

# **OFFICIAL RECORD OF PROCEEDINGS**

**Thursday, 17 April 2008**

**The Council continued to meet at Nine 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.

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 LEUNG YIU-CHUNG

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

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

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

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

THE HONOURABLE 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 ANDREW LEUNG KWAN-YUEN, S.B.S., J.P.

THE HONOURABLE ALAN LEONG KAH-KIT, S.C.

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.

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

THE HONOURABLE MRS SOPHIE LEUNG LAU YAU-FUN, G.B.S., J.P.

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

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

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

THE HONOURABLE LAU CHIN-SHEK, J.P.

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE FREDERICK FUNG KIN-KEE, S.B.S., J.P.

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

THE HONOURABLE LEUNG KWOK-HUNG

### **PUBLIC OFFICERS ATTENDING:**

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

THE HONOURABLE FREDERICK MA SI-HANG, J.P.  
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

THE HONOURABLE STEPHEN LAM SUI-LUNG, J.P.  
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

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

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.S., J.P.  
SECRETARY FOR LABOUR AND WELFARE

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

PROF LAU SIU-KAI, J.P.  
HEAD, CENTRAL POLICY UNIT

**CLERK IN ATTENDANCE:**

MS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

**PRESIDENT** (in Cantonese): Clerk, 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): Now we have a quorum, the meeting may begin.

## **BILLS**

### **Second Reading of Bills**

#### **Resumption of Second Reading Debate on Bills**

**PRESIDENT** (in Cantonese): Council will now continue with the debate on the Second Reading of the Appropriation Bill 2008.

## **APPROPRIATION BILL 2008**

### **Resumption of debate on Second Reading which was moved on 27 February 2008**

**MISS CHAN YUEN-HAN** (in Cantonese): Madam President, for any government showing commitment, the formulation of the budget should plan for future social and economic development on the one hand and attach importance to wealth redistribution on the other, so that the elderly can have a sense of security, the poor and sick can be cared for and under-privileged groups can be supported. I will comment on the first Budget prepared by the Financial Secretary according to the two foregoing principles.

First, I mainly wish to point out that the overall economic planning lacks comprehensiveness. On economic development, the so-called long-term economic development set out in the Budget is not comprehensive. The Government's emphasis on the pillar industries is, as was the practice of past administrations, including the British-Hong Kong and the SAR Government of the past, slanted towards tertiary industries such as financial services, property

and the tourism, convention and exhibition industries. When the economy is buoyant, these industries can bring handsome returns. However, as the saying goes, nothing good lasts forever, so these industries cannot generate stable revenue. On entering 2008, the financial market has become highly risky and volatile. Even the Hong Kong Monetary Authority has suffered losses in its investments in the first quarter. It is expected that the number of mainland companies seeking to list in the Hong Kong stock market will also decrease drastically, so it can be seen how unstable the revenue from financial services can be. As regards the tourism, convention and exhibition industries, in the face of keen competition from neighbouring regions such as Macao and Guangzhou, their development will be laborious and we should not be too optimistic about whether they can continue to play the role of a pillar industry.

In addition, economic development depends on research and development (R&D). The Government proposes lowering the profits tax by 1% to 16.5%. Such an across-the-board tax reduction lacks focus and this measure will only help large corporations save thousands of millions of dollars in tax without contributing to the planning development of the industrial structure in Hong Kong.

We must understand that future economic development depends on R&D. Although the Financial Secretary will make a one-off provision of \$18 billion for the establishment of the Research Endowment Fund, the Fund is intended only for the academic sector. It will not encourage enterprises to carry out R&D in Hong Kong and I have also heard quite a lot of views in this regard. In contrast, if we look at the Budget of Singapore for the new year, it offers a 100% to 150% tax deduction to encourage enterprises to carry out R&D in the country. The spending on R&D only accounts for 0.79% of the GDP in Hong Kong, whereas it accounts for 1.34% in China, 3.63% in South Korea, 2.36% in Singapore and 2.52% in Taiwan. It is obvious that Hong Kong is lagging behind in this regard. In the end, we will surely reap what we have sown.

In addition, I wish to point out that this Budget cannot serve the purpose of wealth redistribution. The Financial Secretary said in his speech that Hong Kong was facing many challenges, including those of competition for talent, an ageing population, increasing expenditure on welfare, and so on. However, apart from allocating \$50 billion for the health care fund, the Government has not made any preparation for an ageing population and all the measures amount only to the handing out of goodies. They are fragmented, lack consistency and cannot effectively help the upward social mobility of the grassroots.

On health care financing, with an ageing population, it is expected that health care expenditure will keep increasing. The Financial Secretary has made an undertaking in the Budget to allocate \$50 billion from the fiscal reserve to implement health care reform with a view to meeting a future major challenge in public finance and \$50 billion is a large sum of money, so it appears that the Government has indeed shown some commitment. However, this is only the harbinger to something more important. In the final analysis, the main act is to take money from employees' pockets on the pretext of implementing the health care financing scheme. The six options on health care financing proposed by the Government for discussion by the public all target at the wage earners and sandwich class in Hong Kong, so how possibly can we find them acceptable? I have convened a number of residents' meetings and I am grateful to government officials for their participation, so they have also heard the views in this regard. The Government maintains that the population is ageing, however, what it talks about all the time is everyone making contributions. Do the authorities have any practical measure or policy to deal with the ageing of the population? We have put forward proposals such as universal retirement protection and primary health care for many years and the latter is one way of reducing the demand for health care services. Apart from talking about financing, the Government should also ensure that additional resources would be committed to various areas to do a better job in providing primary health care. Primary health care can serve as the first line of defence. For example, by encouraging a healthy diet and regular exercise, public awareness of health can be raised. "A sense of responsibility for one's own health" can serve the purpose of prevention. At the same time, it is also necessary to target at common diseases in town by introducing screening, so that prevention can be adopted as an important measure to reduce the demand for health care services. It is not the first time we talk about this. In fact, we have been talking about this for many years.

Madam President, it is all right to talk about financing but we should not do so in the way adopted by the Government at present, that is, the public are asked for their money right from the beginning and wage earners are targeted, or the Government keeps putting forward proposals without giving justifications to convince the public. For example, how will the money be spent? How is the health care expenditure actually calculated? The Government has never given any explanation to the public before trying to get money from them, so how possibly can they find this acceptable and how can they be convinced?

Madam President, I now wish to talk about issues relating to the "fruit grant". Before the announcement of the Budget, this Council and the community had both strongly demanded that the "fruit grant" be increased to \$1,000. However, the Government is unwilling to do so and will only grant a one-off payment of \$3,000. In fact, the Mandatory Provident Fund (MPF) Schemes were implemented in Hong Kong only in 2000 and the results can be seen only two or three decades later. As a lot of elderly people do not have any retirement protection, they can only rely on "fruit grant" for a living in their old age. Some people argue that they can apply for CSSA but in fact, they cannot do so because some of them are living with their children. Their children have income and they do not want their parents to work. Although they do not have enough money to support their parents, these elderly people do not want to bother their children. Therefore, often, these elderly people can only rely on the "fruit grant" amounting to several hundred dollars for a living. The Government often says that they can apply for CSSA. However, frankly speaking, elderly people are often not eligible for CSSA for various reasons, including reasons that have to do with their children or the fact that they have some \$20,000 to \$30,000 of "funeral savings", so can you tell them what they should do?

As a result of this situation, we find that there are quite a lot of elderly persons working as scavengers and collecting cardboards. We can also find such sights in the vicinity of the Legislative Council Building. The Government has done nothing even when confronted with such scenes. Of course, the authorities say that it will grant them a one-off amount and I think elderly people will also be pleased with this. However, their dearest wish is an increase in "fruit grant". We have wrangled with the Government over this issue. The FTU put forward a proposal to the Government and suggested that if the Government really wanted to solve the existing problem of elderly poverty, it should introduce a new measure, that is, "living allowance for poor elderly" to address the inadequacies of the existing "fruit grant". We hope the Government will consider this proposal. And we welcome the Government's announcement in the Budget that it will put forward some proposals at the end of this year.

Madam President, in addition, in the area of social welfare, the existing CSSA system cannot help poor people receiving CSSA in Hong Kong escape from poverty. Even though the Government attaches greater importance to inter-generational poverty, it cannot come up with any solution. Recently, a

survey conducted by the RTHK has found that when poor children go to secondary schools, their educational expenses, such as those for sports, artistic and extracurricular activities will increase, they even have problems in using the computer to do their homework and hand in their homework. We can just think about this: Children on CSSA are facing all kinds of difficulties and if we look at what CSSA can offer them, we will find that it cannot provide them with the basic living needs of today's society. Frankly speaking, the basic needs identified in 1996 can no longer catch up with the development in today's society and by that I mean the basic tools for learning. To give an example, the charges for Internet services have not been included and children have to log onto the Internet to look for materials for their homework, however, these children do not have the means to do so and they can only rely on their schools or neighbours to lend them their computers. As far as we can see, the learning resources of children on CSSA are in general inferior and we also find that in some schools for the grassroots, the academic results of these children are also poorer. I do not mean that they are inferior by nature but that in terms of resources, they are often in a less favourable situation when compared with children with better resources. In this regard, how can we expect them to escape from poverty in future? Their chance of doing so is rather small.

In addition, concerning the expenses on food, originally, they already account for a great proportion of the CSSA. In the past year or so, the proportion of expenses on food increased heftily and it now accounts for half of the total CSSA expenditure. CSSA recipients can only buy expired or poor-quality food. Since rent is very high, they can only cut their meals from three to two per day. However, if this no longer works, what are they to do? Last week, some people came to the Legislative Council to complain about such a situation, saying that they had borne the brunt. They could only cut the spending on their children as far as possible and had to make do with just meeting their basic needs. Does our society find this acceptable?

Madam President, I wish to talk about another issue which has all along been of great concern to me and it is that of the employment environment. In the entire society, there is now a lack of pathways for social advancement. The wealth disparity in Hong Kong has kept widening in recent years and we have repeatedly pointed out that one major reason is that grass-roots workers lack any pathway for social advancement. Posts available for the grassroots in the job market are confined only to security guards, cleaning workers, cashiers and delivery workers. These jobs have long working hours but are poorly paid.

Moreover, some enterprises have monopolized such industries as the retail, cleaning and security, so wage earners can only endure in silence and work in jobs without prospect. Gone are the days when the harder one worked, the more one earned and one could eventually get ahead. Madam President, I have said this in this Council many times: When I was small, my family was very poor and I did not have the opportunity to receive formal education. However, I had the opportunities to continually pursue further studies and work, so my life was a happy one. However, there are no such opportunities in our society nowadays. When can the Government solve the problem of the working class having few opportunities of social advancement?

We can now look at how the Government makes investments in human resources. On investments in human resources, not only is a poor job done in respect of the associate degree sector in Hong Kong, the emphasis of retraining is also placed on security guards and domestic helpers, so the academic qualifications and skills of grass-roots workers cannot really be raised. If we look at Singapore — the Legislative Council made visits to look at this area before — its approach in treating the grassroots is very different from ours. It has provided a lot of "through-train" services. Not only does it allocate sums ranging from several hundred to over a thousand Singaporean dollars to the education accounts of primary, secondary and tertiary students, it also allocates 3 billion Singaporean dollars to the Lifelong Learning Fund to encourage companies to raise the skills of their employees and the quality of the working population. As regards citizens who have not received any university education, as long as they have the interest and relevant experience, they can also apply for admission to the part-time programmes of the three universities. The Government even subsidizes 40% of the tuition fee. And the share of the tuition fee paid by such students is also tax deductible. If we look at the Hong Kong Government, on subsidies for evening schools, it was announced only recently that students might apply for reimbursement of 30% of the tuition fees paid for studying in Secondary One to Three. However, their attendance rate had to reach 80%. Honestly, in this process, we found that the Government vacillated and its actions were disjointed. It can thus be seen how determined the SAR Government is in upgrading human resources.

In Hong Kong, on the one hand, the problem of a mismatch in human resources is serious; on the other hand, a large sum of money is being frozen. The levy on foreign domestic helpers has snowballed to \$4.4 billion, so why not study how it can be spent on enhancing the quality of manpower? Frankly

speaking, it can be spent on the associate degree sector as well as on evening secondary schools. Yesterday, I asked the Secretary why this levy could not be used on evening secondary schools. Another example is that under the registration system for construction workers, workers have to enrol on courses, pay the fees and give up a day's wages, so why can we not help them? The levy on foreign domestic helpers can be deployed to help them. Another example is subsidies and days off for further education, which we have lobbied for many years. This is also a form of encouragement. For example, the working hours of retail workers are very long and if they want to pursue further studies, they have to do it in the way we did by attending classes at 8 am. However, are there such schools nowadays? There are no longer any. In other words, since there were such schools in the 1960s and 1970s but not any more in society nowadays, the Government has to consider giving these people days off now. When the Legislative Council examined the Qualifications Framework, this issue became a major point of contention between the Government and this Council. The Government did not pay any heed to us but the amount of levy has accumulated to more than \$4 billion. There is a heap of problems relating to it and where does the problem lie? Madam President, I believe you are certainly aware of it. This is precisely because different Policy Bureaux are involved. At present, retraining is under the purview of Secretary CHEUNG, whereas education is under the purview of Secretary SUEN. These two different Policy Bureaux cannot deploy the resources, so how can proper planning on the training of human resources be made? Although the Hong Kong Government has a huge surplus and adult students in primary schools and evening secondary schools also want very much to pursue proper basic education through evening schools, there is a lack of resources to render them assistance.

Madam President, I do not wish to speak any further. Originally, I intended to talk about the recovery industry. In fact, the recovery industry offers an excellent opportunity. Recently, the Legislative Council has scrutinized a piece of legislation in this regard. However, the Government has not dealt with it holistically. It is an umbrella bill but it has not set out the recovery methods for all six types of products. No consideration has been given to this at all and the policy is fragmented. Recently, when we were scrutinizing the legislation, Ms Miriam LAU and I both said that we did not want to scrutinize it because since it was an umbrella bill, why did it not cover the entire recovery industry? Why, as earthlings, do we not do a proper job in environmental protection? Financial Secretary, this matter is your concern and you must think about it.

On the subsidies on electricity tariff, the payment into MPF accounts, the exemption of rates payment and the reduction in salaries tax, as set out in this Budget prepared by the Financial Secretary, we welcome them all and we will not oppose them. In residents' meetings, some residents said to me, "Miss CHAN, you must not oppose it, rather, you have to support it, otherwise, I will not get the \$3,000.". However, I believe that it is necessary for Hong Kong to catch up with the international community in future in such areas as corporate management, education, employment and environment protection and learn from other places, so I hope the Government will carry out well-conceived planning.

Thank you, Madam President.

**MR ANDREW CHENG** (in Cantonese): Madam President, the Government has recorded a surplus of nearly \$140 billion in the 2007-2008 financial year. The Budget this year is mainly designed to hand out goodies. On the face of it, it is readily acceptable to many people in Hong Kong. However, after reading it more carefully and considering its contents, it is really disappointing that apparently, what the entire Budget reflects is but a shopkeeper's account management. On the face of it, it does give equal attention to everyone; in reality, it is biased in favour of the powerful and influential people. Moreover, its aim is to prepare a very good account for this year.

Madam President, allow me to use the subject of Olympic torchbearers, which is a hot topic in town of late, to describe the underlying thinking of this Budget. In reducing the duty on red wines and profits tax, it seems that the Budget only serves to gild the refined gold of the wealthy and disregards the requests of the grassroots for an increase in the amounts of "fruit grant" and health care vouchers. This is just like the arrangements for Olympic torchbearers, which are designed only to bestow even more honour on politically powerful and influential people at the expense of athletes who could have been given this opportunity of a lifetime. This is how politics in the Olympic Games shed light on the Budget, in other words, it seems that our SAR Government is often inclined favourably towards the powerful and wealthy in its thinking.

As I said just now, there are indeed many petty favours in this year's Budget. Measures such as reducing the profits tax, red wines duty and property tax for the wealthy class will cost \$27.6 billion this year, whereas measures for the middle-lower class, such as an increase in CSSA payments, the reduction of public housing rents and injecting funds into eligible MPF accounts will cost only

\$16.5 billion. If calculated on a per capita basis, to large corporations and high-income earners, the sweets handed out to them are far bigger and to them, this would be to gild refined gold. However, concerning the grassroots and the elderly, should the Government not spend more money? Concerning their quality of life, should the Government not stop being mean and stingy to them in the face of such drastic inflation?

To take health care services for the elderly as an example, the Democratic Party has put forward a series of proposals to the Financial Secretary, such as providing dental service allowance, free influenza vaccines to all elderly people and manned enquiry hotline for general out-patient service. The resources required by these measures are limited. On the basis that there are 800 000-plus elderly persons over 65 years old in Hong Kong, to give all elderly persons vaccination will only cost \$23.91 million. However, the Government is only willing to offer five health care vouchers to each elderly person. If each elderly person gets \$250 in health care vouchers each year, this amount is enough only for teeth scaling once. Moreover, only elderly persons over 70 years old are eligible for them. Since elderly people over 60 years old are eligible for CSSA and those over 65 years old are eligible for senior citizen card, why is the criterion for health care vouchers set at 70 years of age? In the Motion of Thanks moved in the Legislative Council last year, a motion was passed urging the Government to extend the beneficiaries of the health care vouchers to all senior citizens aged 65 or above and, at the same time, increase the amount of subsidy for each elderly recipient. However, the Government ignored the views of the Legislative Council. Moreover, health care vouchers will be introduced only in 2009, so elderly persons will have a long wait before they can make use of the health care vouchers consisting of a paltry sum. In contrast, the reductions of the profits tax and the duty on red wines, and the waive of rates are implemented much more quickly.

I remember that after the Financial Secretary had announced the Budget, he attended a programme of the RTHK, "Letter to Hong Kong". In it, he said that in drawing up the Budget, he adhered to three major guiding principles: Commitment to society, sustainability and pragmatism. If there is any commitment, it seems the commitment of the Financial Secretary is to fulfil the pledges made by the Chief Executive to the businessmen and professionals in the small circle consisting of 800 people when he was standing in the Chief Executive election, not to the requests of elderly people and the grassroots because they do not have votes in the Chief Executive election.

As regards the guiding principle of sustainability, there exists even a double standard. As clearly stated in the Budget, "We must realize that a substantial surplus will not occur every year. Temporary improvements in our fiscal position, therefore, are not sufficient reasons for significant increases in recurrent expenditure or reductions in tax." It is true that there are many new items in the expenditures for society, such as those for health care. For example, the health care vouchers for the elderly and the Tin Shui Wai pilot project all involve one-off expenditures which will not become recurrent expenditures. Even the health care reform provision amounting to \$50 billion is also a one-off injection. However, at the same time, the reductions in salaries and profits taxes will cost the Government \$7.7 billion each year for no particular reason and this is a long-term change.

To ensure the sustainability of the fiscal policy, increasing the tobacco duty is one of the most feasible approaches. According to the studies published in 2005 by the School of Public Health and the Department of Community Medicine of the University of Hong Kong, the economic loss resulting from the death and diseases attributable to smoking and passive smoking was as high as \$5.3 billion each year, so the tobacco duty of \$2.8 billion was not enough to cover the costs. The Budget proposes that \$50 billion be allocated for the purpose of promoting health care reform. In fact, the tobacco duty can be increased and the relevant revenue credited to the fund. In Taiwan, such an arrangement has been adopted as one of the measures to ensure the sustainability of the health care system there.

Prior to the announcement of the Budget, the mass media reported that the tobacco duty would perhaps be raised substantially. Unfortunately, this did not turn into reality. This is probably because the Treasury was "flooded" this year and the Financial Secretary was only preoccupied with preparing a good set of accounts and did not want to rack his brain for ways to spend the additional revenue after increasing the tobacco duty. However, the significance of increasing the tobacco duty is not just a matter of financial concern. What is at stake is public health and the long-term burden on the health care system. According to a report published by the World Bank in 1999, young people are most sensitive to cigarette prices. Increasing the tobacco duty substantially and therefore the cigarette prices is the most effective measure for reducing the smoking rate among young people all over the world. It is necessary for us to increase the tobacco duty in order to protect the health of our youth and our next generation.

Madam President, next, I wish to talk about labour issues.

The hot topic this year is of course the Wage Protection Movement (WPM). Yesterday, our Executive Council's lead member, Mr LEUNG Chun-ying, spoke on this issue. I hope his views represent those of the Executive Council and the SAR Government. However, on the WPM, I believe that it was doomed to failure right from the beginning. However, at that time, the ruling coalition and the Government insisted to try it out. The trial has so far been implemented for one or two years. The longer we try, the longer the exploitation of lower-tier workers. Judging from the latest information, the WPM will fail completely. After that, we hope our Secretary and the Government will summon up their courage and show some commitment. Apart from cleaning workers and security guards, there are also many lower-tier workers, for example, those working in restaurants and retail shops, who are really subjected to exploitation. Therefore, I hope that since the WPM has been proven to be ineffectual, even though the Budget is not the policy address, we hope that the Government can summon up its courage at this time and as the Executive Council Member said, legislation should be introduced as soon as possible without further delay.

Madam President, the problem of working hours has also bothered the working class in Hong Kong for a long time. The working hours of Hong Kong people are too long and people in this Council and in the workforce are all accustomed to it. The word "accustomed" is in fact very deplorable. Everyone is keeping an eye on other people and it seems that the last person to be off duty can be regarded as the best employee. This is unhealthy, posing a very negative effect on families and personal health. Therefore, even though the Government itself has implemented the five-day work week and has talked of introducing family-friendly measures and promoting the concept of standard working hours, there is no legislation for people to adhere to. If there is no legislation requiring employers to give overtime pay to employees working overtime and we can only rely on the conscience of employers — I hope the SAR Government will understand that just as in the case of the WPM, you are also hoping that employers will have a conscience and offer a reasonable pay to workers. Similarly, in respect of standard working hours and working hours, you are hoping that employers will have the heart to allow the working population or workers to be off duty on time — this is really the wildest dream. Therefore, I hope that just as in the case of the WPM, the Government will stop before it is too late and focus on the problem by setting the standard working

hours as soon as possible. Moreover, I have said many times that in many countries and cities throughout the world, including our Motherland, the standard working hours have been set, so why should the working population in such an advanced, affluent and mature society as Hong Kong alone be working like donkeys?

Finally, Madam President, I wish to talk about the issue of youth employment. Although the Government plans to provide 3 000 jobs lasting three years for young people and since 1 December 2007, the Employees Retraining Board has relaxed its eligibility criteria to expand its training capacity, according to the figures provided by the Labour Department, the additional training places are mainly concentrated on domestic services, security services and property management services, whereas in areas such as logistics, travel and commerce, which are more suitable for young people, only 10 courses are offered and there is not even any course on finance. Moreover, the number of organizations offering work placements, as well as the number of placements under the Youth Work Experience and Training Scheme and the Youth Pre-employment Training Programme also decreased. And only about 40% of the organizations took part in the Scheme and the Programme in 2005-2006. Young people are the driving force of our future social development. The Government should relax the requirements to enable young people to enrol into various programmes. However, it should offer courses suited young people, as well as provide them with placements as far as possible. Otherwise, relaxing the requirements will not render young people any actual help at all.

Lastly, Madam President, I wish to raise issues relating to the transport policy. On the issue of transport, of course, Members will notice problems relating to the Shatin to Central Link, the South Island Line and the West Island Line. On transport policy, the Shatin to Central Link will be commissioned in 2019. However, on the injection of capital, the policy on the use of funds baffles me somewhat. The Government will make a huge capital injection of more than \$30 billion into the Shatin to Central Link with a view to financing its construction fully. However, we are really concerned about how the fares will be set. The Government has already paid the cost of "the chicken", so who will go on to pay the cost of "the soy sauce" in future? Will the Government and the Legislative Council have say over the determination of the fares of the Shatin to Central Link in future? So far, the Government has not yet come up with any finalized proposal.

If the Government spends more than \$30 billion on the construction of the Shatin to Central Link (of course, we welcome this decision because the Shatin to Central Link has been long awaited), it will lead to a transport problem experienced similarly by the three tunnels, that is, the uneven distribution of traffic through them. We hope that the Government can set aside a large sum of money, perhaps for buying the Western Harbour Crossing (WHC) so that the tolls of the Eastern Harbour Crossing (EHC), the Cross Harbour Tunnel (CHT) and the WHC can be even as far as possible. Moreover, the tolls of the WHC can be lowered as far as possible by taking advantage of its geographical location, so that the distribution of traffic through these three tunnels can be evened out as far as possible. We have waited for many years and it is necessary for the Government to take action. Time is money and we have said so many times. Due to the problems relating to the WHC, the EHC and the CHT, there is constant traffic congestion in the CHT and social costs are incurred every day and this goes on day after day. As it is said, "many a little makes a mickle". The Government cannot bury its head in the sand in the face of this problem and keeps adopting an ostrich policy. On the one hand, it injects a huge amount of capital into railway development; on the other hand, the roads remain congested. At present, the issue of reclamation makes it impossible to tell when the Central-Wan Chai Bypass will be completed. Without other supporting measures, the roads are congested and social costs are being incurred, and we can only blame the Government for a lack of commitment.

Concerning the Government's injection of capital into transport and infrastructure projects, for the sake of environmental protection, of course, we absolutely agree with the development of railways. However, please do not overlook the traffic congestion on the roads. It is necessary for the Government to summon the courage to solve the problem of an uneven distribution of traffic among the three tunnels as soon as possible.

Madam President, I so submit.

**MR LEE CHEUK-YAN** (in Cantonese): President, in order to avoid the accusation that I criticize the first Budget of the Financial Secretary from the beginning to the end, I will first praise it at the beginning. The thoughts that went into the handing out of goodies can be considered quite good and some measures would never have occurred to me, for example, that relating to electricity tariffs. On the measure relating to the Mandatory Provident Fund

(MPF), it did occur to me and I had also put forward such a proposal before. However, the measure relating to electricity tariffs never occurred to me but he came up with this idea, so I want to praise him for the thoughts he put in this regard.

However, the Financial Secretary should not be too pleased with himself because this is only petty cleverness. The Financial Secretary whom we want to see should have great wisdom. What is great wisdom? It is an appropriate set of fiscal philosophy that works for the interests of Hong Kong and serves the interests of all classes in Hong Kong at a macro level, a fiscal philosophy that can help other people. Unfortunately, even though we have several hundred billion dollars of surplus this year and a lot of thoughts have gone into his handing out of goodies, what we want to know is what commitment he has actually made to Hong Kong in the long term? If he is a great politician with great wisdom, he must let the Hong Kong public see his vision, long-term planning and long-term commitment throughout the Budget. However, this is precisely the most fatal flaw and the greatest failure of the entire Budget, that is, there is nothing long-term in it.

I am greatly disappointed. The fiscal philosophy of the Government now is obviously that of a distinction based on affinity. It is not a distinction based on political affinity but on wealth. The handing out of goodies to the poor is tantamount to a one-night stand, seduction and abandonment. To the rich, it amounts to being forever in love and staying together forever. The most striking example is the "fruit grant". At present, the "fruit grant" for the elderly stands at only \$600 to \$700 and we propose that it be increased by \$300. However, the Financial Secretary told the elderly that, sorry, the Government could only give them a one-off sum of money because in the long run, \$4.3 billion would be incurred each year in future. The Financial Secretary regarded the elderly as a burden. The expenditure in this area now stands at \$1.7 billion. If the "fruit grant" is increased, it will be necessary to spend \$4.3 billion each year in the long run. And he spoke as if he could ill afford this sum of money. However, when it came to the profits tax paid by companies and large corporations, the Secretary offered a reduction amounting to \$4.4 billion in one stroke. This reduction amounting to \$4.4 billion is not a one-off measure but a permanent one that will be repeated every year. The Financial Secretary told the elderly that, sorry, the Government could not bear the burden created by them in the long term. However, he told large corporations that it did not matter even if it costs the Government \$4.4 billion each year for a long period of time to come because of them.

How can this be fair to the socially disadvantaged and the poor in Hong Kong? Apart from the fact that the reduction in profits tax is permanent in nature, this is also the case for the wine duty and the abolition of the estate duty last year. It is possible to adopt all these measures as long-term ones but when it comes to the poor, nothing can be done on a long-term basis.

There are also several other obvious examples. Financial Secretary, when meeting you in the past, I often stressed one point, that is, the most important thing for Hong Kong was to increase the recurrent expenditure. In the past five years, the recurrent expenditure could not keep in pace with the economic growth. This in fact violates the Basic Law, which says that expenditure has to be in line with economic growth. At present, they are not in line with one another at all. The economy keeps growing but expenditure does not increase in any way. At best, it is just in line with inflation. In this way, the "cake" will become bigger but the share for the public will get smaller. The slogan of the authorities is "big market, small government". It is indeed a case of "big market, small government" but the consequence of a small government is that the recurrent expenditures on health care, education and welfare services are diminishing. Who will be most affected by the contraction of expenditure? It is the general public. This is because the recurrent expenditures on health care, education and welfare services can help the public the most but the authorities just keep cutting them.

Just now, I have talked about the "fruit grant" for the elderly, so I am not going to talk about it further. However, what I wish to talk about more on behalf of the elderly is retirement protection. I understand that Secretary Matthew CHEUNG will review the "fruit grant" at the end of this year. But I hope that the Secretary will not review the "fruit grant" for us. The meaning of the "fruit grant" is a gesture of respect for the elderly. The current amount is \$700. If a review is necessary, it should be a review of the retirement protection for the elderly. This is a longer-term issue. After the authorities conduct the review at year-end, they may say introduce means tests. In future, another category of "fruit grant" may be added under CSSA for the elderly because means tests have to be conducted. If this is the case, it will be preferable to introduce an old age pension for all elderly people.

I think that if a review is necessary, it should not be a review of trivial matters but of bigger issues. Ever since the introduction of the MPF Schemes, I have been saying that the elderly cannot benefit from them, so how can the

problems facing elderly people in retirement be solved? We have talked about it for over a decade but so far, there is not any solution. We often say that it is necessary to have a proposal for universal retirement protection and many non-governmental groups, including the Hong Kong Council of Social Service, have done some calculations which have shown that it is possible to give \$2,500 to elderly people each month and all of them can get a share. However, the authorities would not conduct a review of big issues but only of trivial matters.

Furthermore, I also wish to talk in particular about the waiting time for a place in nursing homes. A quarter of elderly persons passed away while waiting for nursing home places. Is it the Government's intention to keep them waiting, so that they will pass away while waiting and that the problem is regarded as solved? When people pass away, it will no longer be necessary to solve the problem. However, this is not what I wish to see. I really hope that the Government can solve the problem. I know that a review by the Government is underway. But I hope that after the review, it will not just say that our policy is one of home care. Everyone wants to have home care but some elderly people are really in very difficult situation, such as singletons, elderly couples and elderly people whose children cannot care for them. These elderly people have the need. At present, they have already gone through assessments before being placed on the waiting list. If they are considered to have the need after assessment, they must all be dealt with properly and only in this way will we give them a fair deal. Therefore, concerning this review, I believe the authorities are sincere and I hope that the Secretary can do a better job in this regard.

The second point is related to long-standing policies. The measures of the Financial Secretary on transport subsidy also lack a lasting effect. The transport subsidy, originally granted to low-income earners who work across districts, is now also granted to people who do not have to work across districts, so people working in their local districts are now also eligible for the subsidy. I think this represents a kind of progress. To raise the eligible income level from \$5,600 to \$6,500 is also a kind of progress. Although I proposed \$6,600, the Financial Secretary insisted on reducing the amount by \$100. I will not pursue this further but there are two issues on which the Financial Secretary must do something. The first is how to benefit members of the public not living in the four districts, that is, how to extend the coverage to the entire Hong Kong Island, Kowloon and the New Territories because everyone has to take transport to work and it is not just residents in those four districts — Tuen Mun, Yuen Long

(including Tin Shui Wai), the outlying islands and the North District — who have to do so. In Yuen Long, I came across a member of the public who had to travel from Tai Po to Yuen Long to work. He asked me if transport subsidy would be available and I replied in the negative. He asked me for the reason, so I promised him I would ask the Secretary for the reason because I did not understand either. I hope the transport subsidy will be extended to cover all districts.

Second, why is this measure not a long-term one and will only last one year? Originally, it would last just half a year but after trial, the period was changed to one year. However, why can it not be implemented as a long-term measure? I am not saying that the subsidy must be provided in the long term because if these people get a pay rise, it would no longer be necessary for the Government to provide the subsidy. It would be the best if there is no need to give them even 10 cent. If everyone's pay were increased to over \$6,500, I would be the happiest guy and government subsidy would no longer be necessary. However, so long as they are still low-income earners who have to work outside and can ill afford the transport fares, the Government should provide subsidy to them in the long term. And the Government should not tell them this is a pilot scheme.

Another area calling for long-term implementation is education. Of course, so far, the Government has already done a lot. Concerning 12-year free education, I hope that it can also be extended to adults. At present, there are a lot of people who miss the opportunity to receive education and they have no opportunity to study. Why are adults not entitled to 12-year free education? Of course, perhaps some people do not have this need. They may have already completed Secondary Three and their number of years of education falls short only by a few years. We may as well let them complete the remaining few years of education to assist them and train them — not just to train them but to let them take the HKCEE, so that they can obtain academic recognition, and most importantly, employers' recognition. There is one problem with the training at present. The training is designed for certain trades and for a change of career, not training awarded with qualifications. The completion of training does not mean that one has acquired HKCEE qualification. Therefore, educational opportunities should be provided to adults, particularly when at present, a lot of single parents receiving CSSA are required to work outside by working as domestic helpers. President, I think that they should not be asked to work as domestic helpers. Rather, they should enrol in evening schools. In fact, there

is no need for single parents to attend evening schools because it is possible for them to study during the day all the way to working in society in the future. Just when their children grow up, they can sit for the HKCEE together, graduate together and work in society together. How wonderful that would be. What is the point of asking them to be domestic helpers? How much can they earn by working as domestic helpers? Therefore, the Government can give this some thought.

Moreover, the Government should also review health care services. The present situation is so terrible. Many hospitals, such as the Tuen Mun Hospital, cannot cope anymore. A hospital is needed in Tin Shui Wai. All these do not require just a long-term policy but also prompt action. However, we cannot see any long-term commitment on the part of the Government in this regard and all it talks about is financing and what it thinks about is how to get more money from the pockets of the public. However, at present, the Government does not lack money. It can in fact take action immediately.

President, another problem that I wish very much the Financial Secretary could solve is that of ravaging inflation and the sky-high cost of living. The grassroots cannot cope anymore. Chief Executive TSANG often stresses one point, that is, there should be a harmonious society. President, he has succeeded. It is indeed "harmonious" but actually it is a "moaning" society. President, at present, everyone is moaning as everything is getting more expensive. Everyone is moaning about the fact that it is more expensive to buy things like oil, rice, cooked food, vegetables, to eat out and to buy breakfast. What can the Government do about it?

The Government can do something in several areas. The first is to give a pay rise. There are two ways of doing this. One is to set a minimum wage. Mr LEUNG Chun-ying has already talked about this point. I think we may as well legislate quickly on a minimum wage instead of waiting until October. This is what I have always been saying to the Secretary. However, in his reply, he will surely say that they are currently preparing some groundwork together with the Legislative Council. However, this is just a "secret love" with the Secretary. Is it not better for us to disclose this "love affair" to the public and say that we will legislate immediately? What good will it do us to be involved in a "secret love affair"? We may as well legislate immediately and make everything clear and open to the public. Moreover, after Mr LEUNG Chun-ying has spoken, employers are already psychologically prepared. We

had better legislate directly and announce a timetable on legislation. The best thing to do is to proceed immediately. Making a pay rise is very important and the right to collective bargaining can help us secure a pay rise. However, I am not going to say too much today. This is also what the Government owes us in the labour sector.

Transport subsidy can help members of the public cope with inflation. I have already talked about this point just now. Another issue is that we must curb the trend of price increases. The Kowloon Motor Bus (KMB) is going to increase its fares soon and the electricity tariff will also be increased soon. If the KMB increases its fares, it will be terrible. They are saying that the fare increase will be 9%. By how much will the Government actually allow it to increase its fares? No matter how much the increase will be, it will be terrible. Be it 3% or 5%, this is terrible to the public. What can we do? Therefore, the increase in fares and charges is another problem.

Another thing is that it is necessary to have an economic policy in order to curb inflation. I think the linked exchange rate system really has to be reviewed to see whether the Hong Kong dollar should be pegged to the US dollar or not. Of course, this will involve a major reform. However, the present overall inflation and the imminent problem of negative interest rates will lead to rising property prices, thereby pushing up inflation. All these problems are related to the peg to the US dollar. Actually, should we adopt a "basket" approach instead of the peg to the US dollar? This issue really requires some thought. Otherwise, it will drag on year after year with no end in sight, whereas the general public will have to endure the miseries of inflation all the time. In this regard, I believe that a reform is in order.

President, lastly, I want to talk about the issue of the MPF. Mr LAU Chin-shek discussed some of the points yesterday. I wish to talk about the situation of domestic helpers in particular. Domestic helpers have the most miserable lot. They are the "five nots", that is, not paying tax, not having MPF, not receiving CSSA payment, not having any property and not having anything — I cannot recall the fifth "not". There is another "not" which I will talk about when I remember it — this time, the Government will inject \$6,000 into the MPF accounts of low-income earners. However, they cannot get a share because they are being discriminated against and they do not have any MPF. Why should they be subjected to double discrimination? Why can a better job not be done, so that over 10 000 domestic helpers can also benefit from

this measure? They are also not entitled to any transport subsidy because the transport subsidy given to them has just been abolished. This is one of the "five nots". So why can we not help them a little? There are more than 10 000 such "five-not" domestic helpers, so the Government should help them cope with the inflation at present.

President, there is also the problem of youth employment. Just now, Mr Andrew CHENG also talked about this issue. What the Secretary is doing is desirable. He is giving young people the opportunities to join social welfare organizations. However, I have to give a warning because I have begun to hear some social welfare organizations say that they can dismiss their existing contract staff. Since it is a one-off provision, these organizations can dismiss their contract staff (that is, the current WW, or welfare workers,) at any time and then employ new staff members at the monthly salary of \$6,000 or \$8,000. Is this not the same? Alternatively, the WW employed originally can be changed to a contract staff member with a monthly salary of \$8,000. Is this not the same? It is possible for these organizations to not to increase the number of its staff members. Therefore, we have to be more careful in this regard because I have already heard of such instances.

President, lastly, my conclusion is that I hope the Financial Secretary can draw up a longer-term fiscal planning and really commit more resources to measures requiring recurrent expenditure. Regarding this Budget, I have to tell him that I really find it difficult to give my support (*The buzzer sounded*) ..... just now, I have spent a total of one minute on commendation and 14 minutes on reproach. However, I really hope that he can say something that deserves my support.

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

**MR LEE CHEUK-YAN** (in Cantonese): Thank you, President.

**MR JAMES TO** (in Cantonese): President, in fact, in the past few years, the items relating to the policy or expenditure on security in the Budget have been on the decrease.

Before I talk about the policy on security, I am also aware that there is something quite special this year — I am responding to the comments made by Mr LEE Cheuk-yan and many other Members — at present, a sentiment is prevalent in society. When everyone is moaning and groaning, initially, people may just moan but after some time, the grievances will accumulate. I hope that the Financial Secretary will not take this lightly. This situation is unlike other ordinary problems and I believe that not just harmony but social stability is also at stake.

Of course, one extreme example is that if prices really increase heftily, so much so that some social strata cannot cope at all, some people may then demand price subsidies. However, this runs counter to the fundamental economic policy practised in Hong Kong, moreover, other people are also observing if we can adhere to this objective in the long term.

However, under this major policy, it is really possible for us to identify in various areas ways to help various kinds of people. For example, Mr Albert HO talked about how CSSA recipients made use of housing subsidies and they even had to use their money for food to pay the rent. This is really going too far. Since the authorities conduct a review only at long intervals and the rent control was lifted several years ago, the rent of flats with lower value is soaring far quicker than that of medium-priced flats or luxurious flats.

On transport subsidy, why are some people being left out and cannot benefit from it? In fact, it is highly reasonable to set the objective standard according to income and if their incomes are higher than the standard, they will not be eligible for it at all. However, districts should definitely not be used as the basis of calculation. For example, although I live in Kowloon West, it may really be necessary for me to go to a rather distant location to work, so it is really due to various reasons such as employment that I have such a need. This is also the case for the more than 10 000 domestic helpers mentioned just now. Why can this not be done?

It is always better to identify various areas and provide assistance accordingly than to allow tremendous pressure to accumulate in the whole society, so that in the end, it turns into a demand on the Government to provide general price subsidies. However, it is not true that the Government has not done so. The Government has already done so in another guise, for example, from the proposed electricity tariff subsidy of \$1,800, it can be seen that the

Government is also doing things of this sort, is it not? Of course, some people may say that the Government is now handing out money. However, to me, this is not just an act of handing out goodies. Rather, there is actually such a need in society. Otherwise, the public will start with moaning and then become extremely discontented with the Government.

Let me go back to the policy and expenditure on security. The police receive over \$10 billion in funding each year and the security services as a whole receive tens of billions of dollars in funding. However, there is a great deal of room for improvement in the quality of professional law-enforcement officers. As Members all know, recently, there was an incident involving obscene photos purporting to be artistes. In fact, there was something seriously wrong in the procedures of the entire law-enforcement process and the credibility of the police force was greatly undermined. Regarding the case relating to speeding by a business tycoon and the use of laser guns, I have no intention of further pursuing past incidents and I only wish to look ahead. However, if we look from the perspective of the Budget, how costly will it be to buy laser guns with digital image capture? If these guns are procured, no one can complain about anything because by using these laser guns, one can immediately see what happened and there will not be any cause for people to suspect whether or not there is any selective law enforcement. Moreover, the amount of money required is in fact not that great.

In addition, there were some blunders and what actually happened? I am referring to the incidents of vessels of the marine police running aground. These instances are really puzzling because they skipper their boats in the same waters every day. Even though it was very foggy, how possibly could they run their vessels aground? Moreover, since they knew full well that it was foggy, they should not have cruised so fast, should they? If such incidents could really be attributed to some very special circumstances, I believe the news would have come out in a few days' time. However, nothing further was heard of after each incident and no one was held responsible on each occasion. Another example is the "strip and search" incident that occurred in Lei Tung Street. In the end, it was also said that there was nothing wrong. In addition, regarding incidents such as the high-profile search or visits to the offices of newspapers, in the end, it was also said that there was nothing wrong. There was nothing wrong in all these incidents. Even if one goes to the Complaints Against Police Office (CAPO) — I will propose that it be cut later — to lodge a complaint, since it is not independent, the public have no confidence in it at all.

If the public do not trust the CAPO and think that it is all about the police investigating themselves, they can take civil action to claim compensation. If a case can really be substantiated, the CAPO will then negotiate a settlement with the aggrieved person and give him some "hush money". Why do I call it "hush money"? Because there is a requirement under this arrangement that prohibits the disclosure of the facts of the case. No matter whether the compensation is \$1 or \$10 billion, the facts of the case cannot be disclosed. In other words, be it the Legislative Council or the Independent Police Complaints Council, they have no way of knowing what the police have done wrong or the gravity of their mistake. All in all, some money will be paid to the aggrieved person to gag his mouth.

If one goes to the Court to take civil action and the legal action was successful — in other words, if one succeeds in proving that the police really did beat or frame up someone or the like — and even if the compensation amounts to only \$1, normally, follow-up action should be taken, that is, disciplinary action or other follow-up action should be taken. However, I raised this point a number of times in the relevant committee but no one could give me an answer. The authorities said that disciplinary action was different from civil proceedings. Everyone knows this. The question is, even though legal action is taken according to civil case standards and it is proven that the police did beat someone, there is no reason for the police officer involved to get away scot-free, is there? Sometimes, it may even turn out that the CAPO found on investigating the case that the police had not beaten anyone at all, that is, the finding ran counter to the judgment of the Judge. It can thus be seen that it is even more formidable than the Judge. However, the Judge makes his judgment only after trial and cross-examination by both parties, does he not? Therefore, I believe that there is room for improvement in these areas.

Recently, I read about one point raised by the Director of Audit (of course, they had examined it carefully beforehand) and I found that there was a big problem. For example, on drug rehabilitation, the Society for the Aid and Rehabilitation of Drug Abusers (SARDA) and the Department of Health (DH) are involved in a dog fight — it is perhaps not too nice to say so and I should say that the two parties are at loggerheads with one another. In fact, the DH and SARDA should co-operate with each another. Everyone says so and everyone wants them to. However, in the end, they have wrangled interminably and over what? Members must bear in mind that in a wrangle, some people are right and some people are wrong and it is then OK, is that not? However, it turned out that what they were wrangling over was something that the Financial Secretary

should express concern about at the end, that is, for some unknown reasons, SARDA engaged in certain non-core business after receiving tens of millions of dollars in funding. If we judge according to some other standards, such actions can even be considered criminal because this is like a social worker being clearly requested to undertake task A but he turns out working as a counsellor for the management of a building. There was really people who was prosecuted for this reason and the fate of that social worker was really unfortunate.

However, SARDA was not involved in this. In fact, what SARDA does is very meaningful. Why? Because what it tries to do is work counselling and this is in fact related to employment. Just think about this: If an ex-offender has made a great deal of effort to turn over a new leaf and he is released from jail, when SARDA assists him in looking for work, it has to do so as though it has broken some rules or the law and it is being constantly criticized by the DH. The DH has criticized SARDA for this reason for many years. However, SARDA insists that the provision of such services is very meaningful, important and absolutely necessary. How should this problem be solved in the end?

In fact, this is very simple. It only takes the Financial Secretary to say that since SARDA has to provide this service, additional resources will be allocated to it to do the work. I do not know why the situation has developed to such a stage. However, Members have to bear in mind that SARDA has all along played a major role in drug rehabilitation within the government framework and so has the DH, so I have regarded both of them as government departments. The present situation is just like two siblings having a dispute and in the end, one of them is accused of non-compliance in the use of the resources allocated. In fact, the Government, that is, the Financial Secretary, should allocate separate resources for doing this job, should he not?

Sometimes, I find this situation very strange but also very interesting. The Government has appointed Secretary Wong Yan-lung, instead of the Action Committee Against Narcotics, to set up another team to take short-term action but this team has not even dealt with this matter. All in all, the Government only provides another sum of money and allocates a little more to every item. Then, it no longer cares about the ongoing work. For this reason, I find this situation very strange.

In addition, on countering dangerous drugs, I still want to propose to the Government, for the sixth year, and I hope the Government can really listen

clearly, that several years ago, the Democratic Party submitted a piece of legislation to increase certain penalties so as to specifically target the drug abuse problem among young people. In this piece of legislation, concerning law enforcement, if anyone deliberately uses young people to traffic in dangerous drugs or pushes dangerous drugs to young people, the offence will be an aggravated one. Such is the aim of the Democratic Party in drafting the provisions several years ago, that is, it is hoped that drug traffickers will be deterred from contemplating involving young people and they have to think twice about this. Of course, they will calculate the opportunity costs, will they not? Is doing so worth being jailed for an additional 10 years? However, unfortunately, the police have not actively taken this provision on board and why do I say so? This is very simple. If the police adopt it, they have to change all their strategies and methods of law enforcement. At present, at the entrances to methadone clinics or locations where drugs can often be found, one can find practically anything, including syringes, pills and pellets containing heroin. To the anti-narcotics team in local districts, it is of course easy to seize such items, open files and make arrests and it is also easy to crack cases.

However, Members must bear in mind that at present, the whole society is concerned about the problem of young people consuming dangerous drugs. What the Government keeps doing is to just keep cracking down on establishments — or places of public entertainment. However, when inspecting these establishments, has any deployment been made, has any strategy been formulated or has any intelligence been gathered, so that this provision can be used to make the people concerned know that pushing dangerous drugs to young people or making use of young people as drug mules is a very serious matter? It is only when the Government does so that one can consider it to have enforced the law in this area strictly. However, the Government has not done so.

Regarding the Independent Commission Against Corruption (ICAC), I think that in the next two years, there are two very important points to which attention must be paid. First, buildings have to be maintained and repaired. At present, a tidal wave of projects of this kind is being implemented because if we look at the ages of buildings, many of them are already 30 to 40 years old. In addition, the Mandatory Building Inspection Scheme will be implemented later and incidents such as aluminium windows falling down have been often heard of. Furthermore, it is necessary to comply with fire safety requirements and electrical wires have to be replaced. For this reason, the sums of money involved in this kind of contracts are very substantial. Therefore, some people

will be involved in irregularities. Some people, in order to secure a contract, may even try to become a resident of a certain building by buying a flat in the building and serving in the owners' corporation as a member or the chairman, so as to secure a tender. Even if the price of a flat is higher than it should be, it does not matter because an old flat costs only several hundred thousand dollars. And even if they buy it at a cost of one million and several hundred thousand dollars, this is not a problem either because this kind of contracts often involves tens of millions of dollars or several million dollars at the least, so these people can calculate in this way. Therefore, I think that in this regard, the ICAC should really deal with these people and such instances forcefully.

Separately, with the robustness of the financial market at present, instances of behind-the-scene corruption involving large sums of money in the financial sector are in fact very serious. Let me cite an example according to what I know. I have a friend who is a lawyer. Of course, he is involved in work relating to the listing of companies. He told me he found that in each meeting, a consultant was always present and this consultant never offered any advice, nor did he ever speak. My friend subsequently found that he charged and received \$100 million. What sort of person do Members think this consultant is? Is this person really a consultant? He can still be a consultant even though he does not speak because if he finds that there is a mistake, he can point it out but if there is no mistake, there is no need to point out anything, is there? This is precisely in this job about having a consultant — it is a safety value. If there is not any mistake, that is fine and that is OK. Can such a person doing this receive \$100 million? What is at his back? I am really interested in knowing. Of course, this is suspicious but it does not necessarily mean that there is any criminal offence. However, there are in fact a lot of underlying issues that we have to follow up.

Public space is recently a very hot topic and I wish to talk about this issue, particularly when the Secretary is now present. I believe that strategically, in the past few years, particularly historically, there was the policy of "85 000 units" under which the Government strived to build more flats. At the same time, there was a lack of public space and parks in old districts, so there were suggestions that land should be utilized optimally under the mode of public-private partnership and through the co-existence of public and private areas. As a result, a public park may be found on the 7th floor of a building or facilities such as a garden or swimming pool may be built on the 3rd floor of a building. It was only after some recent public announcements that people know

that there are such facilities at certain places and that certain places belong to the public or certain places can be used freely. However, in reality, a lot of places cannot be used in this way and it is really difficult to carry out monitoring. It is necessary to carry out frequent inspections to see if the doors are locked, if the fences surrounding flowerbeds leave only a space of one inch, if no one is allowed into some places and if one will be questioned by security guards on entry, and so on. Consequently, a lot of manpower will be required and it will again be necessary for the Financial Secretary to make additional provisions to hire more staff.

Of course, small owners have causes for complaint because when they purchased their flats, in the documents provided by the developers concerned, the prints were small like ants and even though it was stated where the podiums were and which areas were not public podiums, small owners still could not sort out whether these public podiums were podiums for the general public or they belonged to the housing estate only. For sure, public podiums do not belong to certain flats and they are of course public, are they not? For this reason, they feel aggrieved and that they have been cheated.

However, the Government said that sorry, insofar as these flat sales brochures and documents are concerned, they could not be legally-binding in nature, nor could they be regarded as criminal matters or civil claims and placed under legal control. Rather, they had to be dealt with as a special case. The Government said that it could only be subject to the self-discipline of property developers.

The Honourable colleagues in the Legislative Council from the property sector also asked how possibly could a cat not eat fish. In using small prints when preparing their documents, these property developers want people not to notice them. In that way, they can muddle through. What property developers want to do is to maximize the plot ratio as long as small owners will not be aware that some areas are actually designated as public gardens. This being the reality, both sides have a great deal of complaints and I hope the Government can really review whether or not we should still adopt this policy and allow the co-existence of public and private areas and count them as public facilities. Is this the best policy for the future?

Lastly, I wish to talk about the Urban Renewal Authority (URA). I hope the Government can really conduct a review in this regard because with the

higher expectations of the public and the stronger voices for conservation, the opposition to screen-like buildings is rising, so buildings cannot be built too tall and plot ratios cannot be too high. Therefore, I believe that the original funds allocated to the URA for preparing estimates and as its support are inadequate.

**MR WONG TING-KWONG** (in Cantonese): Madam President, in this debate on the Appropriation Bill 2008, many Honourable colleagues have talked about welfare, that is, about "spending money". However, my speech today will focus on economic development, with a view to "earning money" for the Hong Kong economy.

In this year's Budget, it is stated that "apart from promoting pillar industries and developing traditional businesses, we must tap new opportunities and markets.". In last year's policy address, the Chief Executive proposed the new direction of accelerating the development of our creative economy. On this, we render our full support. However, the Budget pointed out that in order to speed up and continue to boost the development of the creative economy, promotion in the Mainland and overseas was of paramount importance. We think that this viewpoint deserves our discussion.

Recently, the World Economic Forum (WEF) has published its Global Competitiveness Report, in which the ranking of Hong Kong's overall competitiveness has fallen from the 10th place to the 12th place. According to the analysis of the WEF, Hong Kong's competitiveness has been on the decline in the context of a global knowledge-based economy, not because of inadequate publicity and promotion but a lack of knowledge and innovation.

According to a study of the Asian Knowledge Management Association, there are two development strategies for knowledge-based economies: One of them is the adoption of innovative technology as the driving force of the economy. Examples include such regions and countries as Singapore, Taiwan and South Korea. Hong Kong also once developed in this direction. However, the life cycle of products of innovative technology is quite short, the time required for research and development is long, the scale of investment is large and the risk involved is quite high. In fact, it is practically not suitable for Hong Kong's economic structure, which is based on small and medium enterprises (SMEs). Moreover, there are inadequate technological talents and industrial support. As a result, the failure of the economy to restructure over

the years shows clearly that the innovative technology industry is not something Hong Kong excels in.

Secretary TSANG proposed in this Budget that a one-off provision of \$18 billion for the establishment of a Research Endowment Fund be made to support research by academic institutions. It shows the SAR Government's perseverance and determination in promoting research and development work. I welcome the establishment of the Fund and hope that through its investment revenue, steady and additional resources will be provided for institutions to carry out research work. Just as mentioned in the previous paragraph, we understand that it takes a long time for research and development work to yield results, the scale of investment is large and the risk involved is high. Some entrepreneurs have said that "Hi-technology can easily go wrong.". As a result, there is always a lack of an environment conducive to technological research and development in Hong Kong. Therefore, I hope that this Research Endowment Fund amounting to \$18 billion can first of all create an environment favourable to the promotion of technological research so that corporations and universities can gradually increase their commitment to technological research and enable Hong Kong's industries to continue to diversify. At the same time, I hope that the SAR Government can monitor the Fund carefully, use it appropriately on the long-term economic development of Hong Kong and avoid turning it into the handing out of goodies to various organizations involved.

Coming back to another development strategy of a knowledge-based economy, it is one adopting knowledge innovation as the pillar. It is mainly about innovative activities driven by a convergence of knowledge. The key is the agglomeration and integration of diverse creative culture in areas like technology, economy, art and culture. To facilitate knowledge convergence, a pool of talents must first be attracted. Hong Kong is precisely a place that embraces openness and a diversified culture, and an international city that is most capable of stimulating creativity. Therefore, in this era of global knowledge-based economy, in future, Hong Kong should adopt knowledge innovation as the driving force and position itself as a creative metropolis in Asia. Only in this way can Hong Kong revive its competitiveness in the global market.

In the face of the globalization of the world economy, Hong Kong's existing industries can only move up the value chain by adopting the strategy of converging intellectual property rights or adding value to Hong Kong brand names. The major feature of both strategies is the orientation towards

knowledge assets, the cultivation of new areas of growth for the economy and the facilitation of economic restructuring.

Hong Kong enterprises already possess unique strengths in cost control, quality control, supply chain management, design, marketing and promotion. However, insofar as brand building and brand management are concerned, we are still lagging far behind developed countries such as the United Kingdom, the United States and Japan.

In fact, it is not true that there are no brand names in Hong Kong but most of them are local brand names. The number of Hong Kong's international brand names is very limited. Although Cathay Pacific, the HSBC and Hutchison Whampoa are renowned brand names, they are not established by Hong Kong people. For the Hong Kong industries to upgrade from their original equipment manufacturing modes, we must establish international Hong Kong brand names.

However, in the process of developing international Hong Kong brand names, one can foresee a number of problems that have to be solved. In the past, some members of the sector told me that the resources of the Government for brand development were not focused enough and it was not easy to find an appropriate funding programme. Others said that Hong Kong lacked a branding system commonly accepted by both the Government and the industry.

As a matter of fact, Hong Kong lacks a brand management model or a branding system as benchmark reference for SMEs on which the industry and the Government have reached a consensus. Moreover, the knowledge of Hong Kong's accountants and other professionals about branding, such as a brand audit system and brand assets valuation techniques, is inadequate and greatly increases the difficulty in establishing Hong Kong brand names.

To SMEs, brand management involves a brand new mode of thinking. This is completely different from the thinking behind original equipment manufacturing. It is by no means easy to ask traditional business operators to transform themselves. In addition, brand name development is a long-term and complicated undertaking. SMEs are after short-term benefits only and are limited in vision. This is unfavourable to brand development. Brand-name creation and original equipment manufacturing are two different cultures and require different talents. This will also pose a huge obstacle in the transformation of enterprises.

For this reason, in order to promote the development of Hong Kong brands, the SAR Government must formulate a complete set of brand-name development strategies consisting of five major directions, namely:

- (a) Setting up a brand management council to provide one-stop support service;
- (b) Setting up a set of brand management modes and criteria;
- (c) Providing special concessions to attract overseas experts to come to Hong Kong and providing services like the promotion of and training in brand-name design;
- (d) Actively nurturing talents through local universities and academic institutions; and
- (e) Organizing government-recognized award schemes for successful brand names and promoting mutual recognition and co-operation with mainland brands.

Madam President, the above proposals are just some preliminary ideas. Later, I will present some concrete proposals to the SAR Government on developing Hong Kong into a creative metropolis in Asia. The reason for giving notice of my proposal here is to first arouse the SAR Government's concern for the issue, in the hope that the SAR Government can make use of this favourable condition of the present fiscal surplus to make deployments for stepping up efforts to promote the establishment of brand names at an early date.

Furthermore, this year's Budget proposes that \$6,000 be injected into the MPF accounts of low-income earners with monthly salaries of less than \$10,000. I hereby declare that I am a non-executive director of the MPF Authority and I welcome this proposal which can benefit low-income earners. However, I am concerned about whether once low-income earners but currently unemployed can also benefit from this injection of \$6,000. The Government has to answer this question and specify the eligibility quickly, so as to implement the relevant arrangements as soon as possible.

Madam President, I so submit.

**MR LEE WING-TAT** (in Cantonese): President, this year's surplus is so large that this year's Budget is handing out money in many areas. Therefore, the majority of the people are not interested in this debate. Today, when I browsed through the news reports in WiseNews, I found that the press coverage of Members' views, with the exception of those voiced by several party leaders, was in fact very limited. Therefore, I do not expect too much press coverage of my speech this time around either.

However, I still wish to express some views. Although the Financial Secretary is not present, I still want to say that I find the present tax rebate exercise and many other concessionary policies are in fact very transient. I think a government should be more far-sighted. I believe action can be taken in three areas. Firstly, the Government has already adopted some of the views of the Democratic Party and made a provision of \$50 billion for a long-term fund. This is a very desirable move because it is not necessary to spend the money right away. In particular, as we all know, in respect of health care financing, our expenditure on health care will keep increasing. This year, a provision of \$50 billion is allocated. Our party also hopes that the Government will record a surplus every year and that it can set aside some money from the investment income of the Exchange Fund. To all existing elderly people or people like us, who will soon enter old age or people who will enter old age in future, doing so can ease the burden arising from health care. I hope that the Financial Secretary and Secretary MA can give this point further consideration. In fact, it is possible to make this not just a short-term measure but a long-term investment mode for the future.

Secondly, I am slightly dissatisfied with the inadequate investment in education. This is because as we all know, education is not purely about expenditure. It is in fact our investment for the future. However, compared with many advanced countries, the percentage of our university degree places is in fact very small. However, we are using the number of associate degree places to put up an appearance. However, degree and associate degree undergraduates have to pay very high interest for the financial assistance for their tuition fee. I remember that in my university days — I spent a total of four years on my study because I deferred my study for one year as I served in the Student Union in my first year — I only paid a tuition fee of \$20. At that time, I was very poor, so Vice-Chancellor Dr Rayson HUANG lent me a sum of tens of thousands of dollars. I kept deferring the repayment and I could not repay all the money even after a long time. However, it has now been paid up. It can

thus be seen that it is very miserable if a university student has to repay money while he is pursuing his study. I was very lucky that I had to pay only \$20 in tuition fee and I could repay the loan over a long period of time. For students nowadays ..... a colleague in my office is also an associate degree student. He has worked for three years but he still cannot repay the tuition fee loan and the interest.

Therefore, we have to think about this: If we consider education an investment, should we not increase the financial assistance for students a little bit? Moreover, is it necessary to charge such high interest rates? Some people call the Government a "loan shark" because the interest rate it charges is even higher than mortgage rates in general. Of course, someone in the Government told me that some students were not willing to repay the loan, that is, there were default cases. In view of this, a risk premium was added. However, Secretary, they are just students and they will repay the loan without someone pouring red paint or blocking keyholes. If one has such misgivings even about students, how can one find any hope in their future? Therefore, I hope that the Secretary can think about this because you are the "shopkeeper".

Thirdly, I feel that when a community has money, it should give a helping hand to the most needy. Of course, the grassroots are now leading a very difficult life. The Government always talks about market forces. In fact, within the Government — Prof LAU is also present now — is there any discussion on whether or not our market has experienced partial failure? I cannot say that the operation of the entire market has failed but I think the market has experienced partial failure. In particular, there is market failure in respect of the employment situation of low-tier workers. This is not simply due to the fact that there is a large supply of cheap and uneducated low-tier workers from the Mainland (I do not have any discrimination against them at all).

In addition, the pay of many of these low-tier workers does not correspond to their living. Even if they work eight or 10 hours a day and 26 days a month, their income still lags far behind their living expenses. You may say that they can work harder. However, how can they work harder? Let us consider this: If Mr So-and-so next door does not work but applies for CSSA, a four-member family can get \$8,000 to \$9,000. A low-tier worker toils tirelessly as a security guard, he can only earn \$6,000 or \$5,000 a month. Such a situation of market failure has existed for many years. For this reason — Prof LAU is present now — I hope that he will conduct some studies in this regard.

In fact, is the operation of our market really as good as some suggest? The number of part-time workers and workers on hourly rates has increased significantly. Of course, this is the future trend of social development predicted by economists. However, there are many defects in the system of Hong Kong. Low-tier workers are not given a minimum wage or other kinds of protection, nor do they have a social environment that encourages them to work.

In particular, the increase in the wages for many low-tier workers is in fact lagging far behind the growth in gross domestic product and the rate of inflation. Prof LAU is also aware of this. Their quality of life is different from the great majority of Hong Kong people, that is, about 60% to 70% of the families in Hong Kong. There is improvement in the living of the middle class or people with stable jobs, that is, the higher-tier, in the past three years or so. However, this is not the case for the other 20% to 30% of people. We call such a division in society social segregation and it is getting more and more serious. I have visited a grass-roots level housing estate and talked to the residents there. I would not say that all of them had grievances. However, the lower the stratum a person belonged, the more he was affected by his occupation or work and the more grievances he had. This kind of people accounted for about 20% to 30%. One cannot say that this is a small figure. However, if this figure keeps increasing, it will become a social problem.

Has the Government made a great deal of effort? Of course, it has made a little effort such as reviewing the CSSA scheme. However, I hope that the Financial Secretary can try to set up a committee within the Government to see if all the existing measures designed to offer assistance are overly strict and rigid — to put it unkindly — whether there are too much red tape. We can see that there is such a spike in the prices of groceries such as oil and rice but our review of the CSSA has not yet been completed. Therefore, the impact is in fact obvious, that is, their living standard has declined. The rents of cubicles or so-called suites or bedspace apartments in the urban areas have increased by 10% to 20% over the past six months. If the authorities still do not make adjustments, they can only cut down on the living expenses and on food as landlords or sub-landlords will certainly increase the rents due to rising inflation. So, what can they do? They can only spend less on food each day.

President, another area that I wish to talk about is the policy on planning, lands and buildings as the Secretary is now present. Mr James TO also talked about public space just now but I do not wish to cite the examples already given

by him. I have been following up on this policy for many years. In fact, I have no intention of criticizing certain departments severely. However, the three departments, namely, the Lands Department, the Buildings Department and the Planning Department have to do a better job in co-ordinating land disposal, land management and planning. In fact, sometimes, I find that these departments, especially the Lands Department and the Buildings Department, are all very difficult to deal with and they give people headaches. I do not know if the Secretary has any headache. If he has, it probably has to do with departments such as the Lands Department and the Buildings Department because in the past few years, there were talks in the community concerning several major issues in this area, for example, public space. We have already talked about previous cases or the so-called green balconies, which the Government promoted several years ago and were subsequently severely criticized by the mass media and the Legislative Council. In the end, green balconies are not used for environmental protection but for profit making. Next, there is the recent case involving the Park Island. We have the impression that according to many of those so-called land leases signed between the Government and developers, the Government was always the party that was at a disadvantage. Often, it gave others opportunities to exploit it and even gave members of the public the impression that the Government deliberately let property developers get the benefits. With the persistent conveyance of this kind of impression, it is not surprising to see members of the public accusing the Government of having too cosy a relationship with property developers and wondering if there is collusion between the Government and business. I know that the Government has an aversion to hearing the words "collusion between business and the Government". However, if the Government repeatedly allows a lot of issues to happen in this way, it can hardly avoid such accusations. Moreover, these developers are the richest people in Hong Kong. It looks as though they are very powerful because whenever the Government enters into any lease with them, it seems that there is always room that they can make use of to gain benefits.

In fact, these problems consist of three dimensions. Mr James TO has given some examples. The first is the drafting of lease. In fact, just by citing one example, it can be seen why property developers are so arrogant. Let us talk about uncompleted residential properties. President, we had two or three debates on this subject in the meetings of the Legislative Council. During the two years in which I served as the Chairman of the Legislative Council Panel on Housing, this subject was discussed three times, that is, on such a simple subject

as uncompleted residential properties. Uncompleted residential properties are unfinished products. Even when elderly people sell vegetables, they will put a label showing the price for a catty of pak choi is \$6 and \$5 for a catty of radish, and so on. Uncompleted residential properties are unfinished products. No one has ever seen the finished products. Recently, several university scholars and professors from The Hong Kong Polytechnic University and the University of Hong Kong have also said that insofar as these unfinished products are concerned, even to scholars like them, it is very difficult to calculate the final so-called actual floor space as stated in the sales brochures.

Personally, every six months, I will get some sales brochures of these uncompleted residential properties to have a look and each time, I feel very frustrated and even angry. For uncompleted residential properties selling for one to two million or even 100 million dollars, the Government has already put in place a Consent Scheme. Secretary, your colleague, the Director of Lands, is the ultimate guardian angel of consumers. Mr James TO and I had several meetings with him — it was Mr BURLEY whom we met at the time — however, I had a sleepless night after each meeting. I was wondering how he was going to provide the protection if members of the public purchasing uncompleted residential properties were to be protected by our officials. He once said that those were the terms and conditions and anything else was negligible. Was there any loophole in it? Of course, there were. However, despite our discussions on several occasions, there was no conclusion.

Our request was actually very simple, that is, to add a mandatory term to the Consent Scheme, namely, concerning the actual floor areas — our favourite term is "uniformity" — we demanded a uniform definition, a uniform standard and a uniform format. It was as simple as that. Three uniform items and everything else would be easy. In addition, the fourth point was that the description should be in large font instead of as tiny as a grain of rice. All problems concerning the sales brochures for uncompleted residential properties could be solved with the implementation of "three uniform and one large". However, we lobbied until our gums bled.

At each Legislative Council meeting, there were queries as to why property developers could be so domineering. One example is that despite a consensus in the Legislative Council to put something into practice, the Government just kept dragging its feet. Not only did we find that there were problems in the drafting of uncompleted residential properties Consent Scheme,

we also could not understand why the leases made in the middle and the end of the 1990s had enabled property developers to make huge profits so easily.

The second area I want to talk about is: I wish to ask the departments — Secretary, could you perhaps please ask them — after drafting a lease, does it occur to them that the lease has to be executed, that is, do they consider lease execution? The Government concludes a lease with a property developer and a deal is made. After the property developer builds some blocks, it gets an extra floor area of 100 000 sq ft. In that case, will anyone carry out lease execution afterwards? The construction of the park at Park Island was supposed to be completed in 2004 but the project was extended by two years. Now, it has been further extended to November 2008. This completion date would not have been set had there not been any complaint. It was only when someone made a complaint to the Commercial Radio that the developer undertook to extend the completion date to November. And will the project really be completed by then? Nobody knows.

Yesterday, I went to a housing estate at Wo Yee Hop Road to call a residents' meeting. The Buildings Department had posted a notice stating that residents there should not install swing-out type metal gates. The Department even sent officers to take photographs. And residents were required to remove the gates hastily. How did the residents feel? They thought that the Government was very fierce to small owners. Government officers went up the buildings to take photographs, telling residents that swing-out type metal gates should not be used for they would pose obstacles to fire prevention, then the officers demanded that the gates be removed in two months. However, how is the Government's attitude towards property developers like? It is unreasonable to extend the completion date of the park project on the Park Island from 2004 to 2006 without penalty and then further extend it to November 2008. And it is not certain whether or not the project can be completed in November either. Why is the Government so lenient to tycoons and property developers but so fierce to small owners? Therefore, the Government cannot blame people for saying that there is collusion between the Government and business.

Thirdly, why should small owners be punished but not property developers? If the small owners fail to install the metal gates properly, the Government can punish the small owners by registering a charge against the land title. This is specified in legislation. Has the Sun Hung Kai Properties

Limited ever been penalized for having deferred the completion of the project twice? At the Times Square, it is very clear the Starbucks coffee shop was once in business for the purpose of making profit but the Government has not instituted any prosecution against it after two months of discussions. Why does the Government not recover money from it? We in the Democratic Party have sent a letter to Mr WONG Yan-lung, telling him that if he is not going to pursue this matter, we will refer the case to the Court and ask the Government why it is treating property developers with such leniency. In fact, most people know that the shop was making a profit.

Secretary, many people say that you are "a good fighter". However, I do not want to see you getting any internal injury in a "fight". If you have to "fight" each and every single case, you may in fact sustain internal injuries because fighting leads to internal injuries. However, the problem is, that feeling — that is, the feeling that the Government gives property developers a lot of benefits — is still there. Therefore, I hope that the Secretary can look into these examples. I have no time to talk about green balconies and the Grand Promenade. Last year, the Audit Commission has already submitted a report on the Grand Promenade and we have gone over it. The Legislative Council Public Accounts Committee also made a series of recommendations. And how many of them are being implemented now? Height restrictions might have been implemented in certain districts but the Secretary knows that in many places, they have not yet been implemented. Why is the progress so slow? Therefore, I hope that the Secretary can consider making some adjustments to the duties among several departments, including the Lands Department, the Buildings Department and the Planning Department. Of course, I trust that the Secretary is now sorting things out. However, I think that if there is litigation every now and then, no matter how well the Secretary can "fight", you will still be "injured".

President, in fact, I should have talked about many of the problems relating to housing my secretary had told me. However, as I find that the Secretary is present here, I did not say much and I believe that I do not have the time to talk about the problems relating to housing either. What I want to say is mainly related to rental assistance. To residents living in cubicles and cage homes, which I have mentioned just now, the rental assistance in their CSSA payment is adjusted too slowly and I hope that various parties will be more concerned about this issue facing the grassroots. Thank you, President.

**MRS SELINA CHOW** (in Cantonese): President, when I leafed through the newspaper today — it is a pity that the Secretary has left — to see how much coverage there was on Members' speeches, President, I found that there was less and less of it. I believe that the President is also very much concerned about this, right? The President is very concerned about the public image of the Legislative Council and has also found that the news coverage on this debate is scant. We have to reflect on this. Why are the public and the media so indifferent to our debate? If we look around here, it seems Members are also not very concerned either. In this Chamber, Members often find that very few Members speak and still less do they find public officers speak.

Should greater importance not be attached to such an important debate? If even a debate of the Legislative Council by its Members is treated like this, does this not make us feel discouraged? I do feel this way, President. I do not know the solution to this problem but something must be done anyway.

Today, generally speaking, I believe there is a rather strong consensus. Many Members find that this Budget is quite good. Of course, as the Financial Secretary is handing out money like this, I believe that the number of people who are satisfied should be larger than those who are dissatisfied. Although there will always be people who are dissatisfied, in the final analysis, the majority of people are satisfied. Besides, since people from different walks of life may be able to benefit from it, there is a rather strong consensus.

After the Financial Secretary has announced the Budget, his public support rating soared to 68 points the next day but fell back to 57 points last week. The fluctuation is even greater than that of the stock market. The reason for this is that, on the one hand, the situation has changed. When he announced the Budget, it appeared that the Government was very wealthy, with a surplus of hundreds of billions of dollars. The situation was very good. However, it was subsequently found that the prospect was not that good. There were problems such as the sub-prime mortgage crisis in the United States, inflation on the Mainland and food price hikes in Hong Kong. In fact, Hong Kong is a prudent society and we can feel a sense of alarm. Although there is presently so much money, we may have to exercise prudence in our finance management. For this reason, contradictions have started to build up.

In any case, the Liberal Party has a better understanding of the difficulties that the Government is facing, that is, there cannot be too great an increase in the

recurrent expenditure because once the recurrent expenditure is increased, funds have to be made available every year. It is not just a commitment for this year but a burden to be borne continually. We all know that no matter how we make use of a logical or scientific adjustment mechanism that allows both increases and decreases, they are but empty talks. It is in fact easy to increase but hard to reduce any livelihood-related appropriation. This is really the political reality. Whether we like it or not, it remains a political reality that must be accepted. Therefore, to some extent, the Liberal Party can understand why the majority of the Government's measures are one-off additional allocations or measures to share wealth instead of making them recurrent expenditures.

Talking about how the Government treats elderly people — there are many elderly friends sitting here to listen to our speeches today and this is a very good sign. It also shows that the Legislative Council has really listened to their views. Regarding the elderly, the whole legislature is of the view that the Government has not attached enough importance to them and it is not doing enough. Take the "fruit grant", which Members often mention, as an example — specifically, I have been constantly in touch with the Chairman of the Elderly Commission, Dr LEONG Che-hung — in fact, elderly people are very easy-going. I find that elderly people seldom demand this or that and they can be easily satisfied. When I got in touch with Dr LEONG Che-hung, he explained to me why it was necessary to consider increasing the "fruit grant". It was because many elderly people did not want to apply for CSSA despite their difficult circumstances. In fact, they were eligible for CSSA but they did not want to apply for it. Our elderly people are very proud and have great dignity. We can often see elderly people pushing along some recovered cardboards in the streets strenuously and we want dearly to give them a hand. They are already so old, but they still have to push along such heavy items. They would rather do that than receive any CSSA, all because they have great self-esteem.

An elder once told me, "Mrs Selina CHOW, can you talk to the Government and ask it not to call it CSSA or CSSA for elderly people. We do not want any alms." They often have such a mentality. Therefore, they really have to rely on "fruit grant" to improve their living.

We have actually considered if we should give them a monthly payment of \$1,000. Of course, the Government would say, "How can we know if they have such a need without any means test?" The majority of elderly people have such a need. They will not apply for it if they do not have the need. At

present, among elderly people over 70 years old, only some 60% of them are recipients but some of them are not. I know that some of them are CSSA recipients but some of them do not want to apply for it even though their circumstances qualify them to do so. Therefore, the Government really has to take this into serious consideration.

In addition, regarding health care vouchers, we are of the view that the two have to be considered together. The Liberal Party is the first to come out in support of health care vouchers. We think that the direction is correct. On the one hand, this can really help elderly people and they really have the need. In general, elderly people have to go to doctors, even if it is only for a general check-up. This can really help them pay for such a need. However, it is too stingy to give them just \$250 a year. Although this is the right direction, we should make good use of both public and private health care services to truly help elderly people choose on their own. This is the advantage of health care vouchers but the amount is really inadequate.

We are very disappointed. Even though the Secretary told us that a review would be conducted a year later, we still think that it takes too long. Moreover, in the Panel concerned, it was even said that it would take three years. Last year, the Chief Executive told us that this would be implemented but this year, he indicated that a study on the arrangement had to be carried out, that it would not be implemented until next year and that a review would not be carried out until three years later, that is, by the end of 2011. When the review is completed, it will be 2012 and the next Chief Executive will be in office. I think the Government really has to take forward this matter earnestly and expeditiously. The public officer in attendance in the Panel meeting on that day promised that an interim review would be conducted. I said that although an interim review would be conducted, we could not rule out the possibility that some adjustments had to be made, could we? He dared not give an answer. I then employed the Government's trick by pointing out that he could not rule out such a possibility. I think the authorities should do something in earnest in this regard.

Moreover, a number of Honourable colleagues have also pointed out that the number of places in care and attention homes is inadequate. We do not think that the problem can definitely be solved by building a large number of public residential care homes all of a sudden. Firstly, there is a long waiting list. Secondly, building them in the public mode is not always the best

approach. In fact, the problem can be solved with the joint efforts of both private and public residential care homes. However, the problem is how the Government will formulate a proposal. For example, should a mode similar to education vouchers be adopted?

Talking about education vouchers, the Liberal Party is concerned about the elderly because very often, they lack the physical and financial capabilities. The same applies to children and they are our next generation. We have to offer help to parents in particular because they have all expressed clearly that early childhood education is essential. However, so far, the Government's policies cannot reflect the importance attached by parents to early childhood education.

For many years, kindergartens are run by committed and loving people. The Government has introduced the education voucher system but kindergartens are suddenly classified into profit-making and non-profit-making ones. Since the Government is handing out education vouchers, it should let parents choose. Why should it be concerned about whether kindergartens are profit-making or not? The Government should give parents the freedom to choose. What the Government has to do is to raise the qualifications of teachers. The progress now is too slow. Since the launch of the education voucher system, it is only until now that it requires kindergarten teachers to obtain the relevant certificates. The entry requirement for the studies leading to these certificates is just an education standard of Secondary Five and the qualification awarded is even lower than that of the Advanced Level studies. Even in our country, not to mention other countries, at present, the academic requirements for kindergarten teachers have gradually been upgraded to the degree level and that for nurses in Hong Kong has also been upgraded to the degree level, so why are the academic requirements for kindergarten teachers not upgraded to the degree level? I think there surely is a way to do this. However, the Government must commit resources. Otherwise, if the Government just shifts the responsibility to parents, they cannot possibly afford it. This is of paramount importance.

Moreover, concerning basic education, an interesting thing is that Hong Kong is very different from overseas countries in this regard. In Hong Kong, teacher qualifications are pegged to the level of the schools. For example, a Secondary Five graduate can qualify as a kindergarten teacher. Although primary school teachers have gradually obtained degrees, the standard of their degree qualifications is not comparable to that of secondary school teachers. I

think this is basically wrong. Be it kindergartens, primary schools or secondary schools, various pathways should be available. Although the target groups are different, the academic training and needs are the same. Therefore, the Government should commit resources to this area as soon as possible.

Furthermore, to minority groups, just as we have discussed at the Panel and the Subcommittee concerned, be them disabled students — non-Chinese-speaking non-disabled students, an even more minority group, together with other students of South Asian origin, they all require commitment of more resources by the Government to assist them. Regarding the allocation of resources for these minority groups, it will surely be a lot more expensive if it is calculated on the basis of unit cost. However, it is necessary to do so, particularly when we often say that we have to attract more talents to Hong Kong. It will not work if their children cannot find a place in schools after their arrival. In fact, both international schools and direct subsidy scheme schools are important and the Government should let them have adequate conditions for development. This point on education should be given due importance.

We also agree with many Honourable colleagues' comment that students should not be deprived of the opportunity to receive education for financial reasons. Many Honourable colleagues have already said clearly that loans should be provided to them. However, the higher the academic qualifications attained by some people, the heavier they are in debts. When they work in society, it will have a great impact on their living if they are heavily in debts. Therefore, does the Government really require them to pay the full amount of interests or take out loans from the Government? Should students with outstanding academic performance be given better opportunities?

Furthermore, President, I wish to talk briefly about government resources. The Chief Executive pointed out in his policy address that he had requested the Financial Secretary to pay particular attention to the Government's investment and the utilization of its resources. I do not know his response because he did not tell us. However, we have noticed about the unsatisfactory usage of many government assets. The Director of Audit has already pointed out this and I am not going to repeat the contents of the report. However, be it rental housing or petrol station ..... I have particularly strong complaints against petrol stations because the purpose of establishing a fuel-filling facility is not just to make money but also to serve drivers. If the service of a petrol station is suddenly

suspended for several months and then it is again used as a petrol station, exactly why should there be the loss of income as well as of the service needed by members of the public? Perhaps the Government really has to give us a briefing as soon as possible. Thank you, President.

**MS AUDREY EU** (in Cantonese): President, both Mrs Selina CHOW and Mr LEE Wing-tat, who spoke before me, raised the same issue in their speeches that there was little newspaper coverage today of the Legislative Council debate started yesterday. Mrs Selina CHOW also asked the President about ways for improvement, given the diminishing number of officials attending the debate.

President, I think the answer is very simple. If the Honourable Member wants others to be concerned about and pay attention to her proposal, she must first ensure that it can be implemented or, at least, represents the consensus reached by this Council for implementation by the Government. Should that be the case, what she says will naturally be covered as it will ultimately come true rather than being blown somewhere else like saliva.

So, President, how can the relationship between the executive and the legislature be changed, and how can the proposals made by Members of this Council be turned into reality and truly implemented to make the elderly people who are sitting here feel that they have a say after listening to Members' speeches? The answer is very simple, President. By opening up the political system, people can participate fairly through a "one person, one vote" system. That way, people will find their votes useful. When the person voted by them becomes a Member of the Legislative Council, his pledge will come true. Such being the case, everyone will participate enthusiastically, right? The "fruit grant" issue has been discussed and reviewed again and again, has it not? A consensus will be fostered should a candidate undertake during the election campaign that he or she would deal with these matters if elected to the Legislative Council. The Government will simply do the same if it is elected through universal suffrage. President, the reason is basically very simple and clear.

Mr Alan LEONG has often mentioned unsatisfactory governance and poor social harmony. People will lose their interest if they can only hear discussions being conducted in the community every day without anything being implemented afterwards. Today, I am really extremely thankful to so many

elderly people who have been sitting in this Chamber the whole morning paying attention to our speeches. President, I think the answer is actually very simple.

Of course, our debate today focuses mainly on the Budget. As this is the first Budget delivered by John TSANG, the Financial Secretary, it will certainly arouse general concern. Will the new Financial Secretary come up with new ideas?

In the Budget's concluding remarks, the Financial Secretary attributes Hong Kong's success to the widespread belief that the city is a place full of hope and opportunities. Therefore, people from all corners of the world gather here to build their homes and pursue their careers in pursuit of happiness. The Financial Secretary has even come up with the slogan "Ready to Face, Dare to Hope", urging Hong Kong people to demonstrate courage in facing challenges and hoping that, by working hard, they and their families could move up the social ladder and create a bright future. Moreover, he will adhere to the principles of "commitment to society, sustainability and pragmatism" in management of public finances.

President, the Financial Secretary's words come like music to the ears of the Civic Party. We certainly believe that everyone in Hong Kong should be "ready to face and dare to hope". While we embrace people from all parts of the world, everyone has to treat others fairly. However, when we sometimes see the initiatives proposed by the Government, we find that we are not "ready to face" and do not "dare to hope". Instead, the Government has called on us to resign ourselves to fate.

The Civic Party already pointed out when hearing this Budget for the first time that, of the numerous Budgets delivered by the SAR Government, this one was closest to the value and direction we agreed to. Therefore, in all fairness, we consider this Budget more progressive than before. Moreover, it is better than previous Budgets when it comes to balancing the interests of various sectors. If the ratio of initiatives favouring the so-called consortia, the middle class and the grassroots in the Budget last year is considered to be 9:1, the ratio in the Budget this year can be described as 2:1. President, regarding the rough ratio of the initiatives introduced for benefiting consortia and the middle class, Dr Fernando CHEUNG from the Civic Party has already provided detailed statistics item by item yesterday. Therefore, I am not going to repeat them today. It is roughly estimated that the ratio stands at 2:1, or \$40 billion to \$20 billion. Hence, I find this welcoming.

However, as the highest-ever surplus of \$115.6 billion is recorded in the Budget this year, with the fiscal reserves expected to reach \$484.9 billion, we really hope that the Government will put forward some long-term initiatives rather than one-off short-term initiatives. While some long-term initiatives are considered to be good, the number of short-term initiatives is after all far greater. Let me cite the "fruit grant" mentioned earlier as an example. Despite his undertaking that a one-off grant of \$3,000 will be issued, the Financial Secretary indicates that the increase in "fruit grant" will be subject to review, and the outcome will not be available until the end of this year. In addition, despite the issuance of an extra monthly grant of \$200 as transport support to people with disabilities, the Financial Secretary is unwilling to provide people with disabilities with half-fare transport concessions. Insofar as Mandatory Provident Fund (MPF) is concerned, the Financial Secretary has refused to examine the provision of universal retirement protection despite a one-off injection of \$6,000 into MPF contribution. As regards racial discrimination, although \$29 million will be provided as support for ethnic minorities in meeting their enormous social, education and language needs, the amount is still utterly inadequate. President, despite our wrangle over the Racial Discrimination Ordinance, we cannot see any real commitment on the part of the Government to racial equality in enactment of legislation. Actually, although it is evident from many of these initiatives that the Government is willing to adopt one-off giveaway measures, we cannot see any substantial and long-term commitments.

Apart from this, on the sustainable development front, such as environmental protection, global warming has become a heated issue in the international community. The Air Pollution Control Ordinance, under scrutiny by this Council at the moment, has proposed to regulate, among others, greenhouse gases. Even though the regulation will not take immediate effect, in fact, it will not take effect until 2010, and the relevant levels can be further discussed, the Government has still expressed reluctance. Furthermore, we cannot see from the Budget any provisions or policies for tackling global warming and developing renewable energy or any vigorous effort to encourage the public to economize on electricity.

When it comes to economizing on electricity, the Government has been praised by many for its smart idea of offering an electricity subsidy of \$1,800. However, the Civic Party would rather have the Government assisting the poor in purchasing certain equipment, such as energy-saving light bulbs, or improving their efficiency in electricity consumption. After all, this is better than injecting

into each electricity account a subsidy of \$1,800, regardless of the financial situation of the households and the size of premises. Furthermore, such an injection is not necessarily environmentally-friendly.

Actually, the electricity subsidy incident is just the tip of the iceberg. Without comprehensive strategies and methods, even if the Government claims it is determined to do something, the effectiveness will be severely undermined. For instance, \$100 million was allocated by the Government when the Sustainable Development Fund (SDF) was set up in 2003. However, President, how much of that amount has been approved, now that the SDF has been implemented for five years? The answer is, \$14.5 million has been allocated for 18 projects. The amount approved represents only 14.5% of the overall financial provision. In another example, under the \$300 million Film Development Fund set up by the Government, only \$5.2 million has been approved for two movies, one year after the establishment of the Fund. At this rate, it will take 57 years for the Fund to be exhausted.

President, I must make it clear that the Civic Party is not requesting the Government to allocate all the funds or spend all its money like a "spendthrift". We only wish to point out that, without the support of a clear direction or policy, some money may be wasted in some cases because it is being locked in a Fund instead of being put to use for essential purposes. Dr Fernando CHEUNG from the Civic Party already pointed out yesterday that we had prepared a proper account whenever we meet with the Financial Secretary. For instance, we had identified the projects, of which the waiting period was very long, and the sum of money required to be injected by the Government for the waiting list to be shortened. Actually, the money is required immediately because people are already waiting. It was also pointed out by a number of Members yesterday and today that some elderly people passed away while they were still waiting for their turn. Many of these projects are in need of money immediately. However, the Government has only put a lot of money into a certain Fund. And over the past five years, only 14% or so of the Fund has been used. President, this issue has sometimes made us very frustrated.

Regarding education, an issue mentioned in the Budget, President, we certainly have to praise the Government for its provision of 12-year free education. During the Chief Executive election last year, Mr Alan LEONG from the Civic Party proposed 15 years, rather than 12 years, of free education, including kindergarten education — I will not repeat the issue concerning

vouchers for kindergartens as it has been discussed by Mrs Selina CHOW just now — although this is also a consensus of this Council, the Government is unwilling to listen. President, there are plenty of examples like this one.

President, let us return to the issue of education. Miss CHAN Yuen-han talked about the issue of evening schools just now. A consensus on this issue has also been reached by this Council. And the amount of money involved is very small. If the Government really believes education can ameliorate inter-generational poverty, it must assist grass-roots families in upward mobility. Frankly speaking, it is imperative for the Government to operate evening schools. However, it was not until we had held numerous meetings and debated until our gums bled that the Government finally undertook to conduct a review.

Concerning small-class teaching, another education policy and a consensus reached by many in the education sector, I have a score to settle with the Government. I remember a motion proposed by me in December 2004 was passed by this Council during my tenure as Member of the Legislative Council. In 2002, the then Secretary for Education and Manpower, Dr Arthur LI, advised Members not to dream because small-class teaching, costing the Government \$3.6 billion, would not be implemented. Whenever I met with the Financial Secretary — Members might ask Henry TANG, who will remember this — I told him that he miscalculated and the sum of \$3.6 billion was incorrect. It was not until 2006 that he revised the sum as \$2.4 billion. Members can see that the sum was reduced by \$1.2 billion, or one third, within a matter of years. The President may recall that I often insisted that the Secretary had miscalculated and the sum should not have been calculated in this fashion whenever this issue was brought up.

Finally, during the Chief Executive election campaign last year, Alan LEONG raised the proposal of implementing small-class teaching, and he was queried by another candidate, Donald TSANG, whether he was aware it would cost the Government \$2.4 billion and \$6.7 billion to implement small-class teaching in primary schools and secondary schools respectively, and where the money, totalling \$9.1 billion, came from. I still insisted to tell him that he was wrong. Fine, when the Chief Executive election was over, the Chief Executive finally delivered his policy address and indicated that small-class teaching would be implemented, though it would not be implemented until 2009 or 2010. I asked how much money would be needed. President, exactly how much money

would be needed? No ideas? The calculation was not yet ready. The outcome would not be available until June the earliest. Actually, is it true that the Government is often playing with figures?

If the Government really considers education a very important investment ..... small-class teaching in secondary schools is also a consensus reached by the education sector. And the amount of money required is not the same as the Government's calculation — the Civic Party has also calculated this amount, but our result is totally different from that of the Government. Moreover, associate degrees are also in a similar situation. We certainly welcome the Government's recent second review report, in which some of our aspirations are met. Of course, a lot of problems still need to be resolved. Even if the Government encourages the establishment of private universities, there are still serious problems with the use of resources. Furthermore, it is still not very clear how the Government will offer assistance to the associate degree sector and private universities.

Furthermore, I would like to say a few words about university places. A major consensus has recently been reached in this Council for the quota of 14 500 places to be raised. Our figures have revealed that about 2 000 students a year who have passed in the Hong Kong Advanced Level Examination cannot attend universities. On the other hand, the Government is committed to attracting overseas talents by allowing eligible overseas students to apply to our universities. The Government has also pointed that there is a lack of talents with university degrees in Hong Kong, and the shortfall of these talents in the next three years, and so on. Anyway, the Government has obviously not put money to necessary and long-term commitments. We have repeatedly pointed out, and let me repeat here again, that the ratio of students of the relevant age cohort attending universities in Singapore is 23.5%, 41% in Japan, 51% in Britain, and 64% in the United States. The fact that we fail to achieve 18% over the years does show that there is something seriously wrong with our competitiveness.

President, generally speaking, in order to grade a budget, we must examine whether it can respond to social aspirations, whether the money spent in different sectors is relatively balanced, fair, and proportional, and whether there are long-term commitments. President, we are disappointed that, despite its huge surplus, the Government has failed to fare better in making long-term commitments or proportional allocation. It has merely made some progress in responding to social aspirations.

President, the Civic Party will certainly take into account the overall situation in voting on the Budget in the end. On the whole, we think that we should support the Budget this year because some progress has been made. However, we do hope that the SAR Government can step up its efforts in implementing the consensus reached by Members of this Council. It is also hoped that the political system can be opened up to allow people coming to this Council to listen more (*The buzzer sounded*) .....

Thank you, President.

**MR VINCENT FANG** (in Cantonese): Madam President, the Financial Secretary commits in his maiden Budget to spending \$125 billion to achieve the Government's goal of so-called "returning wealth to the people". So, is the money dished out adequate? I believe it can hardly satisfy the need of everyone. Is the money dished out properly? Honourable colleagues from different sectors naturally feel that the areas of their concern are not given enough money. Originally, tax rebates and handing out of money by the Government will normally stimulate spending. Therefore, it is generally held that the wholesale and retail sectors will definitely benefit, and full support will certainly be rendered by our trades. However, I am very sorry that I cannot share this view entirely. On the contrary, I am worried that the Government's one-off dishing out of money will propel inflation, which is already at a high level, to further deteriorate. Actually, the Government can assist in curbing inflation with its abundant fiscal reserves.

The problem of inflation currently confronting Hong Kong was raised by a number of Honourable colleagues yesterday and today. In my opinion, the Government has not only underestimated the pressure brought by inflation, it has also lacked a plan to deal with the problem. Let me cite food prices, an issue of general concern, as an example. Whenever there is a tight supply of food in Hong Kong, the Government will only seek to calm down the public and stabilize the community with assurances from central leaders. This applies to the supply of pigs and cattles, and the recent rice scare in Hong Kong.

The Government is really never tired of using such answers as "these are business decisions, which cannot be intervened by government policies or accomplished by the Budget" for the purpose of passing the buck. Madam President, it has been almost four years since I joined this Council. I have

started to appreciate the Government's tricks. When it wishes to spend, it will say, "money should be spent or saved for good reasons." However, this year is an exception. When it comes to enactment of legislation, it will use the trick of "catching up with the levels in Britain and the United States". When it comes to law enforcement, it will use the trick saying that "we have assessed the risk and it is not high, and law enforcement is therefore not required." When the Government wishes to raise fees and charges, it will resort to such tricks as "cost recovery" or the "user pays" principle. In alleviating poverty, it will say, "Sorry, there are no such precedents". This explains why, despite the large number of funds, the thresholds are high.

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

The falling exchange rate of Hong Kong dollar against Renminbi, following the depreciation of the United States dollar, has become the main culprit leading to rising food prices. However, despite the slow appreciation of Renminbi over the past decade, the Government has failed to foresee that this problem will affect the supply of 90% of food in Hong Kong and take corresponding measures to encourage food importers to widen their sources of goods. On the contrary, the Government has resorted to combating supply channels by, for instance, wiping out the local pig-rearing industry, limiting the number of reared live chicken, and making constant requirements for enhanced labelling and registration of food items.

On the one hand, it is proposed that money be handed out to the people to cope with inflation and, on the other, it is feared that government revenue will be reduced in the coming year and, therefore, prompt action has to be taken to work out ways to broaden sources of income. At the end of last month, the Government immediately announced rent increases of over 11% for all wholesale food markets in Hong Kong. Furthermore, market rentals will also be reviewed in the near future. Given that the Government has continued to promote a good image for Hong Kong economy and limit the demand of land supply in Hong Kong, how can rentals be reduced? Furthermore, the prices of imported food have gone up as a result of the appreciation of Renminbi. I have been told by many in the trade that the prices of new stocks have actually risen by 20% to 30%, due to such factors as labelling and registration requirements, increases in transport fees due to rising oil prices, rising wages, and so on.

However, no one dares to pass on the full cost to consumers for fear that it is beyond the affordability of the public, and the loss incurred will be even greater if their stocks cannot be sold out. As a result, there is nothing they can do but absorb part of the cost. However, the Government has completely disregarded the demand for the markets and the affordability of the public. "Cost recovery" is being used as an excuse for rent increases. The Government is virtually forcing food wholesalers to wind up their business at an earlier date.

Let us take a look at the three wholesale markets which are going to pay higher rent: At present, only 30 000-odd live chickens are traded in the wholesale markets every day. The industry is virtually a sunset industry awaiting to be wiped out by the Government. Despite the year-on-year fall in the number of tenants in both the Cheung Sha Wan Wholesale Food Market and Western Wholesale Food Market, coupled with the numerous restrictions on the trading varieties, the Government has insisted on increasing rent without taking the demand for the markets into account.

At this time when fiscal reserves are quite substantial and less tight, why does the Government not consider offer assistance in curbing inflation by fiscal means? How much more fiscal revenue can be generated through rent increases? Why does the Government not examine ways to let out vacant stalls to generate more income? If the same amount of management cost can be shared by more tenants, the amount borne by each tenant will be less. I hope the Government must suppress and compress its cost because any rising government cost will fuel inflation.

I am not scaremongering. I can tell Members that, should the Government fail to adjust its policies, food prices will definitely rise further. By then, social harmony and stability might be at risk.

Furthermore, I received a telephone call from a voter yesterday. He told me that he just found out that the Product Eco-responsibility Bill being scrutinized does not simply deal with the payment of plastic bag levy for shopping in supermarkets. It is proposed in the Bill that a levy will also be imposed on a wide range of consumer goods such as packaging materials, beverage containers, and so on. In addition, a household waste levy has also been proposed. He further pointed out that, not only would more taxes be introduced to Hong Kong, our simple taxation principle would also be violated and the burden of the people be aggravated as a result of multiple charging.

Deputy President, I believe many people have yet to notice that many measures introduced and laws enacted by the Government are directed to "fleece" the people. Actually, tax rebate and handing out of money are merely used by the Government to pull the wool over the eyes of the public. No one will actually be benefited with the money going from the left pocket to the right one. However, will the Financial Secretary give out money next year, as what he is doing this year?

Handing out money is certainly better than not doing it. For instance, the Financial Secretary has proposed waiving business registration fees for a year. Insofar as this proposal is concerned, I must say "thank you" on behalf of the trades and industries receiving the favour. However, I must also lodge an appeal here on behalf of those trades and industries without this favour, because the exemption is unfair in the sense that it is discriminatory against business operators in the lowest stratum in Hong Kong. I am referring to fixed-stall and itinerant hawkers because they are not required to pay business registration fees. Although they are only required to pay licence fees in exchange for their operating rights, their application for licences can be described, in a sense, as the same as business registration. Why can they not be exempted?

Furthermore, hawkers in any society play the role as a buffer between different strata. In particular, at this time when inflation is standing high, there is even a greater need for their presence to meet the needs of livelihood of the disadvantaged, because their operating cost is relatively low and their prices are relatively more flexible. Therefore, I would like to appeal to the Financial Secretary again here to enable hawkers to enjoy fair treatment.

On the whole, the Budget this year can be considered to have responded to some of the demands made by the community and this Council. The Government will, among others, provide funding of \$150 million for Hong Kong's convention and exhibition industries, which are in urgent need of assistance, for the promotion of the convention, exhibition and tourism industries in the next five years. Furthermore, the Application List will specially identify 10 sites for the development of hotels, and \$50 billion will be earmarked as start-up capital for health care financing.

First of all, let me say a few words on the convention, exhibition and tourism industries. While it is certainly good for funding to be provided for

promotion and, as pointed out by our party leader, a promotion exercise will certainly bear fruit, all our effort will be wasted if exhibitors visit Hong Kong again and yet we fail to provide them with exhibition venues. As it is now the peak of exhibition activities and there is a short supply of hotels in Hong Kong, overseas buyers are often forced to stay in hotels in Shenzhen and travel to Hong Kong every day to participate in exhibitions.

This is why I hope the Government can expeditiously implement the Hong Kong Convention and Exhibition Centre Phase 3 project and put hotel sites up for sale systematically. Otherwise, exhibition businesses and high-end visitors participating in exhibitions will be diverted to our neighbouring cities. I think we can learn a lesson from the eventual relocation of the largest apparel exhibition in the United States from Los Angeles to Las Vegas. Once this pillar industry is impacted, many related industries, even the development of Hong Kong as an aviation hub, will also be affected.

I still recall that, during the Budget debate last year, I raised the point that the best time to launch health care financing was when the Government's fiscal reserves were abundant and when the economy was faring well. I am therefore very pleased that the Financial Secretary has now decided to draw \$50 billion from the fiscal reserves to implement health care reform, acting as start-up capital for people who join the scheme. However, I would like to ask the Financial Secretary: When will the \$50 billion be credited to the health care reform account? Or will the Government set up a special account for the \$50 billion and hand it to the Monetary Authority for investment to enable the start-up capital to snowball? As every 1% return will fetch \$500 million, which is enough for the Government to raise the amount of the current health care vouchers for the elderly from the proposed \$250 to \$500 a year.

Deputy President, using the slogan "Ready to Face, Dare to Hope" to conclude the Budget and deciding to splash more than \$100 billion are definitely a bold act of the Financial Secretary. However, can such money bring us a hopeful tomorrow? I hope the Financial Secretary can optimize the use of our huge fiscal reserves to promote the sustainable development of Hong Kong economy and bring Hong Kong a bright tomorrow.

I so submit. Thank you, Deputy President.

**MR LEUNG YIU-CHUNG** (in Cantonese): Deputy President, just then Ms Audrey EU said that our debate was not taken seriously by the media. She thinks that if our Government can return political power to the people and decentralize its power to Honourable Members, the situation will change significantly. I certainly agree with this. That is to say, immediately after the publication of the Budget, every member of the public will line up to get a copy of it. Why is it? It is because the Budget is closely related to every one of us. Tax increase and tax reduction will bring about actual consequences and effects. But how about the comments made by Members? We are only blowing our own trumpet and talking to ourselves, yet nothing will be achieved at all. For example, no matter what outcome will be arrived at today, even if I oppose this Budget later on, it does not mean anything. It will only mean something if we oppose it unanimously. My proposals are futile if they can hardly receive your support. In that case, I am only talking to myself. Therefore, I agree with Ms Audrey EU's comment, that is, if we want people to take Honourable Members' speeches seriously, the most important thing is whether Honourable Members have the status and power, and whether we can share the power of governance.

However, having said that, besides the reason mentioned by Ms Audrey EU just now, I can add another possible reason why the media has not been concerned about or paid attention to this Budget debate. But I guess this possibility is only a very minor reason: As the Budget has been published for one and a half months by now, the most heated discussions are over. That is why people are no longer paying close attention to it. However, I find that the media is paying attention to one thing, that is, the number of votes at the voting after the debate to see whether this Budget will receive the largest number of votes in support of it. This has instead become the focus of media attention.

Deputy President, when everyone is trying to count the votes and see how many people will vote in support of this Budget, the media has recently predicted that three Honourable Members, including me, will not support the Budget. Some media friends asked me why I opposed the Budget almost every year. It is true that ever since I have joined the Legislative Council, that is, for more than a decade since the time of the former Legislative Council, I have never supported the Budget. Media friends asked me why it was so. They said that in times of economic boom, I did not support the Budget which handed out money; and in times of economic gloom, again I did not support the Budget which was not well received. To put it simply, no matter what the circumstances are, I have never

given my support to the Budget. What is the reason for that? Mr CHIM Pui-chung said that my purpose was to solicit votes from my constituency, but in fact this does not necessarily help in soliciting votes. The public may not like the act of putting up opposition just for the sake of it.

However, I can tell Honourable Members that although this Budget can even benefit what we have previously called the "three have-nots", that is, people who do not have to pay tax, do not live in public rental housing and do not receive Comprehensive Social Security Assistance (CSSA) payments ..... Given that the current Budget seems to have taken care of these people who have not been taken care of in the previous Budgets, why do I still not accept it and change my obstinate way of thinking? Deputy President, the major reason is that over the years, I find that all the Financial Secretaries, including Donald TSANG, Antony LEUNG, Henry TANG, and also John TSANG today, have prepared the Budget based on the same philosophy of finance, that is, they are unable to achieve a fair and reasonable distribution of social wealth, thereby rendering the disadvantaged groups unable to benefit from the long-term policy to combat poverty. Therefore, I have been opposing the Budgets for years. I think the situation is the same even for the current Budget. I think the Government has all along been caring for the rich while neglecting the poor and attaching importance to the economy while ignoring the people's livelihood. In particular, it is unable to make a long-term commitment to the disadvantaged groups. Therefore, I cannot support the Budget.

Chief Executive Donald TSANG has recently commented that, compared with the conditions over the past two decades, the current economic condition is the best. Of course I cannot disagree with his comment, and this is really the case. However, Deputy President, if we consider the grassroots and the middle class, we will find that they have a completely different sentiment from that of the Chief Executive. They cannot sense the so-called good economic conditions. It is because many people have told me that this is only a superficial phenomenon, and their actual situation is not like this. This is true. Why do I say so? Deputy President, it is true that our current Gross Domestic Product (GDP) has recorded a historic high, and our GDP per capita can be said to rank first in the whole world. But we should not neglect another figure, that is, the Gini Coefficient which is familiar to all.

This figure, which reflects the disparity between the rich and the poor in our society, stood at 0.453 two decades ago and 0.518 a decade ago. At

present, the figure is 0.533, and it is continuously rising. The higher it rises and the closer it is to the value of one, the more serious and irrevocable the disparity between the rich and the poor in our society becomes. The Gini Coefficient of Hong Kong is already 0.533, which means that the situation is very serious. From an international perspective, it has already reached a critical point. The question is: How many measures can we adopt to tackle this problem?

After the reunification, we have experienced the financial turmoil, economic downturn and the surge in unemployment rate, and the working class has suffered cuts in pay and benefits. The economy has picked up a bit in recent years, but what then? Despite the unemployment rate seems to have improved a lot and is not as bad as before, we find that the living conditions of the middle and lower strata remains very poor. If we look at the situation every 10 years, over the past decade, the population living in poverty has already increased to 1 million. This is indeed an appalling figure. Appalling though it is, it seems that our Government is still turning a blind eye to it and not caring much about these people. It is exactly the presence of this problem which has made me so disappointed at the Budget.

During this debate, I can find that a lot of Honourable colleagues have said that as there is a huge surplus, the Financial Secretary is able to return wealth to the people. A number of Honourable colleagues have said so just now. The Budget also seems to give an impression that the Government no longer only cares for the rich and neglects the poor, but intends to share the surplus instead. Therefore, many Honourable colleagues have said that the Government is handing out "candies".

However, Mr LAU Chin-shek made a comment yesterday. He said that to the rich, the Government would say "friendship forever", while to the poor, it would say "we cannot look after you forever". In fact, he shares my views, that is, how much care is the Government tendering to the people in poverty? Regarding this Budget, besides the comment made by Mr LAU Chin-shek, I think I can give it a bit of emphasis. That is, the Financial Secretary is trying to make the rich richer and possess "money in greater heaps", while leaving the poor continuously "on saline drip". This is in fact the case. We can find that although the number of the unemployed has decreased, the number of people in poverty has increased. Why is it? It is because the number of low-income earners has increased, and they are now "on saline drip". This is where the problem lies.

Many Honourable colleagues have just said that there is improvement in many aspects of this Budget, and I have to acknowledge that. For example, regarding the Mandatory Provident Fund (MPF), the Government's historic move of injecting \$6,000 into certain MPF accounts is really commendable. I agree that before coming up with this idea, the Financial Secretary and his colleagues may have paid a lot of efforts in considering from different aspects how the grass-roots workers can be benefited. In this connection, I have to commend the Financial Secretary and give my support to this initiative.

However, perhaps I am a bit greedy. I think that the efforts he has made are not vigorous enough. Deputy President, why do I think that the efforts are not vigorous enough? It is because for a middle-aged worker, he will only be able to enjoy the \$6,000 after retirement in a decade or two when he reaches the age of 65, right? If we divide out the \$6,000, it turns out that there is on average only one dollar or so a day. It is better than nothing, but it is not really significant. The immediate effect is only trivial and not significant at all.

Given that the Government wants to help them, why does it not make more vigorous efforts? What does it mean by making more vigorous efforts? Regarding retirement, I may make some more comments on it later on. We have repeatedly asked the Government to consider introducing a universal retirement protection scheme. This is the real solution to the problem. Regarding universal retirement protection, we have to discuss the issue of "fruit grant".

It is true that elderly people will be able to get the so-called "big red packet" of \$3,000 on a one-off basis this time around. But as Mrs Selina CHOW has said, this is not a long-term solution to the problem. The Government will not hand out "big red packet" every year, will it? If the Government keeps this practice every year, this may be an option, but the Government will not do so. If red packets are not handed out every year, what should we do? Some elderly people do not want to apply for the CSSA. They only hope that the "fruit grant" can be of help to them. However, this "big red packet" does not help. Therefore, the most effective approach is to introduce a universal retirement protection scheme, which will be of help.

Unfortunately, the Government has not only refused to take this into consideration, it has also used the intimidation tactic. How does the Government intimidate us? It has pointed out that by 2033, a quarter of the population will reach the age of 65 or above, and therefore, we cannot

continuously increase the "fruit grant". This is really intimidating. Deputy President, why do I say so? It is because the Government is referring to the situation in 25 years' time. Will the situation not change at all? We can find that 11 years after the establishment of the Special Administrative Region (SAR) Government, a lot of things have changed, and the economy is totally different, right? All of us think that the present situation is very good. Compared with the period after 1997, the situation is much better now. In that case, why has the Government not considered increasing the "fruit grant" merely on the ground that a quarter of the population will be ageing in 25 years' time? What is it but intimidation? Therefore, if the Government has just introduced some measures but not the others, and also made some intimidating remarks, how can we say that this Budget is a good one?

Besides the "fruit grant", I am also exasperated by another issue. Deputy President, I think you can also bear witness to this. After the establishment of the SAR Government, I have been bringing up the issue of transport allowance for the disabled every year. For how many years have I raised this issue? Thanks to Mr LAU Kong-wah for reminding me. I have raised this issue for seven years, but what has been the outcome? Of course, I have to thank the Secretary, that is, Mr Matthew CHEUNG, for increasing the Disability Allowance by \$200. It is an increase of \$200. \$200 is quite a large amount, so much so that they do not know how to spend it. Why? What I mean is: How many travel rides can they use the \$200 for?

Deputy President, let us think about it. They are just making a very humble request. How humble is it? Our neighbouring countries are already providing full concession to the disabled. That means they do not have to pay at all. However, the disabled in Hong Kong are only asking for a half-fare concession. Yet the Government has still refused to do so, and has only provided them with an allowance of \$200. The Disability Allowance should be increased anyway. But the Government has not done so, and has only provided them with an additional \$200, claiming that it has already covered an allowance for transport. This is actually "duping", and they are being cheated.

Of course, I cannot ask them not to accept this \$200 because I think that the allowance available to the disabled is already very meagre. I think that to give them an additional \$200 is a right move, but it should not be regarded as transport allowance. I think the Government should avoid creating an impression that the disabled are discriminated by the community.

We — especially the Government — have been advocating a society for the able-bodied and the disabled. How can we achieve this? When the disabled go out, they need people to accompany them, and these people have to pay full transport fare. Thus, for transport operators, they are making extra gain. What is more, most of the disabled will not choose to go out at peak hours. So the bus companies and the MTR Corporation will not have to allocate additional resources, but will gain more revenue instead. The former MTR Corporation said that it would bet with the Government. It put forward a proposal in which the Government would underwrite the deficit arising from the concession scheme and reap any surplus. However, the Government turned it down. Although a survey conducted by the University of Hong Kong revealed that it was a profitable arrangement, the Government still refused to accept the proposal. I really do not understand. How can this be regarded as caring for the disadvantaged groups? *(The buzzer sounded)*

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

**MR LAU KONG-WAH** (in Cantonese): Deputy President, following the publication of the Budget, which proposes to "hand out money" and thus making everyone happy, I have approached people from different social strata and age groups. I think that both Hong Kong as a whole and members of the public are having quite a number of latent concerns. I would like to speak on this issue. To be precise, two of our capabilities have been seeing a drop. The first one is the purchasing power, while the second one is the competitiveness of Hong Kong. This is a latent concern indeed.

Regarding purchasing power, a lot of Honourable colleagues have already mentioned that for this year and the few years to come, our biggest concern is the problem of inflationary pressure. Even with pay rises, people may not be able to cope with the rising inflation. Premier WEN Jiabao has mentioned an indicator. But the system of Hong Kong is different, so it is difficult and in fact not feasible to establish an indicator. Besides, plenty of external factors are involved. Some officials responsible for financial affairs and even the Financial Secretary have said that the Government may not have the ability to tackle the problem of inflation. It is the truth.

However, in aspects such as resources, is the Government unable to do anything at all? Just look at transport expenses. They represent a very large proportion of the public's expenditure and have imposed a tremendous burden on them. They are also facing the pressure of fare increase by bus companies this year. After we have proposed the monthly ticket arrangement, such an arrangement has been introduced by the MTR Corporation Limited (MTRCL) in the New Territories, but has not been extended to the urban areas. We have repeatedly proposed such an extension. Even a motion has been passed by the Legislative Council with the support of various parties and groups. However, it does not seem to receive any positive response from the Government, nor has it been able to cause the MTRCL to put it into practice. Therefore, Deputy President, I think if the Government can do something about the transport expenses of the public, there is a possibility that the monthly ticket arrangement be introduced in the urban areas.

On the other hand, we have learnt a lesson from the tendering for the outlying island ferry services. On the one hand, the operators want to operate their business, and on the other hand, they want to increase the fare by 20% to 30%, which is beyond the affordability of the public. I guess the same situation will happen with the bus companies. Should the Government adopt a more visionary approach? Now that the tender exercise is about to begin, the Government is proposing to allow them to generate non-fare revenue, but it is already too late. Therefore, regarding this issue, I think we cannot just "deal with them when they pop up". Instead, we should be more visionary, so that the public will not have to face the situation in which the operators demand a fare increase of 20% to 30%. Even though the Kowloon Motor Bus Company (1933) Limited is now applying for an increase of 9%, we still find it unacceptable.

Deputy President, another problem is that the competitiveness of Hong Kong is seeing a drop. This is a concern shared by many members of the public. Of course, we can look at this from different perspectives. Some people may look at it from the perspective of education, while others may look at it from the perspective of language. I would like to focus on the co-operation with the Mainland. It is the 30th anniversary of China's reform and opening up this year. Thirty years ago, when the Mainland was gloomy and stagnant, Hong Kong was enjoying being a centre of convergence. Thirty years on, the Mainland is now blossoming and prosperous, while Hong Kong has been sidelined in comparison. Will the development of Hong Kong remain to achieve the funnel effect in the coming decade or a few decades to come, or will it be marginalized? In fact, the coming few years is of critical importance.

First of all, with the full strength development in the Mainland, certain objectives and plans must have been drawn up for 2020. There are plans for every five years. Of course, on the premise of "one country, two systems", we have to adhere to them. However, on this premise, the National 12th Five-Year Plan has entered the preliminary stage. We can see that there are certain references to Hong Kong in the National 11th Five-Year Plan.

Regarding the development of our country as a whole, we do not have a clear idea here in Hong Kong. Not many people know when the rail link of Fujian will be extended to Shenzhen. Neither have we conducted any thorough studies of what benefits Hong Kong will receive after the completion of the trunk road between Kunming and Bangkok. From these, we can see that the co-operation between Hong Kong and the Mainland has not yet reached a mature stage. Therefore, I very much hope that it can be strengthened in this regard. Regarding the National 12th Five-Year Plan, I think that in the co-operation with Guangdong, we have to strive for a role to play and the chance to initiate collaboration in the future.

Although Secretary Frederick MA and Financial Secretary John TSANG led delegations to the Middle East, Russia and India, and the Financial Secretary even said that they would go to countries in Eastern Europe and South America, of which I think it is a good idea, we cannot look at it just from the perspective of Hong Kong. In what way will Hong Kong integrate with the Mainland? How will links be established in the future planning? I think emphasis should be placed on overall co-operation.

The Hong Kong-Zhuhai-Macao Bridge (HZMB) alone is already an evidence of the "ineptness" in the co-operation between Hong Kong and the Mainland. Even after we have decided on the "single Y" option — Deputy President, you know that I disagree with adopting the "single Y" option. I think that the "double Y" option is the best, but now we have run out of time — more than a hundred members of the Chinese People's Political Consultative Conference have jointly written to express their continuous support of the "double Y" option. Why is it? On the one hand, we are talking about co-operation with Shenzhen, on the other hand, we have abandoned Shenzhen and construct the HZMB by ourselves. This is contradictory. If Shenzhen really decides to construct the bridge connecting Zhongshan in the future, the efficacy of HZMB will definitely be undermined tremendously. A proposal on this bridge will soon be submitted to the Legislative Council for approval of

funding for design. Of course, I do not fantasize that the Government will reconsider the "double Y" option, but I very much hope that the Government can give serious thoughts to its future efficacy. In face of global competition, regional co-operation in the future is vital. The approaches of fighting a battle single-handed and trusting to chance and strokes of luck are already out-dated.

Besides, I have another suggestion on the co-operation between the Mainland and Hong Kong. I think Hong Kong should become an international transport hub of the entire country or even in Asia. And it is feasible to implement the co-location arrangement for customs and immigration clearance at the airport or the West Kowloon station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. We can try to imagine that, given that international flights are not available from many parts of the country, if overseas travellers can complete their one-stop immigration procedure at a railway station in Hong Kong before going to different parts of the Mainland, or *vice versa*, that is, travellers from the Mainland can come to Hong Kong before going to different parts of the world, Hong Kong will certainly become an international and national transport hub. Of course, we should not underestimate the difficulties and legal issues involved. However, as Chairman of the Bills Committee on the co-location arrangement for customs and immigration clearance at the Hong Kong-Shenzhen Western Corridor, I understand the extent of the difficulties. There are even some problems which have to be solved by the Central Government and the Standing Committee of the National People's Congress. However, the existence of problems does not mean that no solution is available. If we have the determination to turn Hong Kong into a hub, it will surely be conducive to enhancing the competitiveness of Hong Kong.

Regarding the Guangzhou-Shenzhen-Hong Kong Express Rail Link, we are still getting nowhere. The Mainland has commenced the works in 2005, but we have not even started our design. Time is definitely a factor, but we can regain our competitive edge in strategic deployment. If Hong Kong can become the checkpoint for the co-location arrangement for customs and immigration clearance at the Guangzhou-Shenzhen-Hong Kong Express Rail Link, so that travellers from the Mainland do not have to go through customs clearance in the Mainland before coming to Hong Kong, or the other way round, that is, travellers from Hong Kong and even all over the world will only have to go through clearance at Hong Kong before going to different parts of the country, thereby turning West Kowloon into a collecting and distributing point of passengers from all over the country, it will be enormously beneficial to Hong Kong.

Deputy President, in the past, we have had a lot of disputes over the political system. Ten years on, the Central Government has already drawn up a timetable. I hope that this can give us in return a stable period in the next 10 years and put an end to the political disputes, so that we can put all our efforts in improving the economy and enhancing the competitiveness of Hong Kong. For the sake of our next generation, I think this is something that all the parties and groups have to work on.

Regarding the next generation, Deputy President, I have to speak on the problem of youth substance abuse, or to use the most contemporary terminology, drug abuse, which is more accurate. Over the past years, we have spent hundreds of millions of dollars on the problem of drug abuse. Unfortunately, however, a decade after the reunification, the number of people involved in drug abuse has exactly doubled. Last year, the number of people abusing heroin was, for the first time, lower than those abusing psychotropic substance. In response to the oral question I just raised yesterday, the Secretary for Security replied that over the past two years, about 350 people have died of drug abuse, and among them, five were from the younger generation. We can find teenage girls lying in the street after taking drugs or suffering from kidney failure from drug abuse. These are all very heartrending. The founding of Hong Kong was closely related to drugs, and after reunification, the drug problem is as serious as before. This is very regrettable.

I think there are plenty of drawbacks in the entire policy to curb drug abuse: wrong positioning, failure in publicity and the mismatch of resources. The so-called wrong positioning is that, the use of the term substance abuse cannot achieve any deterrent effect and is unable to reflect the real problem. After having tried to tackle the problem for so many years, the authorities have sent the youth a message that these are only medical drugs. When even their mother will advise them to take medical drugs, what is wrong with the excessive use of medical drugs? Therefore, last year, I raised the question of whether it should be called drug abuse. I am glad that the task force led by Secretary for Justice WONG Yan-lung has recently announced to rectify it as psychotropic substances. The matter can be handled easily after we have got the position right.

Where does the failure of the previous publicity lie? I can clearly recall an announcement of public interest which says "Drugs screw up your life". Its suggestion of the idea of playing around with drugs will screw up everything.

With such a publicity strategy of the Government, the youth will keep on "playing around" at party venues, "playing around" at schools, "playing around" at Shenzhen, and "playing around" in Hong Kong. Personally, I think that adopting publicity, deterrence and preventive measures at schools is of vital importance. This publicity strategy has to be changed.

I have mentioned that there is a mismatch of resources. In fact, the number of people taking heroin has been decreasing, while that of people taking psychotropic substances has been increasing every year. However, last year, 67% of our resources was allocated for combating heroin abuse, while only 17% was allocated for combating the abuse of psychotropic substances. A fundamental change should be made in response to this mismatch of resources. Even though the Government is proposing to allocate an additional \$50 million-plus in this regard, I think it is still unable to touch upon the real problem, that is, prevention, especially on the check conducted at schools. At the previous meeting of the Panel on Security, many Honourable Members also supported this approach. Some even mentioned human rights. The right of our next generation is to enjoy protection of their life.

Therefore, Deputy President, I raise these issues today not only with the hope that Financial Secretary John TSANG can achieve something regarding the inflation problem, and Chief Secretary Henry TANG can achieve something in our relationship with the Mainland, but also with the hope that Secretary for Justice WONG Yan-lung can achieve something in the problem of youth drug abuse. All of them serve a term of five years, and this is only their first year. I hope that we can see their achievement in the few years to come. Thank you, Deputy President.

**MRS ANSON CHAN** (in Cantonese): Deputy President, Ms Audrey EU has commented just now on the executive-legislature relationship. In fact, I cannot agree with her more. Although I have participated in the work of this Council for only four months, what have depressed and frustrated me most is that, rather than improving, the executive-legislature relationship has actually been deteriorating in these few years. It seems that no matter the issue under discussion is a policy or a bill, Members and the officials often go their separate ways. If this continues, I am afraid the public will query that this is a waste of government coffers. If the Government does not take Members' proposals seriously, it is understandable that media coverage will become less and less.

Deputy President, regarding the 2008-2009 Budget under discussion today, first of all — although the Financial Secretary is not present now — I wish to congratulate him for being a lucky man. His first Budget falls on a time when there is a large deviation from last year's Budget forecast, leaving him a \$115 billion surplus to formulate forthright this Budget and hand out money to the public. However, in terms of long-term commitment, this Budget is deficient, and particularly in how to solve the acute disparity in wealth.

In this financial year, the Government will provide a one-off amount of \$3,000 to each "fruit grant" recipient and one additional month of Comprehensive Social Security Assistance (CSSA) payment or Disability Allowance (DA) to each of the 500 000 CSSA recipients or the 120 000 DA recipients respectively. These are, however, utterly inadequate. We cannot neglect the fact that inflation has progressively worsen and the prices of everything have hiked in these few months. This has indeed become the talk of the town. To the grassroots relying on CSSA or the "fruit grant", their lives cannot be harder. The Social Security Assistance Index of Prices has increased from 3% in November last year to a record high of 6% in January this year. The figure has actually doubled. When the Government reviews the CSSA payment in the first half of the year, it must give due consideration to the worsening inflation and make supplementary provisions accordingly.

With the ageing population ever expanding, many elderly people will have no more income after their retirement; they seldom have savings but they cannot rely on the young family members to support them. In fact, many elderly people do not want to apply for CSSA, so they eke out a living with the "fruit grant". In the review of the "fruit grant" at the end of the year, the Government should duly consider the above factor. I propose that in future even if the means test is to be retained, the procedures of the assets test should be simplified so that the elderly people are only required to make simple declaration. Moreover, the Government should seek to eliminate the sense of humiliation from the elderly when they apply for CSSA, for instance, by entitling elderly people to apply for CSSA for themselves even if they continue to live with their family. At present, if elderly people wish to receive the "fruit grant", they have to be abided by the 240-day limit of absence from Hong Kong. The Government should also conduct a proper review on this requirement.

Another issue of concern is the rent allowance under the CSSA Scheme. At present, all CSSA recipients are entitled to a rent allowance which is a standard special grant for paying housing expenses. The maximum rent

allowance is adjusted in accordance with the fluctuation of the private housing rent index under the Consumer Price Index (A). And the maximum rent allowance has been frozen since 2003. Members should know that with the removal of rent control and security of tenure years ago, many landlords have already increased the rent for several times. The rent allowance is hardly sufficient for CSSA recipients to pay the actual rent, resulting in their using part of the living allowance to cover rent payment. A responsible and caring government should seek to expeditiously improve this unacceptable situation.

At present, the supply of public housing in Hong Kong cannot meet the demand. Although the Housing Authority has decided to construct 76 000 public housing flats, this can only temporarily meet the demand under the General Waiting List (GWL). In view of the fact that future public housing demand will still exceed the supply, I am of the view that the Government has to review and adjust the standard CSSA payment and its related allowances such as rent allowance. Meanwhile, it should also increase public housing supply to ensure that applicants on the GWL can be allotted an appropriate public housing flat within three years.

At present, the number of elderly waiting for a care-and-attention place has been increasing every year and the queue is equally long for acquiring a place in the elderly health centre. In this era of a hundred-billion-dollar surplus, the Budget has only allocated an extra \$60 million to provide an addition of 160 day-care places, 278 subsidized residential-care places and 180 infirmary places in residential care homes. This is too tightfisted. These places should be substantially increased.

The Financial Secretary is equally tightfisted to the "Three Nons", that is, the non-taxpayers, non-CSSA recipients and non-property owners. He claimed that, by granting each of the 2.4 million residential electricity accounts a subsidy of \$1,800, he has looked after this group of people. This seems a little tricky. I truly believe that many members of the public would rather have the Government fought for them larger and more reasonable rebates in the profit control schemes of the two electricity companies.

Next, I wish to say a few words on environmental protection. The deteriorating air quality of Hong Kong has already threatened Hong Kong's status as an international finance centre and tourist capital, and has deterred many investors from coming here. In the past few years, the Government claimed that it would work on environmental protection but its efforts remained the chanting of slogans of blue sky and white cloud. The public cannot see any

obvious commitment of the authorities to improving air quality. The authorities have not formulated any specific target or timetable for improvement, neither have they regularly reported to the public their work progress.

There is indeed much room for improvement in relation to environmental protection in Hong Kong. The Government has explicitly undertaken to make all-out efforts to protect the environment, but why are the public unable to see any actual result? Recently, mud dumping was reported near the Shing Mun Country Park, and the natural environment was damaged. Figures have also indicated that the number of cases of illegal dumping of construction waste in the rural areas in the New Territories has surged by 37%, increasing from 117 cases in 2006 to 160 cases last year. The Government, in handling such cases, found that as many as nine departments, such as the Lands Department, Environmental Protection Department, Drainage Services Department, Buildings Department, Food and Environmental Hygiene Department, were involved. The public have the only impression that government departments are shirking their responsibilities and the public have no way to lodge their complaint. With a lack of co-ordination, the work progress of government departments becomes slow. And there are only empty talks without any actual action.

If the authorities are determined to implement the environmental policies they have undertaken, they should designate a Policy Bureau to take strong lead in the co-ordination of powers and responsibilities of different departments involved. In order to do a good job in environmental protection, the entire Government — including the Chief Executive, Chief Secretary for Administration, Financial Secretary and all responsible Directors of Bureaux — has to work concertedly. Only by so doing can it truly bring the work of environmental protection to the next level.

Lastly, I wish to expound on how to strengthen Hong Kong's position as an international city, and one indispensable effort is enhancing the English language proficiency of students. Deputy President, I will speak in English in my following speech.

**MRS ANSON CHAN:** In his address, the Financial Secretary rightly emphasized the need to enhance further Hong Kong's status as Asia's World City and to "maintain and promote Hong Kong's role as an international cosmopolitan city."

On this issue, there is a real cause for concern in the face of strong competition from other cities and our deteriorating air quality. If we are indeed

to sustain this role, let alone enhance it, we need to be prepared to ask ourselves some tough questions and put in place some robust measures to respond to them. Due to time limitations, I will give just two examples.

Firstly, given that English is one of the two official languages in Hong Kong, why are standards — both spoken and written — declining steadily, including, I am afraid, those within the Civil Service? It is not good enough to refer glibly to continuing heavy investment in education, this problem needs to be addressed comprehensively and through a variety of approaches. I suggest we need to: re-examine our policy on mother tongue teaching; re-focus and improve teacher training; stop treating English speaking schools as elitist and encourage adequate provision of affordable English language school places; ensure that courses in our universities which are supposed to be taught in English are indeed taught in English; and, last but not least, through stronger emphasis on literature and the arts, cultivate in our students an appreciation of English language culture in all its many manifestations — North American, British, Indian, and Australasian, and so on.

There is no room for misplaced political correctness. English is not an outdated legacy of former colonial rule, it is the world's foremost international language which millions of our fellow countrymen and women on the Mainland are learning energetically. If we are not careful, we will find ourselves not only slipping further and further behind a major economic rival Singapore, but also losing out to the rapidly rising English language competence in Shanghai and Beijing.

Secondly, although we constantly flatter ourselves that Hong Kong is a cosmopolitan city, can we honestly say that ours is a genuinely fair and inclusive society? Just look at the way we treat our low income ethnic minority citizens. This group is in danger of becoming more and more socially marginalized. The Budget speech devoted just two paragraphs out of two hundred to the needs of this significant sector of our community, which is frankly not good enough. The Government must stop ducking and weaving, and committing itself wholeheartedly to robust and effective legislation to outlaw racial discrimination.

It is an excellent opportunity to do so in the draft Race Discrimination Bill that is currently under scrutiny in this legislature. I hope that the Government will rise to this challenge.

**MRS ANSON CHAN** (in Cantonese): Deputy President, I so submit.

**MISS CHOY SO-YUK** (in Cantonese): Deputy President, with the continuous growth of our economy, we now have a surplus of \$120 billion. In fact, it is very easy for the Financial Secretary to return wealth to the people if he intends to do so. However, we have to admit that he has given a lot of thought in preparing this Budget and proposed some new and innovative measures to return wealth to the people. I think they deserve our support.

Mr LEUNG Yiu-chung has mentioned just now that over the past seven years, he has been repeatedly raising the issue of the Disability Allowance. This reminds me that over the past decade, I have been raising in each and every year the issue of the absence period of 240 days per year for the elderly. After much discussion, it has been extended from 180 days to 240 days. But it is not meaningful at all. Even if it is extended to 300 days, it will not be meaningful. It is because when the elderly return to Hong Kong, they have to have a place of residence in order to receive the "fruit grant". It is really unfair to the increasing number of elderly people who would like to settle in the Mainland. Moreover, they do not understand why the Government has not made it more convenient for them when no additional expenditure and resources are required.

Deputy President, today, I will express some views of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) on the areas of environmental protection and home affairs.

(THE PRESIDENT resumed the Chair)

Regarding environmental protection, first of all, I will speak on promotional efforts on energy conservation and emission reduction. All of us are aware that the problem of air pollution has aroused considerable concern, and the problem has been worsening. To monitor and regulate air pollution, the most effective and expeditious approach is to save energy because more than 90% of the emissions in Hong Kong come from the two power companies. In other words, if we can decrease electricity consumption by 10%, we can reduce emissions by 9%. This is a quick and easy way which can also bring about an all-win situation.

The DAB has suggested that the Government makes a provision of \$500 million to subsidize the public to replace their equipment with some energy

saving versions. However, up till now ..... if the Government would like to hand out money, I think it would be better to hand out money in this regard. It can not only save energy but also improve the air quality. This is a more satisfactory option.

Besides, we also hope that, starting from now on, the Government can save energy by 1.5% every year. This is a very modest target. We should raise this to reducing electricity consumption by 10% within five years. In this way, the Government can not only save money but also alleviate the air pollution problem in Hong Kong.

Regarding air pollution, a controversial issue in town is whether carbon dioxide should be included in the sewage disposal plan. This is in fact not a controversial issue as both the public and the environmental groups consider this necessary. However, the Government still refuses to do so. Regarding reducing carbon dioxide emission, the Government said that this is technically infeasible. How can it be infeasible? The Government can actually explore the possibility of adopting emissions trading schemes. In fact, there is already a very sophisticated global market for the trading of carbon dioxide emissions. As long as the Government imposes restrictions on the two power companies, they will naturally know how to solve the problem of carbon dioxide emissions.

President, another issue of public concern is circular economy and waste treatment, which has also bothered us for years. A decade ago, I proposed in this Council that we had to move towards the target of "zero-waste". I have also designed and implemented some pilot schemes to reduce waste and facilitate recycling. In fact, these schemes have proved to be effective. However, we are very disappointed to find that the Government has only done two things: First, it has requested the Legislative Council to make a large amount of provision to burn the waste away, thinking that the problem can be settled with the construction of an incineration plant. Of course, whether this incineration plant will be a success depends on whether the public will agree on its construction. However, I personally think that if the Government does not draw up a set of waste reduction measures and devise a sound mechanism for waste recycling, and only burn these useful resources of the earth to ashes, it will hardly obtain public support.

Secondly, the Legislative Council is scrutinizing the issue on plastic bag levy. In this connection, I believe there are quite a number of obstacles because

the Government has been refusing the opinions repeatedly put forward to it by Members of the Legislative Council. In our opinion, if the authorities enact such an important piece of legislation and deal with the relevant details by way of the negative vetting procedure, it can hardly obtain Honourable Members' support.

Besides, this legislation has adopted the approach of the so-called "umbrella bill", that is, it covers all the levies to be imposed in the future, and the Legislative Council is required to empower the Secretary for the Environment to decide how, when and what levies are to be imposed in the future, and also to determine the amount of levies to be charged and the method of collection. I think I can only wish the Secretary for the Environment good luck.

When the Government introduced this legislation for our scrutiny, I have a feeling that succession problems did emerge in the Civil Service. It is because no matter how hard we tried to explain the operation of this Council to them, they were unable to understand it. Although we have told them repeatedly at the meetings of the Panel not to do so, and Honourable Members have formed a unanimous view that they will not support the legislation even if it is introduced, they have still introduced this piece of legislation. Up till now, we have explained this to them plenty of times, but it seems that they still do not quite understand it.

President, I also want to speak on the issue of ecological conservation. I think it is indisputable that Hong Kong is a place with rich bio-diversity in the world. We have a larger number of tree species than North America as a whole. There are only 400-plus tree species in the entire United Kingdom, but there are more than 3 000 here. We have as many species of birds as the United Kingdom. Even when compared with such a vast country as China, the number of our bird species is one third that of the Mainland.

With the disappearance of the 1997 factor, our level of bio-diversity has faced a great challenge and destruction. A few years ago, the Government has identified 12 sites and proposed to make a funding provision to implement a management agreement scheme. Unfortunately, however, so far only 0.8% of the 12 sites ..... I want to say that the 12 sites only represent 10% of the land with bio-diversity in Hong Kong. Even with the funding provision, management agreement is only implemented in less than 1% of our land. Besides, the management agreement is renewable every two years, and will

expire at the end of the two-year period. Therefore, frankly, I opposed this kind of agreement at that time, but it has proved to be futile.

The DAB has proposed an approach which we consider to be very effective, that is, by employing plot ratio transfer, to transfer the plot ratio of the farmland with bio-diversity in the New Territories to land in other places for construction, and return the land with bio-diversity to the Government. This is a very effective approach. I have also consulted stakeholders of various trades and industries, and no one has considered this infeasible. However, we find that no action has been taken so far.

Besides, President, we all know that environmental protection is actually a cross-boundary matter. However, I find that we are just proposing a lot of specific approaches when we talk about co-operation with the Guangdong Province in environmental protection. I think the major problem is a lack of synchronization between the two places in environmental assessment. I hope that the two places can make synchronized efforts as soon as possible in environmental assessment legislation, so that whenever there is a cross-boundary project, the environment of the two places can be protected and disputes can be minimized.

President, I will then express the views of the DAB regarding home affairs. I will only touch on a few points. First, performance venues are seriously lacking now; second, encouragement provided to the youth is minimal. We hope that performance venues will be expeditiously constructed at different parts of the territory apart from West Kowloon. At present, we find that whenever there are calls for the provision of performance venues, the Government will immediately respond that there will be the West Kowloon Cultural District soon. There is one thing I do not understand: Why should a person living in the village at Sha Tau Kok only be able to enjoy performances or Chinese operas at West Kowloon in the future?

Besides, the encouragement provided to young people who intend to join the performing arts industry is seriously inadequate. When the Panel on Home Affairs visited the Hong Kong Arts Centre, we found that it was very difficult for them to operate as a private enterprise. We suggest that the Government provides salary subsidy for a period of one year to people such as fresh graduates of the Hong Kong Academy of Performing Arts or other freshly graduated performing arts workers. The subsidy should be provided on an individual

basis. The one-year salary subsidy should be provided to the performing arts group employing the individual worker concerned, so that these young people will not become unemployed upon their graduation.

President, another issue is on museums. We will construct the M+ at West Kowloon and promote the various development of museums. However, the success of a museum mainly depends on whether legislation on museums is in place. Without such legislation, very high insurance premium will have to be paid every time when valuable exhibits or invaluable treasures are transported to Hong Kong for exhibition. However, with the enactment of legislation on museums, there is no need to take out insurance coverage for the exhibits, and the local authorities (for example, the Hong Kong Government) will take the role as the indirect insurer. It is only in this way that other countries will be willing to loan out their articles for exhibition. This is a very simple yet necessary move. However, I find that so far the Government has not taken any action to enact any legislation on museums.

Besides, I have also proposed a motion in the Legislative Council, with the hope that the Government could expeditiously compile an inventory of our tangible and intangible cultural heritage and submit the inventory to the State's Ministry of Culture, so that application can be submitted to the United Nations for such items to be included as representative items for the tangible and intangible cultural heritage of the world. I have proposed that Hong Kong style cafes and certain geological parks in Hong Kong be among these items. This will be beneficial to Hong Kong and will help in promoting tourism. However, I find that the Government has not taken any action so far.

I can see that Secretary Stephen LAM is now present. Originally, I planned to speak on animal rights, but I would like to spend the rest of my speaking time on my recent observations in Taiwan. In Taiwan, I had the chance to meet some of the officials of the Mainland Affairs Council of Taiwan, and I have come to know that they have actually had many opinions. As Taiwan is undergoing the change in the ruling party, they are very concerned about the future intermediary role of Hong Kong. Everyone seems to have a lot of concerns. They are concerned that we will not be able to maintain our role as an intermediary. They are worried about the decrease in travellers, freight and shipping services, but this is not the case. In fact, the current problem is how to strengthen co-operation between the two places and create a bigger "pie". We can find that there are a lot of facilitation efforts in Hong Kong and Taiwan

at the community level, but not at the official and quasi-official levels — I dare to say there is not any. I really hope that we do not have to discuss issues on politics or other serious matters. On efforts at the community level, especially on economic development, I think the two places can have more exchange of views and discussions.

**MR ABRAHAM SHEK:** Madam President, this is the first Budget of Mr John TSANG as the Financial Secretary. Madam President, this is probably the last Budget debate that you are here. In this Chamber, there is no Member who has spent more hours listening to all these debates than you yourself. On behalf of all members of The Alliance, I would like to extend our appreciation, because you really represent the spirit of this Council.

Madam President, thanks to last year's robust stock market and increased land revenue, our fiscal surplus reached a record high of \$115 billion, while the unemployment rate struck a record low of 3.3%. Under such pleasant circumstances, everyone had wished that Mr John TSANG, our Financial Secretary, would wield a magic wand to grant just about everyone's wishes as if he were Father Christmas or Wong Tai Sin. Mr Financial Secretary, your Budget not only shows care for the people, but also more importantly demonstrates your principles of management of public finance: Commitment to society, sustainability and pragmatism, which manifest your vision for your term of office. I sincerely hope that you will adhere to these principles when formulating fiscal policies in your future Budgets, as persistence bears fruit.

The majority of Members, if not all, in this Council have remarked positively on this Budget, for it responds to the calls to return wealth to the socially disadvantaged. The Financial Secretary has also created a spell of laudable moments among the public for your generous give-away to the people. A \$40 billion one-time sweetener includes a one-off grant of \$3,000 to each Old Age Allowance recipient, one additional month of standard rate CSSA payments for CSSA recipients and one additional month of allowance for recipients of Disability Allowance, waiving rates for 2008-2009, a one-off injection of \$6,000 into the MPF accounts of those earning below \$10,000 a month, and even a subsidy of \$1,800 to each domestic electricity account. If anyone finds anything to complain about these measures, he or she probably has a wish unfulfilled. My advice to them is keep praying.

Notwithstanding, it is impossible to cater to everybody's needs, even with this colossal sum of reserves. The middle class want more tax allowance; the poor, a general increase in CSSA payments; the elderly, a general increase in Old Age Allowance and medical subsidies. It is wishful thinking that everyone can benefit equally by adopting a so-called "equal" approach: that is, spending an equal amount of money on each social stratum. The spending power to the poor of \$1 differs from that of the same sum to the middle class. What "equality" we strive for should instead be defined in terms of the well-being of the whole of society. This is also what the Financial Secretary should defend. Hopefully, this Budget strikes a balance which accommodates the needs of different stakeholders. In response to the vociferous calls from the socially disadvantaged to rectify the Government's negligence, the Financial Secretary has introduced a number of additional measures for them. I am also glad to hear that the Financial Secretary has pledged to adjust the CSSA payment rates in accordance with the existing mechanism ahead of the normal schedule this year. These moves show that the Financial Secretary has not turned a deaf ear to the poor.

Madam President, if anything should be picked on in this Budget, I would say it is probably the lack of long-term policies to help the underprivileged and the elderly. Measures in favour of the middle class, who contribute a large portion under the current tax system, are also insufficient. But, as the Financial Secretary has a set of clear principles in mind for using the money, he will not spend it haphazardly. Rather, he has seriously considered each penny to be spent, so that this spending will not take its toll on our economy. Mr Financial Secretary, perhaps you will do something more in future and in your coming Budgets regarding these issues. I am sure you will look into these matters.

As a Council Member representing the construction and real estate sector, I appreciate that the Administration has streamlined the procedures of small-scale works projects via the implementation of the Minor Works Control System, and that it has increased the financial ceiling for Category D items in the capital works projects (CWPs) from \$15 million to \$21 million to cater for inflation, and from \$21 million to \$30 million to enhance capital works expenditure to a certain extent. I am also gratified to hear that the unemployment rate of construction workers has dropped significantly from a record high of yesteryears of 19% to the present 6%. Despite such progress, it is quite disappointing that the Administration has again failed to spend the \$29 billion earmarked for CWPs.

We must address the issue of how and why we cannot spend this targeted amount. The lead time of these CWPs was wasted in one way or another due to bureaucratic red tape. I strongly request the Administration to remove such hindrances. I further urge the Administration to expedite the 10 mega projects as announced by the Chief Executive in his policy address last year. Making headway on one or more of these grand projects will surely help boost the infrastructure spending to achieve the pledged amount.

When it comes to land, I understand the justifications given by the Financial Secretary for not changing the current practice of the Application List System. Still, I urge the Financial Secretary to keep watching the land supply and market trend, and make necessary adjustments in due course, just as he has recently allocated 10 sites for hotels in the 2008-2009 Application List to cater for the trend of an increasing demand for hotel facilities. Furthermore, I urge the Administration to seriously review the pre-construction procedures, particularly in land matters, so as to eradicate bureaucracy and create an environment to encourage development. I welcome the Administration's move to address these concerns by reviewing the outline zoning plans of several districts to state the relevant development parameters, such as building height, permitted floor area and ventilation for each site on the Application List. I hope the Government will consult the real estate industry and the public on each of these sites to avoid leaning towards either side, to strike a balance between development and environmental conservation.

Madam President, it is said that pride comes before a fall, and the recent volatility of the stock market shows the truth of this proverb. Another concern is the recent skyrocketing prices of food which has put many low-income earners in a tight spot. In the meantime, the Hong Kong dollar has been depreciating, while the value of the RMB is going up and up. It is foreseeable that the pressure of inflation in Hong Kong will be an increasing challenge to our society. Despite the favourable economic growth we are enjoying, the social challenges are equally pressing and in need of creative remedies. Otherwise, the very foundation of society's harmony would be shaken. The Financial Secretary ought to be aware of these changes, and promptly respond to circumstances as necessary.

Madam President, with these words, I support the resumption of the Second Reading debate on the Bill.

**MR ALAN LEONG** (in Cantonese): President, the Budget we are debating over today is the first Budget announced by Financial Secretary John TSANG and the fourth Budget I scrutinized since I have been a Legislative Council Member. The last three Budgets have failed to particularly respond to the issues that civil society cares about and goes after. Officials and the public have their respective tales to tell. This debut Budget of Secretary TSANG has to a certain extent responded to the appeal of civil society and has somewhat seen an improvement, and we may say that "there is a breakthrough insofar as the philosophy of the public finance management is concerned". But it is a pity that the initiatives in respect of social investment, assisting people in poverty and resisting inflation still fail to keep abreast of the time, and we can only say that "they are still insufficient to do Hong Kong justice".

There are actually quite a few shortcomings and I would first discuss the lack of commitment on the part of the Government to the health care reform.

President, it is specifically stated in the Budget that an ageing population will bring about a substantial increase in demand for health care services. According to Government estimates, if the existing health care system were to remain unchanged, expenditure on public health care services would increase from \$38 billion in 2004 to over \$180 billion in 2033 in real terms. It is stated in an ensuing paragraph of the Budget that "health care is the area that presents the greatest challenge to the stability of long-term public finances in this city because of an ageing population", and \$50 billion has been earmarked as start-up capital for the implementation of health care financing arrangements.

The Scott Report in 1985, the Harvard Report in 1999 and the Consultation Document on Health Care Reform issued in 2001, repeatedly remind us that there is a time bomb as our public health care system has for some time been high in quality but low in price. An ageing population will place an unbearable burden on the public health care system, which will eventually collapse one day. The Government can only solve the problem in two ways, either by cutting other public expenditures or increasing charges.

President, while we are intimidated by these figures and take for granted that an ageing population will certainly lead to a substantial increase in health care expenditures, the Organization for Economic Co-operation and Development (OECD) published a study report in 2006 forecasting that for the 45-year period 2005-2050, the total health and long-term care spending brought about by an ageing population is projected to increase across OECD countries at only 0.6% per year.

The study report issued by the European Commission in 2001 also points out that health and long-term care expenditures will only grow by 0.7% per year in the next 50 years. We know from these forecast figures that the pressure that an ageing population will put on health care expenditures is not as alarming as that stated by the Government. In fact, we live longer mainly because we are healthier but not because medicine has extended our life span.

Moreover, the Harvard Report also estimated that the health care expenditures in Hong Kong would grow to \$90 billion in 2004, but what about the actual figures? President, the health care expenditures in 2004 were only \$37.1 billion; more importantly, there were no significant changes in public health care expenditures in the past 10 years. This is evidently another "calling wolf" marketing tactics of the Government, which gives people an impression that it is playing the same old trick. As a matter of fact, health care costs may probably lessen rather than increasing with technological advances, for example, patients receiving minimally invasive surgeries will not require hospitalization. Another example is that a DNA test will issue an alert, enabling a patient at risk of a disease to avoid an attack by changing his living habits. Therefore, we might sound arbitrary if we assert that the expenditures 20 years later will certainly be as immense as those stated by the Government.

President, the Government has stated in the consultation document that the existing health care system is seriously inclined towards public services. And it keeps stressing an argument and repeating a message that it cannot do anything without a fresh capital injection. In a nutshell, the six proposals are asking the middle class for money, requiring over a million working people to set up some sort of "mandatory health care fund" accounts to shoulder part of the health care expenditures. This will add to their burdens but the Government can slowly and gradually reduce its commitment to health care expenditures.

First of all, I would like to point out that the public already have substantial financial commitments. For every \$100 spent on health care, \$45 come out of our pockets, which are mainly spent on general out-patient service and primary health care, and the Government only pays the remaining \$55, mostly used on in-patient service and specialist out-patient service. People who can afford it have actually shouldered almost half of the expenditures, which enables our health care system to remain in place. If the Government continues to target on us, it must at least give us a detailed account of the appropriate data so as to prove that the present allocated resources have incontestably been put to the best use.

President, even if the Government is really able to prove that there is no wastage, it still has to persuade us that the efficiency of its spending can no longer be enhanced. The Government must give an account of the distribution of the expenditures on public health care, for example, how much out of the \$29 billion injected by the Government in the year 2008-2009 is used on primary health care, in-patient service and rehabilitation services. The existing health care system always gives priority to the needs of hospitals and neglects primary health care and community medical services. The Government should "let the figures talk" and explore the possibility of re-allocating resources and alleviating people's need for in-patient service. It will not be too late for it to consider financing after efficiency has been boosted.

President, as far as financing is concerned, people who have paid more than before definitely have the right to ask for less suffering, cure for their diseases and better treatment. However, there is not a word about this in the consultation document. People only know that the fresh funding comes out of their pockets but they do not know where it has gone. Everyone knows that there is an imbalance between public and private services, and public hospitals are excessively relied upon to provide health care services. Yet, the document has not presented how the Government will provide incentives for people to switch to private specialist and in-patient services. People who have these questions in mind are really at a loss after reading this document, which only raises questions but is devoid of contents and policies. They would like to participate in discussions but they do not know where to start.

President, at present, the Government only focuses the health care reform consultation on financing, neglecting the necessary reform of the mode of supply of the health care system. There are five major reform proposals in the document, for instance, promoting public-private partnership in health care, health record sharing and enhancing primary health care. In fact, there is not necessarily any direct relationship between these proposals and health care financing. Therefore, it is not necessary to wait until financing generates new resources to commence these reforms. The Government should immediately carry out reforms on the basis of these five proposals. The merits and demerits of health care services are matters of life and death, and a reform is of great urgency. I ask the Government not to use the pretext of "nothing is possible without money" any more. If the authorities would further demonstrate its commitment and sincerity to carry out a reform, it would facilitate the implementation of health care financing when a genuine need in this regard arises in the future.

President, the Government should comply with the policy direction of "carrying out a reform before implementing financing". However, before discussing financing arrangements, the Government must sort out some core questions, for example, what is the positioning of public health care services? How can public and private health care services play their respective roles? What roles do the "user pays" concept and market principles play in the provision of health care services? The Government should base on the answers to these questions and decide where money supporting a sustainable health care system should come from and where it should go.

In the long run, health care investments may benefit the community even more than the investments in education. Now that the expenditures on education account for one fourth of the overall government expenditures, why should we cap health care expenditures at the rate of only 15% to 17%? Actually, we only need to take a look at the developed countries and we will find that most of these countries spend more on health care than education. Yet, Hong Kong is doing just the opposite, which is quite interesting. People's health is fundamental to social and economic activities after all. Given its current fiscal condition, the Government is actually capable of investing more in health care.

I would like to spend the last few minutes on discussing the planning and conservation proposals in the Budget. It is stated in the Budget that the Government will make effective use of part of the \$10 billion originally injected into the Urban Renewal Authority to strengthen its work to revitalize old areas and conserve historical buildings. However, in respect of a series of incidents that took place over the last few years, such as the Queen's Pier, Star Ferry Pier, King Yin Lei and Jessville incidents, the Government was only willing to counter each and every move, remaining in a state of "not moving when its enemy did not move and only moved when its enemy moved". It adopted the strategy of "treating symptoms but not the disease", handled incidents only on a case-by-case basis and made piecemeal responses.

This is precisely because the Government's policy on heritage conservation is devoid of objective, precise, transparent and intact standards. Different standards are adopted in respect of the relocation of the Star Ferry Pier and Queen's Pier, the preservation of the Wan Chai Market and King Yin Lei. For the general public, what are the objective methods and criteria adopted by the Administration to preserve heritage and monuments? For owners, when

will the Government intervene in their property rights? How will it intervene? How will it compensate them? Lacking well-established and discernible heritage conservation policies, we hardly know the answers.

President, development and conservation can actually be in parallel. The Government can adopt international criteria to define the historic values of heritage buildings, and heritage conservation is in fact intertwined with town planning. As a result of the fault of overall town planning, town planning was delineated from conservation in the past. As Hong Kong is a world city, the Government should regard heritage conservation as one of the facets of town planning.

I also urge the Government to try its best in times of fiscal abundance to follow the examples of Britain or other European countries in setting up heritage conservation funds for citizen-led conservation efforts in the long run. Besides, I hope that organizations like English Heritage or National Trust with significant heritage conservation functions can be established. These organizations having credibility not only advise the Government, but also provide funding to subsidize various heritage conservation proposals and programmes, and accommodate mechanisms for public participation and joint formulation of policy directions.

Furthermore, I call upon the Government to conduct a review of the Urban Renewal Strategy as soon as possible. For instance, Kwun Tong in East Kowloon precisely highlights the fact that the implementation of this Strategy is absolutely of no help to the public.

Yue Man Square residents living in "salt-water buildings" have waited in anguish for 18 years. They have been putting up with such problems as bar tendons corroding, concrete peeling off and water seeping through the external walls, and they can hardly wait any longer. Yet, the Strategy cannot help them at all.

To eliminate these problems, a review demands immediate attention.

President, we hope the Financial Secretary will honour the undertakings made in the Budget, self confidently use public money effectively after listening to more opinions, intensify social investment in the continuous development of Hong Kong, and courageously commit to making Hong Kong a fairer and finer city.

**MR MARTIN LEE** (in Cantonese): Madam President, this is definitely the last time I speak on the Budget in this Council.

Have Members considered this? How would the community respond if this Budget is proposed by the Democratic Party — if we are the ruling party? We will certainly be called the "free-lunch party", "welfare party", and some may even say that this Budget "deals a fatal blow".

Madam President, it appears to me that the Democratic Party has become more and more conservative over the years. If we are really the ruling party, our budget spending will only be \$30 billion, much less than presently proposed in this Budget. The present proposal involves a much greater amount.

Madam President, I particularly want to talk about environmental policies today. It is really very disappointing that this Budget renders so little support to environmental policies. The Budget not only fails to put forward specific measures in respect of problems such as municipal solid waste treatment, air pollution and climate warming, it also fails to outline for the public a blueprint to improve the quality of our environment.

The Budget speech of the Financial Secretary only comprises three proposals focused on improving the environment, which include offering a concessionary duty rate for Euro V diesel and a reduction in the First Registration Tax for environment-friendly private cars, and providing a 100% profits tax deduction for capital expenditure on environment-friendly machinery and equipment to the business community. Although we cannot describe these measures as ineffective, we can say that they are too inadequate and unable to thoroughly solve the aggravating air pollution problem.

In fact, the Government already launched in the Budget last year an incentive scheme to subsidize car owners to switch to environment-friendly vehicles but there are less than 3 000 applications so far, much less than the Government expected. I think we should ascribe the blame to the fact that the Government has not specified the policy direction for handling these old vehicles in future when it implements this subsidized scheme. For example, will it legislate in the future on the mandatory elimination of pre-Euro and Euro I vehicles? Or, will it designate low emission zones that prohibit entry by high-emission vehicles?

For instance, franchised buses and commercial diesel vehicles are the major sources of air pollution on the road in Hong Kong. The three major franchised bus companies have a total of over 6 000 buses, one third of which are old pre-Euro and Euro I vehicles. However, the Government does not have any plans to date to encourage the bus companies to replace these seriously polluting buses. As far as I understand it, the three franchised bus companies only have a total of 40-odd Euro IV buses, and nearly 900 pre-Euro buses are still on the road every day and 600 among them are KMB buses. These buses are 13 to 18 years old and they emit three to 20 times more pollutants than Euro IV buses, seriously aggravating air pollution on the road in Hong Kong.

If the Government does not deal with the problem of franchised bus companies using pre-Euro bus fleets all along, it can hardly alleviate air pollution in Hong Kong.

The Democratic Party suggests the following: We hope that the Government will alleviate air pollution on the road in two stages. First, subsidize the residual capital values of the existing pre-Euro and Euro I buses of the franchised bus companies in the next two to three years, to encourage bus companies to eliminate pre-Euro buses before it is too late. In view of the relatively low residual values of these buses, not much public money is expected to be spent.

Moreover, the Government should formulate targeted measures pinpointed at areas such as Causeway Bay, Central and Mong Kok in which the air pollution problems are particularly serious, for instance, implementing the environment-friendly feeder bus scheme that the Democratic Party and I proposed years ago. Air pollution is especially serious in heavy traffic areas such as Causeway Bay and Central because there are more effluent-emitting vehicles on constantly congested roads.

Madam President, everybody knows that buses plying along Central during non-working hours have few passengers, only one, two or three passengers sometimes, but a bus is still required to carry these passengers. In view of this, the Government should set up a bus interchange near the respective exits of the Western Harbour Crossing and the Cross Harbour Tunnel in Sheung Wan and Causeway Bay, and arrange for environment-friendly feeder buses to take passengers to different places. On the one hand, it can pool passengers so as to fully utilize the carrying capacity of feeder buses and reduce wastage of the

carrying capacity of tunnel buses during non-peak hours. On the other hand, the traffic between Sheung Wan and Causeway Bay will become smooth with the absence of tunnel buses, thus gradually improving the air quality.

Actually, we had other proposals in this regard and we suggested establishing footbridge networks between the Western District and Causeway Bay to link up various footbridges to enable people to travel between the Western District and Causeway Bay on foot. We also suggested installing at least one more escalator on the Hong Kong Island to enable people to go up to the Mid-Levels. So far, the Government has not even actively considered these plans and proposals. When I expressed these views at the Special Meeting of the Finance Committee last week, they seemed completely new to the Secretary for the Environment, yet, it is probably because he has just assumed office.

Madam President, the Government can also consider requiring vehicles which are more than seven years old to undergo tests on the emission amounts of air pollutants such as nitrogen oxide, particulates and carbon dioxide during annual examinations. Moreover, new vehicle licence fees should in future be determined on the basis of ex-factory emission amounts. As regards vehicles which are more than seven years old, vehicle licence fees are determined on the basis of their emission amounts confirmed by examination. The higher the emission amounts, the higher the vehicle licence fees, so as to promote better vehicle maintenance by owners and abate polluting the air.

The Government should designate in phases low emission zones from 2012 onwards, requiring vehicles entering these zones to meet Euro II or better emission standards with a daily fine imposed otherwise. The first batch of low emission zones should include the Central and Western Districts, Wan Chai and the Yau Tsim Mong Districts.

The concept of a low emission zone is by no means innovative. The Mayor of London, Mr Ken LIVINGSTON, made the suggestion when he assumed office in 2001, and such zones would be designated in London early this year as planned. One reason why a lot of businessmen have reservations about investing in Hong Kong is that our air quality is poor. As far as I recall, the American Chamber of Commerce conducted a survey before the reunification asking American manufacturers when they would move away from Hong Kong. They said in response to this survey conducted before the reunification that they would leave when the continuous deterioration of air pollution jeopardized their

own health or that of their next generation. Another answer was that they would leave when Hong Kong failed to uphold the rule of law. Thus, if we would like to become "NylonKong" (New York City, London, and Hong Kong) as coined by the *Time Magazine*, our air quality should be commensurate with that of world cities.

About air pollution, we can certainly not overlook our power plants. Apart from being the principal sources of air pollution in Hong Kong, power plants are also our major sources of greenhouse gases, emitting over 60% of the total carbon dioxide in Hong Kong. However, the Government has so far refused to formulate a timetable for reducing the emission of greenhouse gases. The authorities have stated earlier that if power plants are forced to set a cap, they will switch to natural gas which will push up tariffs substantially. The Government is scaring us again. The Government keeps refusing to force power plants to reduce emission under the pretext of high tariffs but it allows power plants to get nearly double-digit returns (the permitted rate of return under the new agreement is 9.99%), so people (especially Hong Kong Island residents) have to put up with high tariffs all the time.

The Government has come up with a pretty novel and innovative decision this time — it is going to subsidize the electricity tariffs of all consumers. However, I hope the Financial Secretary will give Hong Kong Island residents special concessions because the average tariff on Hong Kong Island is 40% higher than that in Kowloon and the New Territories. I wonder if the Government can give Hong Kong Island consumers more subsidies in this proportion and put in place a proportional subsidy system.

Madam President, the Hong Kong Observatory forecast earlier that winter may disappear in Hong Kong by 2020 at the soonest. In 2020, all Members of this Council might be returned by popular election but we would not have winter then. Therefore, it is of great urgency for the Government to set an emission reduction target and formulate the relevant timetable.

Madam President, "long hair" often brings placards or similar things into the Chamber to amplify the effects of his speech, as in film dubbing. Madam President, I am going to take off my suit if you do not mind for I would like to get to the point, and perhaps I will take off my tie as well. Thank you, Madam President. I have repeated for many years that dressing down in summer should be promoted in Hong Kong. The authorities should make this clear to consulates and ask for their support. We should not wear suits and ties at a

temperature of 25.5°C. The authorities should kindly notify consulates and ask their guests and important political figures to observe our custom and to dress down when they meet senior government officials in Hong Kong in summer. The Chief Executive should do the same and take off his bow tie. The authorities should also make this clear to chambers of commerce, especially the chambers of commerce of foreign countries. In fact, they earnestly support this. We also ask clubs such as the Hong Kong Club and the Hong Kong Jockey Club to support our campaign to dress down in summer.

Madam President, regarding the waste disposal policy, the Democratic Party has always advocated carrying out a green tax reform when the economic environment turns better. With a better economy, people have higher income and they will resist less the levying of new taxes. Moreover, while levying a green tax, the Government must lower direct taxes to reduce the impact of a green tax on the public. We anticipate bulging government coffers in the next few years and that the Government can keep introducing tax concession measures such as lowering the salaries tax rate, widening the tax bands, tax rebates, waiving of rates or giving CSSA recipients additional assistance payments.

In view of the difficult labour of the EcoPark and the Government's continuous promotion of the disposal of municipal waste by filling and incineration, I think it is more essential to carry out a green tax reform to enable Hong Kong to follow through the sustainable development policy with recycling and waste reduction at its core. Moreover, the Government should also inject more resources to promote waste recovery and recycling.

Madam President, after listening to the speech of Mrs Anson CHAN, I have an impression that there are really many problems in respect of environmental protection. Too many departments are involved and they very often push responsibilities to one another, so we do not know for sure which department is responsible. Although the Environment Bureau is now an independent bureau, I hope there will soon be a Chief Secretary for the Environment. Other Directors of Bureaux should not think that the Secretary for the Environment will certainly take up the office of the Chief Secretary for the Environment because the vacancy will be open to all of them. For this reason, I hope senior government officials will work harder as they may take up the office of the Chief Secretary for the Environment one day, though environmental protection is not in their portfolios now. Then a lot of problems will be solved.

Madam President, lastly, I wish to point out that a good budget should not aim at the momentary applause or reputation it gains. More importantly, it should be judged by the forward-looking ideas for development it contains. If the problems hidden behind opinion poll figures are treated with indifference, the Government and the public will have to bear greater pain in the future.

Madam President, I have not used up the time for me to speak for environmental reasons. Thank you.

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

(No other Member indicated a wish to speak)

**MS MIRIAM LAU** (in Cantonese): President, I move that the debate on the Second Reading of the Appropriation Bill 2008 be adjourned to the meeting of 23 April 2008.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the debate on the Second Reading of the Appropriation Bill 2008 be adjourned to the meeting of 23 April 2008.

**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): Council will continue with the debate on the Second Reading of the Appropriation Bill 2008 at the meeting to be held on 23 April when public officers will respond. If the Bill receives its Second Reading, its remaining stages will also be proceeded with at that meeting.

#### **NEXT MEETING**

**PRESIDENT** (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 23 April 2008.

*Adjourned accordingly at five minutes to One o'clock.*