consortium; otherwise, the chances of sharing a slice of the economic pie will be increasingly slimmer. Therefore, if members of the public are to share the pie, and in particular, if the fruits of economic growth are to be shared by all the people, this motion should not only involve tax rebates and taxation arrangements, but should involve the overall economic policy of the Government. The role of the Government in the so-called "large market, small government" philosophy should be repositioned, in order to ensure that the monopolization by plutocrats will be restricted by the Government, the market, the laws and the policies, so that undesirable monopolization — irrespective of it being cross-sector or regional — will be checked and controlled.

Unfortunately, although this issue has been continuously and repeatedly discussed in this Chamber over the years, the Government still insists on its own way. It continues with its bias and tilting in terms of policy, legislation and administration in favour of large consortia. Given such a practice, I believe it is just an idiot's daydream if we say that all the people have a chance to share the fruits of economic growth. Given the policy direction and objective of this hegemonist Government, I do not believe there will be any chances for all the people to share the fruits. They may manage to share a few crumbs fallen through the fingers of the plutocrats. Take the existing food industry as an example. Food supply is basically monopolized by the Wellcome and

PARKnSHOP supermarket chains. The patrons of market stalls are the remaining minority public who do not visit Wellcome or PARKnSHOP. After the Link Management Limited has taken over the management, there have been continual increases in the rents of market stalls and shops in public housing estates. It is increasingly difficult for the general public to operate their businesses.

President, if the fruits of economic growth are really to be shared, the Government will have to start from taxation reforms. The League of Social Democrats had submitted proposals directly to the Government before. We advocate the introduction of some progressive element, so that the rates of income tax and profits tax will be gradually raised to 22% and 25%. In principle, we object to reduction of taxes. But given that there is a surplus of over \$100 billion, we think it is acceptable if the Government wishes to return part of the surplus to the sandwiched class. However, in the context of an overall taxation reform, those who have more abilities to earn huge profits should bear more social responsibilities. We think that paying tax is a social responsibility. Super tycoons should bear social responsibilities. From the perspective of taxation, the more profits they make, the higher percentage of tax they should pay.

Coming back to the subject of sharing the fruits of economic growth, I hope that the Financial Secretary will consider this seriously. I have put forward our views to the Financial Secretary face to face. As a matter of fact, when the Government gives back or returns the fruits of economic growth to the public, it should consider who the actual beneficiaries are. Of course, in terms of figures, it seems that many people are benefited from the rebate of tax or rates. But in reality, are those beneficiaries the people most in need? I have grave doubts about this.

Insofar as my proposal to the Government is concerned, as the Government has a surplus of \$100 billion, the best approach is to set up various funds. Some Members have asked the Government to earmark \$50 billion to set up an old age retirement fund. This is one direction. The League of Social Democrats has proposed that the Government should earmark \$20 billion for the setting up of a grass-roots livelihood improvement fund, so that people presently living in hardship or facing difficulties can be benefited. A fund can also be set up for culture and sports, in order that future developments in these areas can be given financial support. Funds can also be set up for education and health care.

For instance, in health care, an amount of \$20 billion or \$30 billion can be earmarked temporarily to set up a health care fund, so that the fund can be used at a time in future when health care financing is under review and for improvement of the service of the Hospital Authority. Meanwhile, it can also be used to look after patients in hardship and those who cannot afford buying medicine on their own. This measure, for all practical purposes, utilizes profits, fruits of the economic growth, and taxes to provide basic rights to people in genuine need and those who are coping with matters of life and death as well as problems of age and illness.

Last time I urged the Financial Secretary to act like a swordsman and do something chivalrous. The least he can do is to consider this issue with a swordsman's breadth of mind. Thank you, President.

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

MR LEUNG YIU-CHUNG (in Cantonese): President, recently, the mass media reported that the Government was considering adjusting the "fruit grant" and people who were willing to take means tests and found eligible could have their "fruit grant" increased by \$500. If this is true, even though I may not agree totally with the details, I still consider this direction desirable because this would be a more preferable approach than granting an additional two months' Old Age Allowance in one go, as was suggested some time ago. To the elderly, this is a longer-term approach that will serve to requite their contribution. Therefore, I agree that this is the way to go and hope that the Financial Secretary can consider this issue from this angle.

Furthermore, this issue also brings out a very important point. As the title of today's motion says, the point is how to share the fruits of economic growth. If we really take this measure, I believe it will be possible to attain this goal, so I hope the Financial Secretary can consider it seriously.

However, will it suffice just to do so? Of course, the scope covered by the budget surely will not be so restricted and it will definitely cover a broader scope. President, I hope the Financial Secretary can care more about the needs of the grassroots.

Recently, we in the Neighbourhood and Workers Service Centre conducted a survey on the latest spending pattern of the people. They conveyed one very important point to us, that is, in order to counter the present inflation problem, they said that they would cut their expenses and one of their methods of countering inflation made me feel very worried because they said they would see the doctor less often when they fell ill. President, this is very bad and it makes me feel very worried because if the public see the doctor less often when they are ill as a way of countering inflation, this will lead to serious problems. From another perspective, seeing the doctor in fact also imposes a heavy burden on them.

Members all know that recently, the weather has changed, and in Hong Kong, no extensive publicity is given to the need to do more exercise, so people get influenza or other illnesses very easily at this time of the year. If they come down with minor illnesses and refrain from seeing a doctor because they have reduced spending power and want to counter inflation, these minor illnesses may grow into major ones. If they become gravely ill, what we do not wish to see is the loss of lives. However, President, I am worried that this is how the situation will eventually turn out to be like.

To the elderly people, at present, there are indeed some areas in which improvement is called for. I have also pointed them out in this legislature before. For example, the medicine for hypertension that they take hardly caused any problem in the past. Unfortunately, nowadays, taking this kind of medicine causes problems such as edema. Doctors told them that if they wanted to get better medicine, they had to buy it in the market on their own. As Members all know, it is definitely more expensive to buy medicine in the market and it is even more expensive to buy better medicine. However, to the elderly people at the grassroots, they do not have this kind of spending power at all, so they can only allow their condition to develop, as a result, their health will be seriously affected. I believe this is not something that the Government wishes to see, however, such instances really exist.

Therefore, when the question of how the fruits of economic growth can be shared is discussed in the future budget, health care is in fact a very important area. Can we commit more resources to health care, so that those people in need of medical attention can receive appropriate care instead of caring for them only causally? If one has hypertension, at present, one will be treated for

hypertension without regard to the side-effects, so this is a most unsatisfactory approach.

Therefore, in this regard, I believe that sharing the fruits of economic growth will be meaningful only if people have good health. Without good health, how can one enjoy the fruits? In that case, such talk would only be meaningless. I believe this point is very important and hope that the Financial Secretary can attach greater importance to it by improving our health care services. I hope that he can give this issue more thorough consideration.

Apart from the issue of health care for the elderly, I also wish to talk about education. When I had chats with colleagues in my profession, I found they all felt that the existing education system made them feel very depressed and unhappy. Because they have to face classes with 30 or 40 students each and it is really difficult to conduct classes and teach the students. We have discussed small-class teaching for a long time and I believe there has also been some change in the attitude of the Government. If this measure is to be implemented, please do not procrastinate anymore and do not move at a snail's pace. Since it has been said that this measure will first be implemented in primary schools, is it possible to proceed in parallel and implement this measure also in secondary schools at the same time?

Certainly, we agree that small-class teaching is not a magic bullet and will not bring about dramatic changes immediately. However, the education sector believes that if small-class teaching can be implemented, it will definitely bring about positive effects. We hope that the Government can allocate more resources to do a proper job of providing education. This is because if we cannot educate our next generation properly, we will not have any future. If our future becomes a cause of concern to us, the effort will also be futile.

Therefore, in the sharing the fruits of economic growth, education is also an important aspect that will enable our next generation to grow up in a good environment. As far as I know, there is now the so-called "measures to alleviate poverty" and it involves the allocation of funds to schools to enable them to offer tuition to students after school. However, this is in fact a waste of money. Why? Because the amount of money is very small and each student can only get \$200 in a school year. President, if each student can only get \$200, how can good teachers be hired to give students tuition? As a result, the so-called "teachers" or tutors hired by schools are all Form Four or Form Five

students. They may not even be able to cope with their own homework, yet they have to offer tuition to students in lower forms. It appears that in spending this sum of money, the Government is able to give an account to the public, but in reality, nothing can be achieved.

If the Government wants to spend money, I hope it can spend more, or else it had better not spend any money at all. Of course, I do not mean that I do not want it to spend money. I hope very much that the Government can look at something in terms of the results and will not regard a measure as a perfunctory gesture to appease the public, rather, it is necessary to look at the results. If a measure will not yield any result, one had better not take it because it will simply be wasteful. Members can imagine this: with only \$200 in an entire school year to subsidize tuition fees, how possibly can one get anything done? Financial Secretary, is that not so? Therefore, I hope the Government can do a proper job of providing education, so that our next generation can grow up in a good environment. This will also be something positive for the future. Therefore, I hope that he can do so.

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, Ms Miriam LAU, you may now speak on the amendments. You have up to five minutes to speak.

MS MIRIAM LAU (in Cantonese): Madam President, since this motion has a great bearing on the Hong Kong public, when I proposed the motion, I already expected that many Members would propose amendments so that their wishes could be tied to the "Christmas tree". Therefore, I am not at all surprised by the fact that there are six amendments on this occasion. In fact, many of the proposals found in the amendments are very constructive and they also flesh out my original motion.

Of the six amendments, the amendments proposed by Mr CHAN Kam-lam and Mr WONG Kwok-hing respectively make the greatest changes to my original motion.

Of these two lengthy amendments, we consider that the items in the amendment proposed by Mr CHAN Kam-lam are closer in thinking to that of the Liberal Party. For example, we think that his proposals of providing a tax deduction for private medical insurance contributions, subject to a ceiling of \$12,000, and extending the tax deduction period for home loan interest from the existing 10 years to 15 years is on the whole worthy of support. However, they will be more beneficial to the public if slight changes are made to some of the details, so my Honourable colleague, Mrs Selina CHOW, has further amended these two proposals by increasing the amount to \$15,000 and the period to the end of the loan repayment period.

As regards Mr WONG Kwok-hing's amendment — many of his amendments are also very constructive, however, we have reservation about two points in it. The first is to reduce the rates percentage charge to 3% and the second is to introduce a progressive profits tax system. This is because if the rates percentage charge is reduced too substantially in one stroke, the impact on public revenue may be very great and we are also concerned that introducing a progressive profits tax system will compromise the ability of Hong Kong to attract international investments. This will be unfavourable to the long-term development of the Hong Kong economy. Therefore, we have great reservation about these two proposals.

In Mr James TO's amendment, of course, there are also many constructive points, however, one of the points reiterates the Democratic Party's proposal to allocate \$50 billion from the surplus to set up an "Old Age Fund". In some debates conducted previously, the Democratic Party has already made this proposal. An ageing population is certainly an issue that we have to face in the future and it is necessary for us to find a satisfactory solution to it. But regarding the proposal to set up an "Old Age Fund", we are concerned and have doubts about whether it will be possible for this fund to be financially independent in the long run. In this debate, Mr TO rehashed the proposal, however, we have not been persuaded at this stage, so it is difficult for us to support this amendment proposed by Mr James TO.

Dr Fernando CHEUNG's amendment deletes the two most important words, that is, "at least" and "not less than", from the wording of the first measure proposed by the Liberal Party in the original motion, which says, "providing tax rebate of at least 50% of salaries tax, subject to a ceiling of not less than \$15,000". We probably did not make it clear enough in the wording, as a result, this led to the misunderstanding that "not less than \$15,000" is the lower limit and that the amount can be unlimited. This is by no means the original intention of the Liberal Party. In fact, if the proposal in Dr Fernando CHEUNG's amendment is adopted, it is possible that the opposite of what we originally intended will be achieved and the extent to which the public will be benefited will be curtailed. What we mean is that we hope the tax rebate this time can be more than that of last year, which stood at \$15,000, and this is also the demand of the public. It is by no means the case that no ceiling is imposed because if a ceiling is imposed, be it tip-top employees or ordinary "wage earners", the same ceiling will apply, so the issue of having no ceiling does not exist. Moreover, some members of the public have also proposed a level of \$20,000 to \$30,000.

Mr Frederick FUNG proposes a relaxation of the mandatory work requirement under the New Dawn Project and the abolition of the measure of deducting supplement. In principle, the Liberal Party does not oppose the offer of financial incentives but we advocate that the most important point in helping the poor is to give them the opportunity to become self-reliant through training and education, thus enhancing their value. Therefore, we are somewhat concerned that Mr FUNG's proposal will make the people concerned reliant on welfare.

Dr KWOK Ka-ki's amendment mainly has to do with health care services. We believe that health care services are extremely important to the public and basically, we can lend our support to Dr KWOK Ka-ki's amendment.

Thank you, Madam President.

FINANCIAL SECRETARY (in Cantonese): Madam President, I would like to thank the 27 Members for expressing further views on the motion and tying those wishes to our rather fruitful "wishing tree".

During the past couple of months, I have met with members from all strata of society, including Members of the Legislative Council, academics as well as professionals, and I have also listened to the views of the public in various districts for purposes of preparing the 2008-2009 Budget. To date, I have received 760 submissions from the public. I am deeply grateful to all parties for enthusiastically expressing their views on the budget. I am now considering all proposals in detail in conjunction with the relevant Policy Bureaux and enforcement departments, and have started to write up my first budget.

It is undeniable that the surplus for this financial year will be higher than our original estimate of \$25 billion. As regards how the surplus can be properly utilized, different sectors have different views and inclinations.

Some people hold that the surplus is mainly attributable to the exceedingly prosperous stock and real estate markets and the recovery of our economy as a whole, but we may not have an extra surplus every year. In consideration of the existing and future environment of Hong Kong, some people think that the Government should maintain vigilance in times of peace and be prepared for adversities through prudent financial management, and making hay while the sun shines, so as to cope with our challenges in the future.

Furthermore, some people are of the view that the existing gulf between the rich and the poor are too large and people at the grassroots may not be able to share the fruits of our economic growth immediately, especially given the aggravated inflation. The Government should use its surplus to help these people by immediately alleviating their problems and promoting social harmony.

I have also heard views which pointed out that the Government should invest its surplus on the future, by expediting infrastructure developments so as to promote economic growth; enhancing education and retraining so as to improve the abilities of those in need, help them to help themselves and increase social mobility; and improving the environment so as to raise the living standard of the public.

Everyone will agree that Hong Kong will be facing a series of challenges in the future. Externally, the global financial market has recently become more fluctuated and the credit market crisis triggered off by the United States subprime mortgage crisis is still proliferating, thus casting a shadow over the future of the

global economy. As an open economic entity, Hong Kong will also be affected to a certain extent. For example, the Heng Seng Index recorded fluctuations of more than 3 400 points during the past week, while fluctuations during the past three days of this week have also been quite substantial, though we may have already been accustomed to fluctuations of such magnitude.

As regards our internal problems, the issue of ageing population will definitely pose a great challenge to Hong Kong and will exert a great pressure on our public finances in future. On the one hand, the revenue of the Government will decrease as a result of the fall in our working population, and on the other, expenditure on services such as health care and welfare will certainly be increasing, thus we have to be fully prepared for this situation.

Since the surplus of the Government is the property of the public, as a responsible Financial Secretary, I have to manage this property with prudence and care. I agree that wealth should be returned to the people when the Government has a surplus more than expected, but we must also carefully consider our long-term affordability and sustainability. I also have to reiterate that since our resources are limited, our expenditure should be justified and our targets specific, so as to ensure that people with genuine needs can be benefited.

The coverage of the motion and amendments to the motion are very extensive, and could mainly be classified into six categories. The first category is arrangements for tax rebates and concessions. The second is measures for helping the elderly and the disadvantaged groups. The third is the injection of resources into education and retraining. The fourth is measures for improving people's livelihood. The fifth is infrastructure projects and community building facilities. The sixth is promoting local industries.

Firstly, on tax rebates and tax concessions arrangements, the Government is now studying the relevant proposals in detail. In accordance with Article 107 of the Basic Law, the HKSAR should follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and I will positively consider responding to the demands of society. However, Members may all agree that our tax base is very narrow. Among our 3.5 million working population, only 1.3 million are paying salaries tax. We have to consider carefully whether the tax concession policy will substantively narrow the tax base and drastically aggravate the instability of government revenue.

As regards helping the elderly and the disadvantaged groups, the Government has always been offering different social security programmes to help different groups of needy persons. We will continue to listen to public views and explore further ways to help people with genuine needs, and offer specific and effective assistance, so as to ensure that public funds are spent on those most needy.

As regards education and retraining, based on the rationale of helping people to help themselves, the Government will strive to create a good environment through education, training and short-term proper assistance, so as to enhance the productivity and competitiveness of the public, promote social mobility and alleviate inter-generational poverty.

As regards improving people's livelihood, the Government will create employment and improve people's livelihood through such fundamental measures as investing heavily on infrastructure development, actively promoting economic growth, assisting the development of social enterprises, and offering more training and retraining opportunities to those who are determined to improve themselves.

As regards infrastructure projects and community building facilities, the Government will strive to expedite the commencement of the 10 major infrastructure projects, and will continue to implement other effective measures, so that Hong Kong will become a quality city. And we will implement key infrastructure projects that will enhance Hong Kong's competitiveness. We will also allocate additional resources to the District Councils for improving district facilities.

Finally, as regards promoting local industries, the Government will adopt measures to expedite the development of creative industries in Hong Kong, encourage and promote the development of Hong Kong brand name products, and develop the financial, logistics, tourism and information technology services, so as to maintain Hong Kong's status as an international financial, trade and shipping centre.

Madam President, I am very grateful to Members for their further views, and I will carefully study and consider the measures proposed by Members in today's debate and the views which I received in the past couple of months in conjunction with the relevant bureaux and enforcement departments. I hope that I will be able to put forward practicable and sustainable measures in my first budget to be delivered on February 27 in the context of limited resources and a

challenging environment, so as to alleviate the existing hardships of the public, rise to future challenges, and give expression to the commitments of the Government towards the public and 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 Ms Miriam LAU's motion be amended.

Mr Frederick FUNG moved the following amendment: (Translation)

"To add "while the Hong Kong economy continues to grow, the society's development is polarized and the disparity between the rich and the poor is worsening;" after "That, "; to add ", especially the grassroots," after "all the people of Hong Kong"; to add "raising the quality of life for the elderly, including" after "(e)"; to add ", relaxing the period of absence from Hong Kong for the Old Age Allowance and raising the asset limit of Old Age Allowance recipients, as well as increasing the number of subsidized residential care places for the elderly" after "such vouchers"; to add ", including re-opening Single Parent Centres and Post Migration Centres, as well as relaxing the mandatory work requirement under the New Dawn Project and abolishing the measure of deducting supplement" after "the disadvantaged groups"; to add ", and actively eliminating inter-generation poverty, including raising the income ceiling for student financial assistance and the amount of assistance, giving priority to increase the number of child care places and extend the service hours of child care centres in districts with more poor children, as well as offering fee remission to low-income families" after "pre-primary education vouchers"; to delete "expediting and increasing" after "(i)" and substitute with "giving priority to expedite and increase"; and to add "in districts where the poverty situation is more serious" after "community facilities"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Frederick FUNG to Ms Miriam LAU'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)

Ms Miriam LAU rose to claim a division.

PRESIDENT (in Cantonese): Ms Miriam LAU has claimed a division. The division bell will ring for three minutes, after which the division will begin.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Yung-kan, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Dr LUI Ming-wah, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU, Mr Vincent FANG, Mr Jeffrey LAM and Mr Andrew LEUNG abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Kong-wah, Ms Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr Alan LEONG, Mr LEUNG Kwok-hung 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, 18 were present, nine were in favour of the amendment and nine abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 19 were in favour of the amendment and two abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negated.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Sharing the fruits of economic growth by all the people" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU be passed.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, 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 "Sharing the fruits of economic growth by all the people" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr James TO, you may move your amendment.

MR JAMES TO (in Cantonese): President, I move that Ms Miriam LAU's motion be amended.

Mr James TO moved the following amendment: (Translation)

"To delete "as" after "That," and substitute with "although"; to add "given that most of the additional surplus for this year comes from unstable sources of revenue such as stamp duty and land sales, and that Hong Kong faces a serious ageing population, and public health care expenditure may increase drastically," after "unprecedentedly huge, "; to delete "enhanced" after "should also make" and substitute with "appropriate"; to add "reducing the amount of medical contributions that may need to be made in the future," after "on the public, "; to add "using the fiscal surplus for this year to alleviate the public's burden of medical

contributions that may need to be made in the future, e.g. appropriating \$50 billion to set up an 'Old Age Fund'; (b)" after "(a)"; to delete "less than \$15,000" after "a ceiling of not" and substitute with "more than \$20,000"; to delete the original "(b)" and substitute with "(c)"; to delete the original "(c)" and substitute with "(d)"; to add ", and introducing a children's education allowance" after "newborn babies"; to delete the original "(d)" and substitute with "(e)"; to delete the original "(e)" and substitute with "(f)"; to delete the original "(f)" and substitute with "(g)"; to delete the original "(g)" and substitute with "(h)"; to delete the original "(h)" and substitute with "(i)"; to delete the original "(i)" and substitute with "(j)"; and to delete the original "(j)" and substitute with "(k)"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr James TO to Ms Miriam LAU'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 CHAN Kam-lam rose to claim a division.

PRESIDENT (in Cantonese): Mr CHAN Kam-lam has claimed a division. The division bell will ring for one minute, after which the division will begin.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Ms Margaret NG, Mr CHEUNG Man-kwong, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Miss TAM Heung-man voted for the amendment.

Dr LUI Ming-wah, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU, Mr Vincent FANG, Mr WONG Kwok-hing, Mr Jeffrey LAM, Mr Andrew LEUNG and Mr KWONG Chi-kin abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Ms Emily LAU, Mr Andrew CHENG, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG, Mr LEUNG Kwok-hung and Mrs Anson CHAN voted for the amendment.

Mr James TIEN, Mrs Selina CHOW, Mr CHAN Kam-lam, Mr LAU Kong-wah, Miss CHOY So-yuk and Mr LI Kwok-ying abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 17 were present, six were in favour of the amendment and 11 abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 15 were in favour of the amendment and six abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negated.

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, you may move your amendment.

DR FERNANDO CHEUNG (in Cantonese): President, I move that Ms Miriam LAU's motion be amended.

Dr Fernando CHEUNG moved the following amendment: (Translation)

"To delete ", " after "That" and substitute with "the Government's revenue has increased significantly due to satisfactory revenue from land sales and a robust stock market; while the market booms, many people from different strata only benefit to a limited extent;"; to delete "at least" after "tax rebate of"; to delete "not less than" after "a ceiling of"; to add "introducing a tax allowance for taking out private medical insurance; (f) increasing the tax allowance for self-education expenses deduction to \$80,000; (g)" after "(e)"; to delete the original "(f)" and substitute with "(h)"; to add ", including restoring the rates of Comprehensive Social Security Assistance payment and disability allowance to the 2003 level prior to their reductions, increasing the rates of Normal Old Age Allowance and Higher Old Age Allowance to \$900 and \$1,000 per month respectively, and raising the monthly income limit of recipients of Cross-district Transport Allowance to \$7,000; enhancing the provision of various social services, including formulating a 'Five-year Plan' to solve the problem of prolonged waiting time for residential care places for people with disabilities and the elderly, as well as places of day care centres for the elderly and elderly health centres, while at the same time expanding home care and community support services, and immediately setting up a case management system for the elderly who need long-term nursing care, people with disabilities and ex-mental patients, with a view to preventing them from becoming patients with hidden symptoms in the community, so as to more effectively meet the basic needs of disadvantaged families" after "the disadvantaged groups"; to delete the original "(g)" and substitute with "(i)"; to delete the original "(h)" and substitute with "(j)"; to delete the original "(i)" and substitute with "(k)"; to add ", focusing on the characteristics of their population structures, constructing in remote areas, such as Tin Shui Wai and Tung Chung, additional leisure and sports facilities geared to the needs of local communities and at the same time enhancing the support facilities for

primary health care services in such areas, including providing 24-hour out-patient as well as accident and emergency services, and expeditiously implementing the construction of Tin Shui Wai Hospital and North Lantau Hospital, so as to relieve the difficulties encountered by residents in remote areas in seeking medical treatment" after "community facilities"; and to delete the original "(j)" and substitute with "(1)".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Dr Fernando CHEUNG to Ms Miriam LAU'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)

Ms Miriam LAU rose to claim a division.

PRESIDENT (in Cantonese): Ms Miriam LAU has claimed a division. The division bell will ring for one minute, after which the division will begin.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Dr LUI Ming-wah, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU, Mr Vincent FANG, Mr Jeffrey LAM and Mr Andrew LEUNG abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Kong-wah, Ms Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr Alan LEONG, Mr LEUNG Kwok-hung 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, 17 were present, eight were in favour of the amendment and nine abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 19 were in favour of the amendment and two abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negated.

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, you may move your amendment.

MR WONG KWOK-HING (in Cantonese): President, I move that Ms Miriam LAU's motion be amended.

Mr WONG Kwok-hing moved the following amendment: (Translation)

"To add "the current prices are rising and the real wages of employees have reduced, which have aggravated the burden of livelihood on the general public, and" after "That, as"; to add "benefit the 'three have-nots' (i.e. people who do not have to pay tax, do not own properties and do not receive Comprehensive Social Security Assistance (CSSA) payments or the Old Age Allowance), and must" after "the relevant measures must"; to add "waiving the rates for the whole year of 2008-2009, subject to a ceiling of \$5,000 per quarter, and reducing the rates percentage charge to 3%; (b)" after "(a)"; to delete the original "(b)" and substitute with "(c) restoring the basic allowance for salaries tax to the 2002-2003 level,"; to delete the original "(c)" and substitute with "(d) offering employees a tax concession of up to \$1,000 for their Mandatory Provident Fund contributions; (e)"; to delete the original "(d)" and substitute with "(f)"; to delete the original "(e)" and substitute with "(g)"; to add ", increasing the amount of Old Age Allowance to \$1,000, and abolishing the restrictions on absence from Hong Kong and on portability to two Mainland provinces only" after "such vouchers"; to delete the original "(f)" and substitute with "(h)"; to delete "actively" before "helping the disadvantaged groups" and substitute with "introducing a progressive profits tax system to achieve the effect of the tax system being vertically fair and wealth being redistributed, thereby", and to add "in a better way" thereafter; to delete the original "(g)" and substitute with "(i)"; to delete the original "(h)" and substitute with "(j)"; to add "fulfil its commitment to spend \$29 billion on public projects each year," before "boost"; to delete the original "(i)" and substitute with "(k)"; to add "the construction" before "and increasing"; to delete "; and" after "community facilities" and substitute with "which are closely linked with people's livelihood, particularly Tung Chung Hospital, Tin Shui Wai Hospital and various basic cultural, recreational and civic community facilities (e.g. libraries, community centres and recreation centres);"; to delete the original "(j)" and substitute with "(l)"; and to add "; (m) introducing home loan schemes and relaunching the Home Ownership Scheme, so as to assist the middle and lower classes in acquiring their own homes; (n) waiving the interests under the

Non-means Tested Loan Scheme for post-secondary and tertiary students while they are receiving education, and allowing the repayments of university student loans to be tax deductible; (o) relaxing the restrictions on the Cross-district Transport Allowance, extending the payment period, and raising the monthly income limit of recipients of this Allowance to \$6,500; (p) providing public transport subsidy for people with disabilities; (q) readjusting the rates of CSSA payments in a timely manner to assist CSSA recipients; (r) offering a living supplement of \$1,000 per month to the poor elderly not on CSSA; (s) freezing the rents of all Government markets to assist small business operators and alleviate the burden of market rents on them; (t) freezing Government fees and charges as well as various licence fees; (u) further alleviating the burden of rents on public housing tenants; (v) increasing health care funding to cope with the ageing population problem and, based on the distribution of elderly and grassroots populations in various districts, allocating resources to hospital clusters and individual hospitals in a fair manner through a transparent mechanism; and (w) buying out the franchises of the Eastern Harbour Crossing, Western Harbour Crossing and Route 3 (Country Park Section), or extending their franchise periods" 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 Ms Miriam LAU's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Ms Miriam LAU rose to claim a division.

PRESIDENT (in Cantonese): Ms Miriam LAU has claimed a division. The division bell will ring for one minute, after which the division will begin.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Ms Margaret NG, Mr WONG Kwok-hing, Dr KWOK Ka-ki, Dr Fernando CHEUNG and Mr KWONG Chi-kin voted for the amendment.

Dr Joseph LEE voted against the amendment.

Dr LUI Ming-wah, Mr CHEUNG Man-kwong, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Ms Miriam LAU, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG and Miss TAM Heung-man abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr Frederick FUNG, Ms Audrey EU, Mr LI Kwok-ying, Mr Alan LEONG and Mr LEUNG Kwok-hung voted for the amendment.

Ms Emily LAU voted against the amendment.

Mr James TIEN, Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mrs Selina CHOW, Mr James TO, Dr YEUNG Sum, Mr Andrew CHENG, Mr LEE Wing-tat and Mrs Anson CHAN abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 17 were present, five were in favour of the amendment, one against it and 11 abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 10 were in favour of the amendment, one against it and 10 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr CHAN Kam-lam, you may move your amendment.

MR CHAN KAM-LAM (in Cantonese): President, I move that Ms Miriam LAU's motion be amended.

Mr CHAN Kam-lam moved the following amendment: (Translation)

"To add "Hong Kong economy has for four consecutive years recorded growth rates which are markedly higher than the forecast trend, and" after "That, as"; to add "providing an additional basic tax allowance of \$30,000 for dependent parents/grandparents/grandparents-in-law who live in care and attention homes, so as to support those elderly people who require a high level of nursing care; (f) extending the tax deduction period for home loan interest from the existing 10 years to 15 years; (g) providing employees with a tax deduction for their voluntary Mandatory Provident Fund contributions, subject to a ceiling of \$12,000 per year; (h) providing a tax deduction for private medical insurance contributions, subject to a ceiling of \$12,000; (i) providing an after-birth grant of \$3,000 for the mother of each baby who herself or the father of the baby is a Hong Kong resident; (j) reducing the duty on unleaded petrol by half; (k)" after "(e)"; to delete the original "(f)" and substitute with "(l) enhancing care for the elderly and increasing the number of various types of residential care places and service quotas; (m) actively exploring and

adopting appropriate means to assist the needy elderly families in maintaining and repairing their buildings; (n)"; to delete the original "(g)" and substitute with "(o) providing more resources for mutual aid committees to nurture a spirit of good neighbourhood and mutual help, so as to build a harmonious community; (p) freezing various Government fees and charges which affect people's livelihood; (q) focusing on the problem of high fares of outlying island ferry services, studying suitable options and allocating resources to alleviate the burden of travelling expenses on outlying island residents; (r)"; to delete the original "(h)" and substitute with "(s)"; to add ", including the development of the frontier closed area, the Northern Link, Route 4 and the MTR South Island Line, so as" before "to boost"; to delete the original "(i)" and substitute with "(t) earmarking funds for building hospitals in Tin Shui Wai and Tung Chung as soon as possible; (u)"; to delete "and (j)" after "community facilities;" and substitute with "(v) examining the 18 districts in the territory for implementing enhancement projects in various districts, and expediting the implementation of a 'territory-wide greening' programme, so as to improve the environment for the community; (w)"; and to add "; (x) allocating more resources to attract more Mainland and overseas companies to Hong Kong for capital raising and financing activities and, at the same time, establish a mechanism with the Central Government to enable the inflow of more Mainland funds into the Hong Kong stock market, as well as strive for the development of an oil futures market in Hong Kong, so as to further consolidate Hong Kong's position as a major international financial centre; (y) strengthening Hong Kong's capability in immediate transshipment, so as to consolidate Hong Kong's position in the international logistics market; and (z) utilizing the land in border areas and vacant factory buildings, etc, to set up a two-way exhibition and sales platform which connects China with overseas countries and serves as a showcase for international and Mainland enterprises, with a view to turning Hong Kong into a 'capital of international exhibitions and sales" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is:

MS MIRIAM LAU (in Cantonese): President, it should be Mrs Selina CHOW who is to move her amendment to Mr CHAN Kam-lam's amendment.

PRESIDENT (in Cantonese): Let me explain to Members about this. According to the procedure, Mr CHAN Kam-lam should first move his amendment, then I will propose the question, then Mrs Selina CHOW can move her amendment to his amendment. It comes as no surprise that Members may be a bit confused today, *(Laughter)* for we have never had such long amendments and all kinds of combinations of amendment.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHAN Kam-lam to Ms Miriam LAU's motion, be passed.

PRESIDENT (in Cantonese): I now invite Mrs Selina CHOW to move her amendment to Mr CHAN Kam-lam's amendment.

MRS SELINA CHOW (in Cantonese): President, I move that Mr CHAN Kam-lam's amendment be amended.

Mrs Selina CHOW moved the following amendment to Mr CHAN Kam-lam's amendment: (Translation)

"To delete "15 years" after "10 years to" and substitute with "until the end of the repayment period, and increasing the amount of tax deduction from \$100,000 to \$150,000 per year"; to delete "\$12,000" after "medical insurance contributions, subject to a ceiling of" and substitute with "\$15,000"; to add "newborn" after "the mother of each"; to add ", as well as continuing to freeze and studying to further reduce the duty on ultra low sulphur diesel" after "by half"; to add "or community organizations" after "mutual aid committees"; to add "reducing, remitting or" after "(p)"; to add "or rents" after "Government fees and charges"; to add "and the business environment" after "people's

livelihood"; to delete "and" after "Route 4" and substitute with ","; to add "and the Hong Kong-Zhuhai-Macao Bridge, as well as appropriately developing Lantau, expeditiously commissioning the Liantang Control Point, and constructing large-scale exhibition and convention venues, etc" after "South Island Line"; to add "and actively developing a logistics park" after "immediate transshipment"; and to add "including opening up Chung Ying Street, developing commercial or related economic and high-tech industrial zones in the river loop area, developing green industries, logistics industries, creative industries and merchandizing cities, etc, so as" after "factory buildings, etc,".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mrs Selina CHOW to Mr CHAN Kam-lam's amendment, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr LEE Wing-tat rose to claim a division.

PRESIDENT (in Cantonese): Mr LEE Wing-tat has claimed a division. The division bell will ring for one minute, after which the division will begin.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr LUI Ming-wah, Ms Margaret NG, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Ms Miriam LAU, Mr Vincent FANG, Mr WONG Kwok-hing, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Mr CHEUNG Man-kwong and Dr Joseph LEE abstained.

Geographical Constituencies:

Mr James TIEN, Mr LEE Cheuk-yan, Mrs Selina CHOW, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr Frederick FUNG, Ms Audrey EU, Mr LI Kwok-ying and Mr Alan LEONG voted for the amendment.

Mr LEUNG Kwok-hung voted against the amendment.

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Dr YEUNG Sum, Ms Emily LAU, Mr Andrew CHENG, Mr LEE Wing-tat and Mrs Anson CHAN abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 18 were present, 16 were in favour of the amendment and two abstained; while among the Members returned by geographical constituencies through direct election, 22 were present, 11 were in favour of the amendment, one against it and nine abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr CHAN Kam-lam to Ms Miriam LAU's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Dr YEUNG Sum rose to claim a division.

PRESIDENT (in Cantonese): Dr YEUNG Sum has claimed a division. The division bell will ring for one minute, after which the division will begin.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr LUI Ming-wah, Ms Margaret NG, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Ms Miriam LAU, Mr Vincent FANG, Mr WONG Kwok-hing, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong and Mr KWONG Chi-kin voted for the amendment.

Mr CHEUNG Man-kwong, Dr Joseph LEE and Miss TAM Heung-man abstained.

Geographical Constituencies:

Mr James TIEN, Mr LEE Cheuk-yan, Mrs Selina CHOW, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr Frederick FUNG, Ms Audrey EU, Mr LI Kwok-ying and Mr Alan LEONG voted for the amendment.

Mr LEUNG Kwok-hung voted against the amendment.

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Dr YEUNG Sum, Ms Emily LAU, Mr Andrew CHENG, Mr LEE Wing-tat and Mrs Anson CHAN abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 19 were present, 16 were in favour of the amendment and three abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 11 were in favour of the amendment, one against it and nine abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, you may move your amendment.

DR KWOK KA-KI (in Cantonese): President, I move that Ms Miriam LAU's motion be amended.

Dr KWOK Ka-ki moved the following amendment: (Translation)

"To add "allocating more resources to the Hospital Authority to improve the situation of inadequate resources among hospital clusters; (f) allocating additional funds to recruit front-line doctors and retain senior doctors, so as to implement the reform on the working hours of doctors and improve health care services; (g) allocating substantial additional funds to improve psychiatric treatment, rehabilitation and support services for which resources are seriously inadequate for a long time; (h)" after "(e)"; to add ", and introducing dental care vouchers for the elderly" after "such vouchers"; to delete the original "(f)" and substitute with "(i)"; to delete the original "(g)" and substitute with "(j)"; to delete the original "(h)" and substitute with "(k)"; to delete the original "(i)" and substitute with "(l)"; and to delete the original "(j)" and substitute with "(m)". "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Dr KWOK Ka-ki to Ms Miriam LAU's amendment, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Miriam LAU, you may now speak in reply, you have three minutes and two seconds.

MS MIRIAM LAU (in Cantonese): Madam President, I am very delighted that the motion, "Sharing the fruits of economic growth by all the people", has sparked off so much discussion for, apart from me, altogether 26 Members have spoken. Thus a rainbow of opinions has emerged, so to speak.

Members have put forward a lot of valuable and specific suggestions on how the fruits of economic growth can be shared by all the people. Although out of our expectations, a considerable number of amendments have not been passed, we find that Members have already put forward their many constructive suggestions to the Government. Despite the fact that these amendments are not passed, it does not mean that the Financial Secretary may turn a deaf ear to Members' views. So I would still hope that the Financial Secretary can bear with us and give serious thoughts to our suggestions.

Members have voiced a great diversity of opinions. The Liberal Party is unable to give support to some amendments, however and on the whole, I hope Members may agree with the view advanced by the Liberal Party, that the fiscal surplus should be divided into three parts or that a three-pronged approach should be adopted to utilize it. By that we mean wealth should be returned to the people, that is, some money should be handed out to help the poor and the elderly; putting resources into infrastructure investments; and preserving some part of the surplus. I hope Members can agree to this way of dividing up the surplus.

I believe the people also hope that Financial Secretary John TSANG can really respond to the aspirations of the people, irrespective of whether they belong to which social class and be they rich or not. I hope that views put forward from all quarters may take into account the needs of all sectors across

society. I would like to stress a point, in particular. Since the public coffers are overflowing with a massive surplus, the Government should make greater efforts to carry out work in these areas. It must never lean towards one side and hide the money away like a miser. Of course, on the other hand, we do not want to see the Government squander the money away. No Member has ever suggested that the Government should do that.

Next month the Financial Secretary will deliver his first-ever budget. Before he puts his ideas into writing, I hope that he can give serious thoughts to the views expressed by Members, as well as the ardent expectations which the public has on him. Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion, moved by Ms Miriam LAU as amended by Dr KWOK Ka-ki, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Dr YEUNG Sum rose to claim a division.

PRESIDENT (in Cantonese): Dr YEUNG Sum has claimed a division. The division bell will ring for one minute, after which the division will begin.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr LUI Ming-wah, Ms Margaret NG, Mr Bernard CHAN, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Ms Miriam LAU, Mr Vincent FANG, Mr WONG Kwok-hing, Dr Joseph LEE, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the motion as amended.

Mr CHEUNG Man-kwong abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mrs Selina CHOW, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr LAU Kong-wah, Ms Emily LAU, Mr Frederick FUNG, Ms Audrey EU, Mr LI Kwok-ying, Mr Alan LEONG and Mrs Anson CHAN voted for the motion as amended.

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

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Dr YEUNG Sum, Mr Andrew CHENG and Mr LEE Wing-tat abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 19 were present, 18 were in favour of the motion as amended and one abstained; while among the Members returned by geographical constituencies through direct elections, 20 were present, 11 were in favour of the motion as amended, one against it and seven abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the motion as amended was carried.

NEXT MEETING

PRESIDENT (in Cantonese): This is the last meeting before the Lunar New Year. May I wish all Members a happy Lunar New Year and I hope Members can take this opportunity to unwind and recharge. After the holidays we shall scrutinize the budget compiled by the Financial Secretary with most discerning eyes. *(Laughter)*

I now adjourn the meeting until 11 a.m. on Wednesday, 20 February, 2008.

Adjourned accordingly at twenty-six minutes to Nine o'clock.

Annex I

CIVIL JUSTICE (MISCELLANEOUS AMENDMENTS) BILL 2007

COMMITTEE STAGE

Amendments to be moved by the Chief Secretary for Administration

<u>Clause</u>	<u>Amendment Proposed</u>
3	In the proposed section 52B, by adding - "(3A) A reference to costs in subsection (3)(b) and (c) is a reference to the costs of and incidental to the proceedings commenced under subsection (2) or transferred to the Court of First Instance under section 53B of the District Court Ordinance (Cap. 336).".
5	In the proposed section 53A, by adding - "(3A) A reference to costs in subsection (3)(b) and (c) is a reference to the costs of and incidental to the proceedings commenced under subsection (2) or transferred to the Court under section 52C of the High Court Ordinance (Cap. 4).".
10	In the proposed section 21N(1)(b), by deleting "or arbitral tribunal".
New	By adding immediately after clause 15 - "15A. Powers of the Court exercisable before commencement of action

Section 47D(1) is amended by repealing "for personal injuries or arising out of the death of a person".

New By adding immediately after clause 16 -

"16A. Provisions supplementary to sections 41 and 42

Section 43(3) is repealed.

16B. Application to Government of sections 41 to 44

Section 45(1) is amended by repealing "involving a claim in respect of personal injuries to a person or in respect of a person's death".

New By adding immediately after clause 17 -

"17A. Application to Government of sections 47A to 47D

Section 47E(1) is amended by repealing "for personal injuries or arising out of the death of a person".

21 (a) In the proposed section 14AA(4)(b), by deleting "compelling reason" and substituting "reason in the interests of justice".

(b) In the proposed section 14AA, by adding -
"(5) This section does not apply in relation to an interlocutory judgment or order of the Court of First Instance made before the

commencement of this section."

25 In the proposed section 63A(2)(b), by deleting
"compelling reason" and substituting "reason in
the interests of justice".

New By adding -

"PART 10A
RULES OF COURT

High Court Ordinance

28A. Section added

The High Court Ordinance (Cap. 4) is
amended by adding -

**"55D. Rules as to costs
and interest**

(1) Notwithstanding sections 49
and 52A, the power to make rules of court
under section 54 includes power to make
provision for enabling the Registrar, in
such circumstances as may be specified in
the rules, to -

- (a) disallow all or part of
any costs to be taxed
pursuant to a costs order
made by the Court of First
Instance or the Court of
Appeal;

- (b) disallow all or part of any interest otherwise payable under section 49 on taxed costs, or reduce the period for which such interest is payable or the rate prescribed in section 49 at which such interest is payable; and
- (c) increase the rate prescribed in section 49 at which interest on taxed costs or costs of taxation is payable.

(2) Any rules made by virtue of this section may include such incidental, supplementary and consequential provisions as the Rules Committee may consider necessary or expedient."

District Court Ordinance

28B. Section added

The District Court Ordinance (Cap. 336) is amended by adding -

"72CA. Rules as to costs and interest

(1) Notwithstanding sections 50 and 53, the Rules Committee may make

rules of court for enabling the Registrar, in such circumstances as may be specified in the rules, to -

- (a) disallow all or part of any costs to be taxed pursuant to a costs order made by the Court;
- (b) disallow all or part of any interest otherwise payable under section 50 on taxed costs, or reduce the period for which such interest is payable or the rate prescribed in section 50 at which such interest is payable; and
- (c) increase the rate prescribed in section 50 at which interest on taxed costs or costs of taxation is payable.

(2) Rules made under this section may include incidental, supplementary and consequential provisions that the Rules Committee considers expedient.

(3) In this section, "Registrar" (司法常務官) includes a Master."."

New

By adding -

"32A. Decisions of Tribunal final

Section 11 is amended -

(a) in subsection (2) -

(i) by adding "section 11AA and" after "Subject to";

(ii) by repealing "determination or order" where it twice appears and substituting "judgment, order or decision";

(b) in subsection (4), by repealing "of the making of the determination or order appealed against" and substituting "on which leave to appeal is granted under section 11AA".

32B. Sections added

The following are added immediately after section 11 -

"11AA. Leave to appeal

(1) Subject to subsection (2), no appeal may be made under section 11(2) unless leave to appeal has been granted

by the Tribunal or the Court of Appeal.

(2) Subject to subsection (4), an appeal lies as of right to a presiding officer from a judgment, order or decision of a registrar.

(3) An appeal under subsection (2) is subject to rules made under section 10(3).

(4) Where rules made under section 10(3) provide that an appeal from a specified judgment, order or decision of a registrar lies to the Court of Appeal, the appeal may be made to the Court of Appeal with leave of a registrar or the Court of Appeal.

(5) Leave to appeal may be granted -

- (a) in respect of a particular issue arising out of the judgment, order or decision; and
- (b) subject to such conditions as the Tribunal, the Court of Appeal or the registrar hearing the application for leave considers necessary in order to secure the just,

expeditious and economical disposal of the appeal.

(6) Leave to appeal shall not be granted unless the Tribunal, the Court of Appeal or the registrar hearing the application for leave is satisfied that -

- (a) the appeal has a reasonable prospect of success; or
- (b) there is some other reason in the interests of justice why the appeal should be heard.

(7) This section does not apply in relation to a judgment, order or decision of the Tribunal or a registrar of the Tribunal made before the commencement of this section.

(8) In this section, "registrar" (司法常務官) includes a deputy registrar or assistant registrar of the Tribunal.

11AB. Decision on leave to appeal final

No appeal lies from a decision of the Court of Appeal as to whether or not leave to appeal to it should be granted."."

- 33 In the proposed section 12(7), by deleting "Subject to" and substituting "Notwithstanding subsection (1) and section 12C but subject to".
- 34 (a) In the heading, in the English text, by deleting "**Section**" and substituting "**Sections**".
- (b) In the English text, by deleting "The following is added" and substituting "The following are added".
- (c) By adding immediately after the proposed section 12A -
- "12B. Interest on claims for debt and damages**
- (1) In proceedings (whenever instituted) before the Tribunal for the recovery of a debt or damages there may be included in any sum for which judgment is given simple interest, at such rate as the Tribunal thinks fit or as rules made under section 10(3) may provide, on all or any part of the debt or damages in respect of which -
- (a) judgment is given; or
- (b) payment is made before judgment.
- (2) Interest under subsection (1) may be awarded for all or any part of the period between the date when the cause of action arose and -

(a) in the case of any sum paid before judgment, the date of the payment; and

(b) in the case of the sum for which judgment is given, the date of the judgment.

(3) Where -

(a) there are proceedings (whenever instituted) before the Tribunal for the recovery of a debt; and

(b) the defendant pays the whole debt to the plaintiff (otherwise than in pursuance of a judgment in the proceedings),

the defendant is liable to pay the plaintiff interest, at such rate as the Tribunal thinks fit or as rules made under section 10(3) may provide, on all or any part of the debt for all or any part of the period between the date when the cause of action arose and the date of the payment.

(4) Interest in respect of a debt shall not be awarded under this section for a period during which, for whatever reason, interest on the debt already runs.

(5) Interest under this section may be calculated at different rates in respect of different periods.

(6) Subsections (1) and (3) are subject to rules made under section 10(3).

(7) In this section -
"defendant" (被告人) means the person from whom the plaintiff seeks the debt or damages;
"plaintiff" (原告人) means the person seeking the debt or damages.

12C. Interest on judgments

(1) Subject to any other Ordinance, judgment debts carry simple interest on the aggregate amount of the debts, or on such part of the debts as for the time being remains unsatisfied, from the date of the judgment until satisfaction.

(2) Interest under this section is -
(a) at such rate as the Tribunal may order; or
(b) in the absence of such order, at such rate as may be determined from time to time by the Chief Justice by order.

(3) Interest under this section may be calculated at different rates in respect of different periods."

Appendix 1**REQUEST FOR POST-MEETING AMENDMENT**

The Secretary for Commerce and Economic Development requested the following post-meeting amendment in respect of Question 3

Lines 5-6, third paragraph, page 25 of the Confirmed version

To amend "..... such as the quarters at Dills Corner Garden which has been left vacant after the withdrawal of the British garrison, and the GPA has decided not to offer them for leasing;" as "..... such as the quarters at Dills Corner Garden which has been left vacant after the withdrawal of the British garrison," (Translation)

(Please refer to lines 9-11, fourth paragraph, page 4278 of this Translated version)

Appendix I

WRITTEN ANSWER**Written answer by the Secretary for Financial Services and the Treasury to Mrs Selina CHOW's supplementary question to Question 3**

As regards the average and the longest time for government quarters to be rented out to members of the public after the quarters had become vacant, according to the leasing records of the Government Property Agency in 2007, apart from departmental quarters of the disciplined services, government quarters rented out to members of the public were let out, on average, in 93 days (including the time required for preparation work before leasing, such as refurbishment work and rental assessment) after the quarters had become vacant. The longest time for a quarter to be let out after it had become vacant was 611 days. This exceptional case was due to the need to carry out major structural repair works on the relevant unit before it could be offered for leasing.

Appendix II**WRITTEN ANSWER****Written answer by the Secretary for Financial Services and the Treasury to Ms Miriam LAU's supplementary question to Question 3**

As regards the percentage of government quarters being rented out to members of the public calculated on the basis of the overall vacancy rate, as at January 2008, apart from departmental quarters of the disciplined services, 523 government quarters were rented out to members of the public, with another 103 temporarily vacant for various reasons. Of these temporarily vacant quarters, 78 were not suitable for leasing (because either they would be sold shortly, or they were in the course of allocation or would be allocated shortly to eligible civil servants, or they were located within the Government's work premises), seven were being offered for leasing and 18 required refurbishment work and rental assessment to be done before they could be offered for leasing on the market. As to the suggestion of calculating the percentage of government quarters being rented out to members of the public on the basis of the overall vacancy rate, we believe that this refers to the number of quarters already rented out (523) expressed as a percentage of all the quarters that could be offered for leasing (548) (including 523 quarters already rented out, seven being offered for leasing and 18 requiring refurbishment work and rental assessment to be done before they could be offered for leasing on the market, but excluding 78 quarters which were not suitable for leasing), which is 95.4%.